

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: ASC Pty Ltd

Outcome/Program:

Topic: Costs of retained workforce for AWD offset by risk reduction and liquidated damages

Senator: Johnston

Question reference number: F52

Type of question: Written

Date set by the committee for the return of answer: Tuesday, 2 April 2013

Number of pages: 2

Question:

The answer to Senate Questions on Notice 2630, answered by the Minister for Finance and Deregulation, stated that, in relation to the re-baselining of the Air Warfare Destroyer, “The costs of the workforce that is required to be retained for longer will be offset by a reduction in risk and liquidated damages provisions already included in the AWD Project profit.”

- a) What is the total projected actual costs of the additional wages bill associated with the re-baselining (i.e. what is likely to be shifted from the original contingency to a wages spend account)?
- b) What additional projected actual costs, excluding wages bills, are associated with the re-baselining (i.e. what will to be shifted from the original contingency to other spend accounts)?
- c) What was the total contingency allocated to the Air Warfare Destroyer project by ASC.
- d) Have the liquated damages terms of the Air Warfare Destroyer contract between altered in any way other than to negate the schedule extension i.a.w. the re-baselining.
- e) What exposure does the Commonwealth have (either Defence or Finance) if ASC’s target cost estimate of the Air Warfare Destroyer is exceeded?
- f) Has ASC received any part of its prospective fee for Air Warfare Destroyer progress against the planned schedule and cost?

Answer:

- a) The detailed assessment undertaken by the AWD Alliance Industry Participants of the re-baseline cost estimates is a commercial-in-confidence document. Public disclosure would potentially compromise the commercial positions of the AWD Alliance Industry Participants (ASC AWD Shipbuilder Pty Ltd and Raytheon Australia Pty Ltd) within the Australian defence industry.

- b) Additional non labour costs include facilities maintenance, depreciation, rental agreements, travel, and other fixed costs.
- c) Public disclosure would potentially compromise the commercial positions of the AWD Alliance Industry Participants (ASC AWD Shipbuilder Pty Ltd and Raytheon Australia Pty Ltd) within the Australian defence industry.
- d) Details of the contractual relationships between the Commonwealth and the Industry Participants and the Industry Participants and their subcontractors are commercially sensitive. Public disclosure would potentially compromise the commercial positions of the Commonwealth and the AWD Industry Participants.
- e) The Commonwealth and the Industry Participants share actual costs that exceed the TCE 50:50 to a defined limit, after which the Commonwealth is liable for all costs.
- f) Public disclosure would potentially compromise the commercial positions of the AWD Alliance Industry Participants (ASC AWD Shipbuilder Pty Ltd and Raytheon Australia Pty Ltd) within the Australian defence industry.