

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL BUDGET ESTIMATES 2011-2012

Finance and Deregulation Portfolio

Department/Agency: ASC Pty Ltd.

Outcome/Program:

Topic: AWD Alliance

Senator: Johnston

Question reference number: F53

Type of question: Written

Date set by the committee for the return of answer: Friday, 30 March 2012

Number of pages: 2

Question:

- a) How is executive remuneration set within the AWD Alliance?
- b) What was the value of the annual remuneration packages of the top 10 individuals employed by the AWD Alliance each year since its inception, i.e. the value of each of the top 10 individual packages for each year
- c) To what extent is executive remuneration within the AWD Alliance based on performance? What measures are used to measure individual performance? How much money has been paid to individuals by way of incentive bonuses each year since the inception of the alliance?
- d) It is noted that Mr Ludlum told the Estimates committee that the AWD program is not profitable at this stage. Please provide details on the profit/losses to date (by FY) and the profit/losses forward estimates.

Answer:

- a) ASC is only able to provide responses for ASC personnel within the AWD Alliance. The provision of this information could assist ASC's competitors and recruitment consultants in targeting ASC's executives, which could deplete ASC's executive talent pool.
- b) Refer to response at a).
- c) Refer to response at a).
- d) Mr Ludlam told the Senate Committee at Additional Estimates that "the profit base, because of the air warfare destroyer's long-term program, on the air warfare destroyer generates no profit currently for ASC but submarines does generate profit. So the cost base in submarines has been absorbed by the business through some discussions with the DMO as opposed to being returned as profit."

The AWD Project has been contracted as a performance based contract. Performance is measured by Earned Value.

As yet, ASC has not recognised any profit (or loss) from the AWD project (i.e. revenue equals costs). Per the Australian Accounting Standard AASB 111 Construction Contracts, profit can only be recognised when the outcome of the project can be estimated reliably and to the extent that it is probable that they will result in revenue.

Based on the AWD project most recent estimates, the project is expected to be profitable. ASC expects to commence recognising profits commencing in the 2014/15 financial year.