

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

**Finance and Deregulation Portfolio**

**Department/Agency:** ASC Pty Ltd  
**Outcome/Program:**  
**Topic:** Deep Blue Tech Business Plan

**Senator:** Johnston  
**Question reference number:** F70  
**Type of question:** Written  
**Date set by the committee for the return of answer:** Friday, 6 July 2012

**Number of pages:** 2

**Question:**

In answers to questions on notice 49 of February ASC provided advice in relation to Deep Blue Tech that *'The business model is to invest in the development of a capability, currently not available in Australia, with the expectation that this investment will generate a return to the shareholder throughout the Future Submarine Program.'*

From Financials returns provided from October 2011 and answers to questions on notice it is estimated expenses associated with Deep Blue Tech to date are of the order \$24M.

- a) Can you confirm the expenses associated with Deep Blue Tech to date are \$24M?
- b) With respect to Deep Blue Tech, please provide details from the business case as follows:
  - i. the rationale for the project and an explanation of how it fits into the ASC's corporate strategy;
  - ii. cost, anticipated return (net present value), the effect on shareholder value and some measure of the project's risk;
  - iii. key assumptions around revenue and costs (including base case, scenarios and sensitivity analysis), plus key risks and mitigation strategies;
  - iv. implemented and future funding strategy;
  - v. the impact on the ASC's capital structure and credit rating (if applicable);and
  - vi. expected outcome, and impact on future and past dividends.
- c) At what point in time will Deep Blue Tech Pty Ltd recover the expenses to date and return a profit to ASC?

**Answer:**

- a) \$23.9m
- b) SEA1000 is a competitive procurement (2009 Defence Capability Plan) and to answer any parts contained within Question 70 (b) would compromise ASC's commercial interests in relation to a future competition for a designer or builder role.

- c) The recovery of DBT expenditure is entirely dependent on the timing and the quantum of funding the company may receive from future commercial opportunities including the Future Submarine Project.