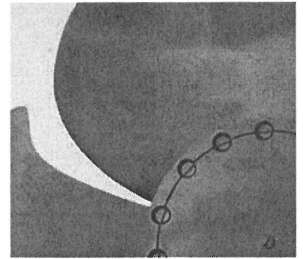
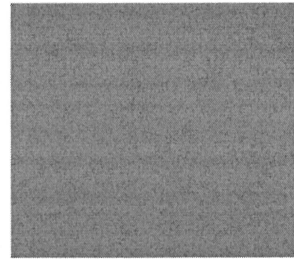
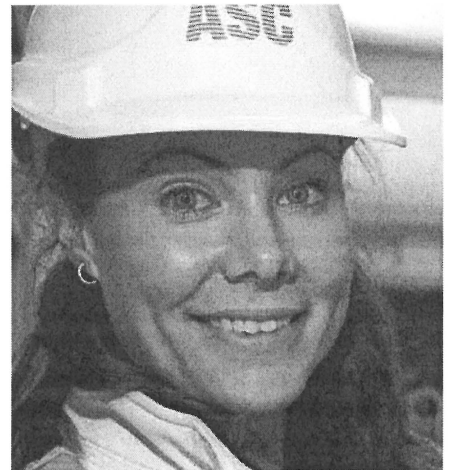
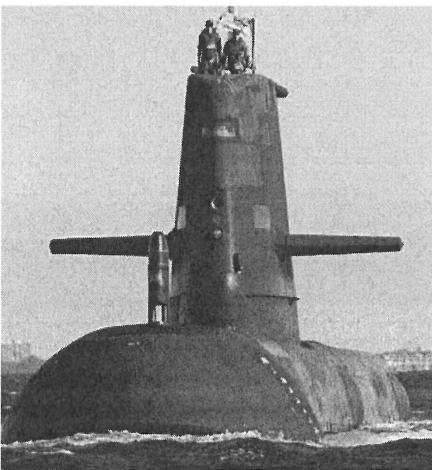
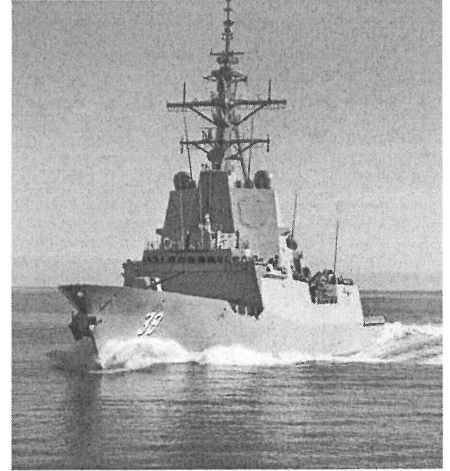


# 2018-23 Statement of Corporate Intent

Building and maintaining Australia's frontline naval assets.





## About ASC

ASC Pty Ltd is a proprietary limited company registered under the Corporations Act 2001. ASC is wholly-owned by the Commonwealth, represented by the Minister for Finance (Shareholder Minister).

With more than 2,200 skilled and experienced employees across three facilities in South Australia and Western Australia, ASC is Australia's only submarine sustainment and major steel-hulled warship builder, with the nation's leading naval platform engineering, skilled trade and program management resources.

Initially established in 1985 at Osborne, South Australia, ASC was subsequently chosen in 1987 as the prime contractor for the design, manufacture and delivery of the Royal Australian Navy's (RAN) fleet of six Collins Class submarines. At the conclusion of the Collins Class submarine build program in 2003, ASC commenced a contract for the ongoing repair, maintenance and

design upgrades of the submarines' through-life support. This contract was replaced by the In Service Support Contract (ISSC) in mid-2012. This work is undertaken at the Government-owned submarine facility at Osborne, South Australia and at ASC West at Henderson, Western Australia. ASC also provides submariner training services to the RAN at HMAS *Stirling* in Western Australia and is the largest industry provider of personnel into the Commonwealth's Future Submarine program office.

