

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**SUPPLEMENTARY BUDGET ESTIMATES 2016-17**

Finance Portfolio  
18 October 2016

**Department/Agency:** ASC Pty Ltd  
**Topic:** Unsolicited proposals to build ships -ASC  
**Senator:** Xenophon

**Question reference number:** F6  
**Type of question:** Hansard Proof, F&PA Committee, Page 24-25, 18 October 2016  
**Date set by the committee for the return of answer:** Friday, 2 December 2016

**Number of pages:** 1

**Question:**

**Senator XENOPHON:** ... I want to go to the issue of the supply ships. Mr Lamarre, these are questions that I asked back in March 2016. There was a question on notice of Defence, through the committee process, about unsolicited offers to Defence or Defence Materiel from ASC basically saying, 'We can build three for the price of two,' including a significant Australian build but with the first being built in South Korea. Senator Payne said that was an unsolicited proposal. The answer from Defence was that the unsolicited proposal from ASC was never formally submitted to Defence. Can you tell me, Mr Lamarre, given that there was an unsolicited proposal from ASC in respect to the supply ships, what actually happened to that? This is not a criticism of ASC. Presumably it said, 'We can build three for the price of two with a fairly significant Australian component with a second and third vessel'. Where does the proposal actually physically go? Who determines whether it goes to Defence or not?

**Mr Lamarre:** I would have to take that question on notice. I was not here at the time that that procurement was considered. ...

**Senator XENOPHON:** Mr Lamarre, can you take on notice why it is that that unsolicited proposal, which on the face of it looked like a pretty good proposal, was never formally submitted to Defence? Could you please take that on notice? Again, it is not a criticism; I am just trying to find out.

**Mr Lamarre:** Yes....

**Senator XENOPHON:** Respectfully—and perhaps you could take this on notice—were you advised, as shareholder minister, of the unsolicited proposal from ASC to build three supply ships effectively for the price of two? Could you please take that on notice and also whether you are aware of any discussions in respect of the Icebreaker, which is about half a billion dollars, which will be built in Romania, as I understand it, with very little or no Australian input in terms of Australian value-adding here?

**Answer:**

ASC was exploring options to build the supply ships in Australia. When the Government announced a limited tender between Navantia and DSME for the SEA 1654 project in June 2014, ASC ceased work on this project and did not submit an unsolicited proposal.