

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: ASC Submarine Sustainment ISSC

Senator: Johnston

Question reference number: F76

Type of question: Written

Date set by the committee for the return of answer: Friday, 6 July 2012

Number of pages: 2

Question:

- a) Please provide a list of the performance metric categories with respect to the ISSC
- b) Please provide a description of the types of sanctions imposed on ASC for non-compliance with the performance metrics
- c) What are the FCD time frames and costs being proposed by ASC (i.e. on the table) in the new ISSC?
- d) Do the terms of the ISSC, as proposed by Defence, allow Defence to get submarines fixed elsewhere.

Answer:

- a) The ISSC Performance Management Framework (PMF) has the following Key Result Areas:
 1. Safety
 2. Cost
 3. Availability
 4. Reliability and Quality
 5. Maintainability
 6. Supportability
 7. Behaviours
- b) The types of sanctions that can be imposed upon ASC for certain non-compliances include:
 1. not tasking ASC to perform services that the DMO would otherwise be obliged to task to ASC;
 2. removing the services from ASC's work scope;
 3. tasking a third party to perform the services;
 4. stopping payment of profit until the non-compliance is rectified; and
 5. ultimately, termination of the contract.

- c) A nominal timeframe of 34 months (1,025 days) has been agreed by Navy, DMO and ASC for the conduct of an FCD. Actual FCD durations and costs will be dependent on scope of work and financial limitations (if relevant).
- d) If the services to be provided fall within the services to which DMO is obliged to task to ASC under the ISSC, and ASC is performing the services to the specified standard, the services must be tasked to ASC.

If the services as described in the ISSC are not being met by ASC, then DMO may:

1. advise ASC to cease work;
2. de-scope and invoke third parties;
3. undertake the work itself;
4. initiate dispute resolution; or
5. stop payment (incl profit).