In 2005, ASC was named as shipbuilder for the Hobart Class Air Warfare Destroyer (AWD) and subsequently signed the Alliance Based Target Incentive Agreement (ABTIA) in 2007. Since 2010, ASC and its AWD Alliance partners have been building and integrating the three AWDs at the Government's shipbuilding facility at Osborne, South Australia. The first AWD, HMAS *Hobart*, was delivered in 2017, providing the RAN with its most advanced and complex warship capability. The second AWD, *Brisbane*, was delivered in 2018, and the third, *Sydney*, in 2019.

In 2017 ASC Shipbuilding was named as the South Australian shipbuilder for the lead and second Offshore Patrol Vessels (OPV). ASC will soon enter into a contract with the OPV designer Lürssen Defence of Germany for the construction of these vessels, with production expected to commence in late 2018.

In June 2018 ASC Shipbuilding was announced as the shipbuilder for the Hunter Class Frigates and will become a subsidiary of BAE Systems.

ASC remains committed to supporting the Australian Defence Force by maintaining open lines of communication with our customer, understanding our customer's expectations and priorities, implementing productivity and efficiency improvements, and striving to deliver the best results for Defence.



## Chairman's message

ASC's Statement of Corporate Intent 2018-2023 summarises ASC's Corporate Plan which sets out the company's strategy and objectives and includes an analysis of future business opportunities, corporate performance, requirements and risks.

The 2018-2023 Corporate Plan builds on the significant operational improvements the company has achieved over the past four years. The improvement in performance has, in late 2017, resulted in the removal of the Collins Class submarine maintenance and Hobart Class AWD build programs from the Government's list of projects of concern and ASC Shipbuilding being named as the South Australian shipbuilder for the OPV program and shipbuilder for the Hunter Class Frigate program.

ASC's Corporate Plan commits the company to continuing its strong performance in current programs – by achieving better than benchmark submarine availability and reliability for the Collins

Class submarines and completing the AWD program. Work will also commence on the OPV program.

The Corporate Plan also builds on the strategy set out in the prior year to actively pursue a range of future business opportunities identified in the Naval Shipbuilding Plan and in adjacent markets by leveraging current submarine and shipbuilding program performance.

Areas for exploration include Collins Class upgrades and life-of-type extension activity, Future Submarine program involvement, and potential work in the naval shipbuilding training, sustainment and export markets.

