

# Department of Finance

## Response to Questions on Notice

### SENATE ECONOMICS REFERENCES COMMITTEE

*Naval shipbuilding public hearing / Friday, 8 September 2017*

#### SPECIFIC QUESTIONS ON NOTICE

##### Question 1

**Senator KIM CARR:** All right. Let's just go to it. When does the minister become aware that the Commonwealth is not mandating that the successful tenderer will use the workforce of ASC shipbuilding, for which he is the sole shareholder?

**Mr Jagers:** Again, the minister responded to that question on notice, and he indicated that he didn't agree with the premise of it.

**Senator KIM CARR:** No. The premise is: when did he become aware? That is the question. When did he become aware?

**Senator IAN MACDONALD:** Mr Chairman, can I raise a point of order? Clearly, this witness can't say when another person became aware of something. All he can do is refer the committee to what that person—the minister—has said directly.

**CHAIR:** It may be in his knowledge.

**Senator IAN MACDONALD:** He's already been told that the minister has answered the question.

**Senator KIM CARR:** No. He answered an entirely different question about the assumptions underpinning it. I've made a statement in regard to the exclusion of ASC, and the officer said that he doesn't agree with the assumption built in. I've asked a different question. The question goes to: when was the minister aware of this particular clause here that the Commonwealth is not mandating the successful tenderer the use of the workforce of ASC?

**Senator IAN MACDONALD:** How can this witness be able to answer?

**Senator KIM CARR:** Let him answer the question.

**CHAIR:** Senator Macdonald, he can say he knows or he doesn't know.

**Senator KIM CARR:** He's more than capable of saying—

**Senator IAN MACDONALD:** He's already said he doesn't. How many times does he have to be asked?

**Senator KIM CARR:** No, he didn't say that at all. What he said was: the minister has given an answer to another question.

**CHAIR:** Mr Jagers, can you tell us whether you are aware of this?

**Mr Jagers:** My understanding is the minister has responded to that question in his response on notice, but I'll take on notice the broad element of the question.

**Senator KIM CARR:** It's not a 'broad element'; it's a very specific question: when was he aware?

**Mr Jagers:** I'll take that on notice.

##### Response

As per the Minister for Finance's response to a Question on Notice (No 532) on the same topic, the Government does not accept the premise of the question. ASC is actively pursuing work as part of the Future Submarine and Future Frigate programs.

Further, as the Future Frigate program is currently the subject of an active tender process, the Government will not comment on matters that might affect that process.

The procurement process is a matter for the Department of Defence.

## Question 2

**Senator KIM CARR:** I'm asking you right now, what contract work beyond 2019 does the ASC shipbuilding division have on the books?

**Senator IAN MACDONALD:** And would you have information on that? You are a public servant in the Department of Finance; you're not with the ASC.

**Senator KIM CARR:** Responsible for the supervision of ASC GBE.

**Senator IAN MACDONALD:** This man is not a shareholder.

**Mr Jagers:** I will take it on notice and check with the ASC whether there are any contracts beyond 2019.

**Senator KIM CARR:** The CEO today has said there is no further work beyond 2019. Are you aware of that advice?

**Mr Jagers:** Yes, I'm aware that the ASC shipbuilding component has contracts on AWDs until that point in time.

**Senator KIM CARR:** And no work beyond that point at this stage?

**Mr Jagers:** Yes. As I understand it, decisions haven't been announced on that future work. That is my understanding, but I have taken that on notice.

## Response

ASC Shipbuilding has no contracted work beyond the Air Warfare Destroyer program, which is currently scheduled to finish at the end of 2019.

As outlined in ASC's Statement of Corporate Intent, which is available on its website, the company is actively pursuing work as part of the Offshore Patrol Vessel and Future Frigates programs, which are both currently subject to competitive evaluation processes and future decisions by the Government.

## Question 3

**Senator KIM CARR:** So you have a current valuation of the company?

**Mr Jagers:** The valuation is included in the Department of Finance's broader financial statements.

**Senator KIM CARR:** They're published?

**Mr Jagers:** It's published in the annual report.

**Senator KIM CARR:** We'll get those annual reports and we'll find that.

**Mr Jagers:** Yes. You will find it—it's within the portfolio's financial data. I'm not certain how specific it is, but it's definitely included.

**Senator KIM CARR:** You could provide that on notice then?

**Mr Jagers:** I'll take that on notice.

## Response

The fair value of the investment in ASC Pty Ltd and Australian Naval Infrastructure Pty Ltd will be included in the financial statements published as part of the Annual Report prepared by the Department of Finance. In accordance with the applicable accounting standards, these financial assets will be consolidated with other Commonwealth Corporate Entities that are 100 percent owned by the Commonwealth and managed by the Department of Finance.

The 2016/2017 Annual Report will be published by no later than 31 October 2017.