



Australian Government

**Department of Industry,
Innovation and Science**

Senator Jane Hume
Chair
Senate Economics Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Senator Hume

On reviewing the Proof Hansard of the testimony given by the Australian Institute of Marine Science at the Senate Estimates hearing on 21 February 2019, we find that some of the information provided to the Committee would benefit from clarification and correction.

Correction 1

The following exchange occurred between Senator Kim Carr, Dr Paul Hardisty and Mr David Mead, Australian Institute of Marine Science: Refer page 84:

Senator KIM CARR: You mentioned you have one vessel due for replacement, the 20-year-old vessel?

Dr Hardisty: Yes, sir.

Senator KIM CARR: Are you engaged with the departments of Treasury and Finance about the long-term replacement strategy?

Dr Hardisty: We haven't begun that process yet.

Please be advised that AIMS has provided submissions regarding the *RV Cape Ferguson* replacement to the Whole of Government Investment Prioritisation process being conducted by the Investment Strategy Branch of Department of Finance

Correction 2

The following exchange occurred between Senator Kim Carr, Dr Paul Hardisty and Mr David Mead, Australian Institute of Marine Science: Refer page 84:

Senator KIM CARR: I see. What does it cost to replace a vessel?

Dr Hardisty: A replacement vessel for *RV Cape Ferguson*—our current estimates are in the order of \$50 million.

Senator KIM CARR: What's the operational life of the *Cape Ferguson*?

Dr Hardisty: I'm going to ask David to help me here.

Mr Mead: They don't technically have a particular cut-off. Once they get, sort of, past the 20-year period, operating costs start to go up. It's another hurdle at the 25- to 30-year period associated with survey requirements, which we seek to avoid. We would be seeking to replace this vessel prior to that time. If not, it would need to go into a fairly extensive refurbishment program.

Dr Hardisty: I think the key is—and we've already started to see this now—that faults start to appear, more maintenance is required and dependability and reliability start to go down. The curve can be pretty steep.

Senator KIM CARR: A refit is not going to fix it?

Dr Hardisty: It could do. There could be a life-extension program.

Senator KIM CARR: How much would that be?

Dr Hardisty: That would be in the \$1 million to \$3 million range.

Please note that there are a range of 'refit' options for an ocean going vessel – which depending on the age of the vessel and the duration of the life extension – come with very different costs.

The cost range Dr Hardisty provided in answer to Senator Carr's question is for a suite of minor preventive maintenance works that would extend the operational life of the vessel by up to five years.

However, Senator Carr is likely to have been asking what it would cost for a 'fairly extensive refurbishment program' to extend the life of the vessel to 25-30 years (as per Mr Mead's preceding evidence). The cost for this would more accurately exceed \$10M. It should be noted though that this cost would not address longer term technical, operational and performance limitations associated with the current vessel.

I apologise for any inconvenience caused and ask that you alert other members of the Committee to this correction.

Yours sincerely

David Smith

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Australian Institute of Marine Science

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