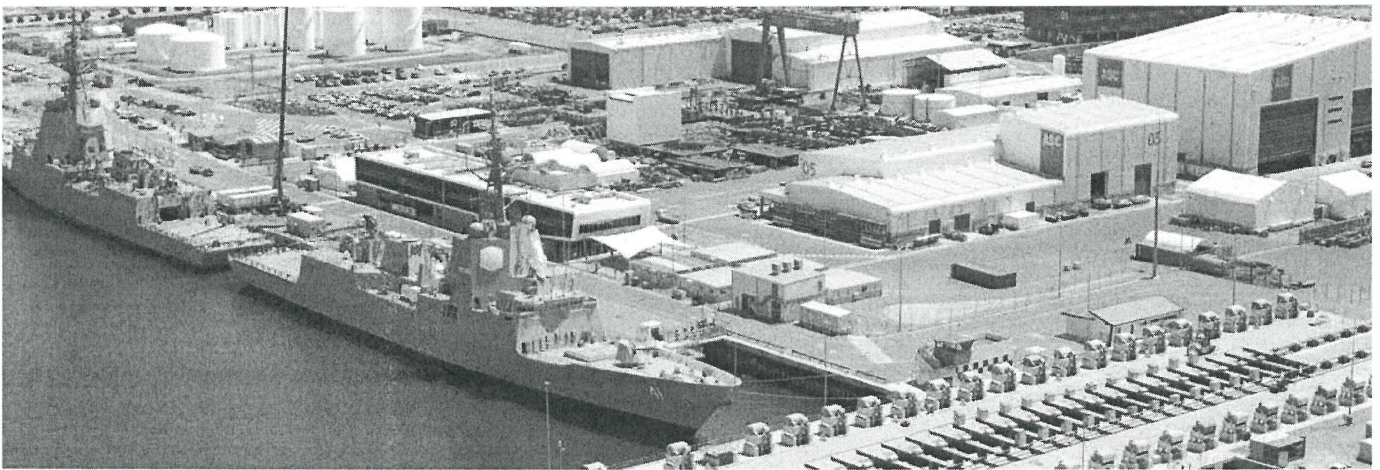
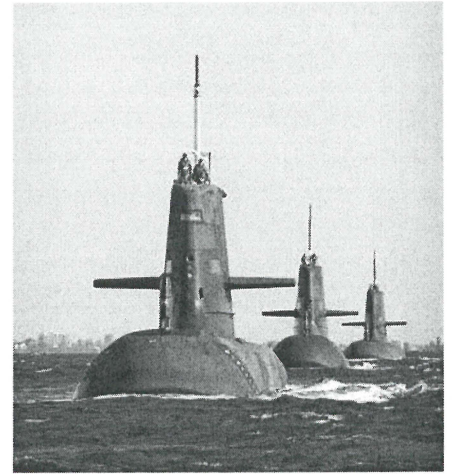
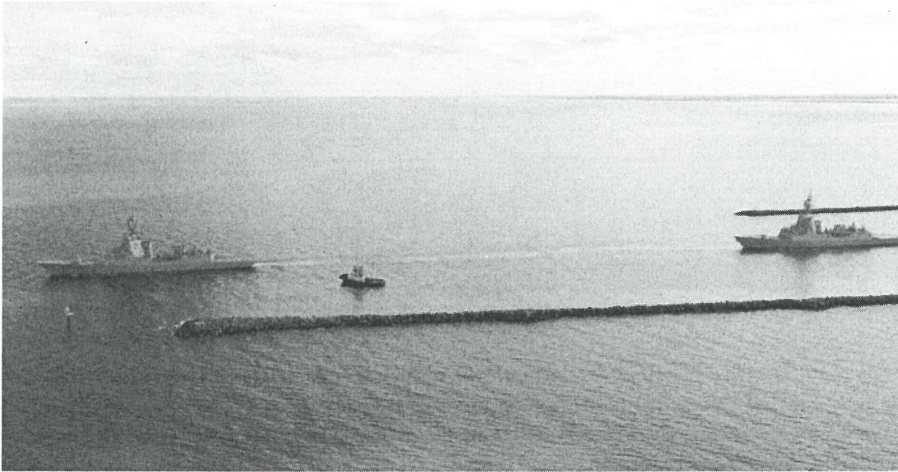
Whilst ASC is actively developing new strategic partnerships, we remain committed to strengthening our existing strong, open and collaborative relationships with our customers – Capability Acquisition and Sustainment Group and RAN and now Luerssen of Germany, as well as our Australian Submarine Enterprise and AWD Alliance partners, suppliers, capability and industry partners.

Safety and quality remain the central focus of what we do every day – we are committed to keeping our people safe as well as the vessels we work on and the defence personnel who sail on them. We strive to continually improve and innovate to deliver strong safety, operational and financial performance.

ASC's Statement of Corporate Intent 2018-2023 has been prepared in accordance with section 95(1) of the Public Governance, Performance and Accountability Act 2013 and Public Governance, Performance and Accountability Rules 2014.

**Bruce Carter**  
CHAIRMAN





## Vision, mission and values

### Our Vision

To be an enduring and integral part of Australia's maritime strategy and national security.

### Our Mission

To be a trusted and efficient partner with sovereign design, build and sustainment capabilities driving best value for our customers.

### Our Values

- Safety
- Service
- Leadership
- Integrity
- Results
- Innovation

## Purpose

In addition to ASC's strategic objectives for each business unit outlined on the coming pages and agreed with the Shareholder Minister as part of the annual corporate planning process, ASC's constitution sets out objectives that guide the company's activities, they are:

- Enhance and maintain the Australian Defence Force's maritime defence capabilities;
- Support Australian Government policies in relation to the Australian naval surface shipbuilding and repair industry and the submarine sustainment and construction industry; and
- Do all things that are necessary, convenient or incidental to support and facilitate ASC restructuring.

### Senate F&PA Committee

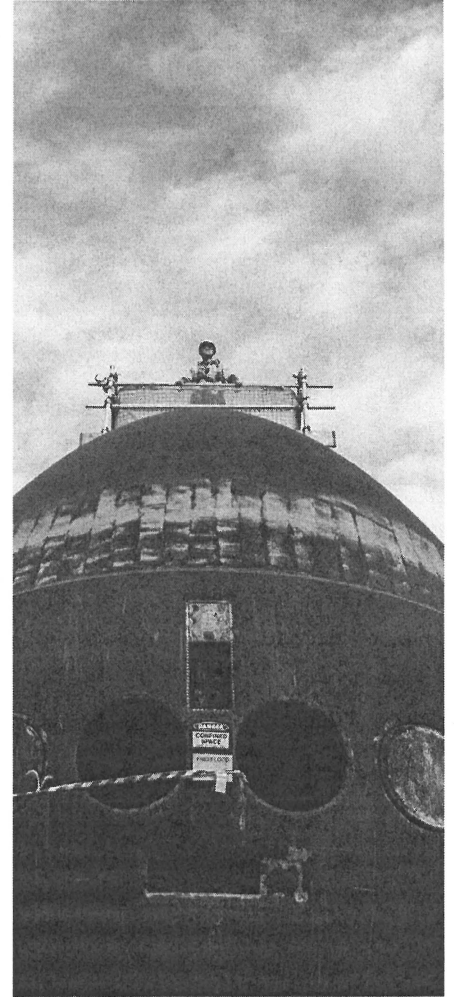
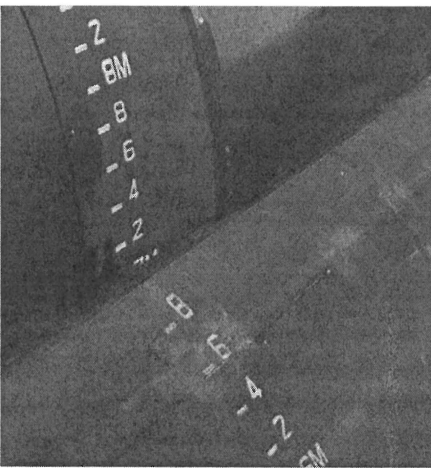
#### Tabled Document

Inquiry: Budget Estimates 19/20

Date/Time: 9/4/19 9:10AM

Witness Name Senator Cormann

Organisation: ASC Pty Ltd



## Submarine Sustainment and Capability Development

ASC's focus in the Collins Class Submarine program is to provide design, upgrade and maintenance services for the Collins fleet from purpose built facilities in South Australia and Western Australia. ASC also provides submariner training at the Submarine Training and Systems Centre in Western Australia.

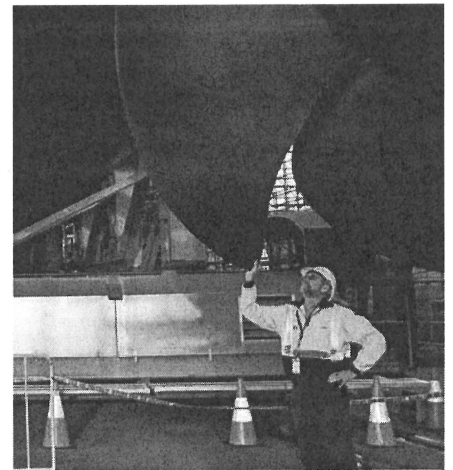
ASC's performance on Collins Class Submarine sustainment, along with the Submarine Enterprise as a whole, has been widely recognised as an exemplar, having achieved or exceeded international benchmark performance in submarine availability. This resulted in the removal of the Collins Class submarine maintenance program being removed from the list of projects of concern in 2017.

ASC's submarine capability development activities were refocussed in 2017 and will continue to work to secure new opportunities in the Australian sovereign submarine industry, including Collins Class Life of Type Extension and Future Submarine support throughout the supply chain and to Government.

As home to Australia's largest specialised submarine workforce ASC is well positioned to support the ongoing development of sovereign submarine capability for the nation.

ASC's submarine high level objectives include:

- Attract, retain and grow our people;
- Achieve beyond benchmark in submarine sustainment;
- Leverage Collins sustainment for new business; and
- Implement a Digital Transformation project to position the business for the future.



## Shipbuilding

ASC Shipbuilding is the lead shipbuilder for the AWD program as part of the AWD Alliance, the South Australian shipbuilder for the lead and second OPV and will become the shipbuilder for the Hunter Class Frigate program as a subsidiary of BAE Systems.

In 2017 the AWD program was removed from the Commonwealth's list of projects of concern and the steep ship-on-ship learning curve for ASC Shipbuilding scope within the AWD Program of approximately 40 percent for each follow ship continues.

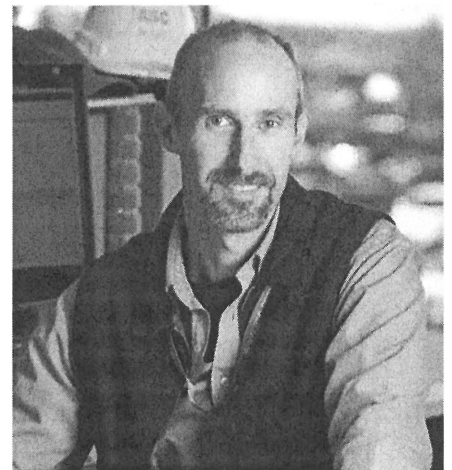
ASC Shipbuilding, together with its AWD Alliance partners have seen the first AWD HMAS *Hobart* commissioned into service with the RAN and the delivery and commissioning of the second and third ships are expected in coming years.

In early 2018, ASC Shipbuilding successfully completed maintenance and repairs to the Maritime Aviation Training Vessel MV *Sycamore*, in partnership with Teekay Australia, demonstrating ASC Shipbuilding's skills as a valued, knowledgeable and expert supplier of shipbuilding services.

ASC Shipbuilding is proud of the sovereign shipbuilding capability it has built up since it commenced shipbuilding operations and is well-placed to support of the Government's continuous naval shipbuilding agenda, as set out in the Naval Shipbuilding Plan released in May 2017.

ASC's shipbuilding high level objectives include:

- Successfully deliver contracted programs;
- Be the preferred shipbuilder for RAN warships
- Establish independent and sustainable shipbuilding entity; and
- Grow the business through diversification and allied opportunities.



## Future opportunities

Several Government naval shipbuilding policies have been released in 2018, including the Defence Export Strategy and the Defence Industrial Capability Plan. These build upon the Naval Shipbuilding Plan released in 2017 and present significant opportunities for ASC.

ASC is well positioned to support the Commonwealth's plan for a sovereign, sustainable national shipbuilding sector featuring continuous construction of naval platforms in South Australia and Western Australia.

ASC recognises that successful delivery of Collins Class submarine sustainment and Hobart Class AWD and OPV construction is critical to winning future work.

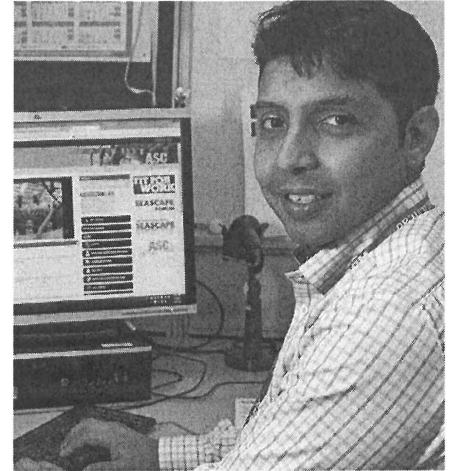
ASC is actively engaging with the Australian Government and international project participants to maximise our involvement in future projects, including the SEA1000 Future Submarine program. In addition, ASC plans to:

### Shipbuilding

- Actively pursue the shipbuilding roles in future Australian naval shipbuilding programs;
- Pursue opportunities in the ship sustainment sector;
- Secure other shipbuilding and diversification opportunities.

### Submarines

- Work pro-actively with Defence to ensure Collins Class submarine capability and performance remains regionally superior throughout its service life;
- Pursue a range of opportunities to support Collins Class submarine capability development;
- Support the Future Submarine program through continued engagement with Government-selected design partner, Naval Group (formerly DCNS), and combat system integrator, Lockheed Martin, and build on ASC's significant contribution to the SEA1000 program office;
- Secure the provision of additional training services to Defence;
- Develop the Life of Type Extension Program for the Collins Class Submarines and work towards its implementation.



## Environment

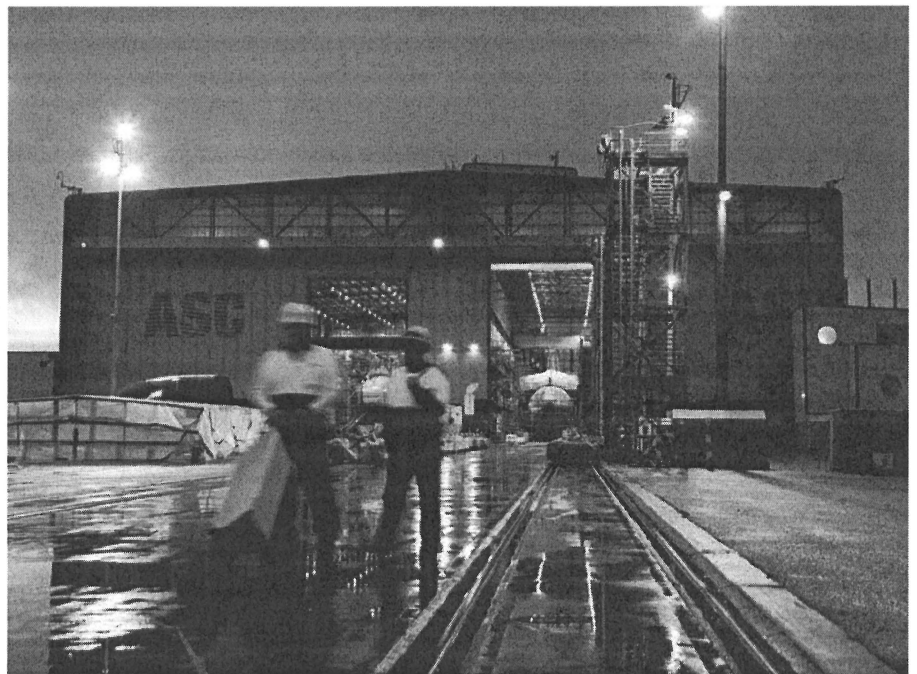
ASC's environment is influenced by Government-led processes which present both opportunities and challenges for the company.

### Government Naval Shipbuilding Policies

The Naval Shipbuilding Plan (released in May 2017), Defence Export Strategy (released in January 2018) and the Defence Industrial Capability Plan (released in April 2018) outline opportunities for ASC, as a sovereign-controlled ship and submarine platform company with approximately 2,500 skilled personnel in South Australia and Western Australia, can make a critical contribution to Australia's national shipbuilding endeavour.

### Collins Class submarines

As set out in the Government's Naval Shipbuilding Plan, the Collins Class submarine fleet is a long term asset of the Government and will require significant future work to remain regionally superior into the 2030s at international benchmark availability levels for the RAN. Life of Type Extension of the fleet, to mitigate a capability gap between the planned withdrawal of service and the introduction into service of the future submarines, could see the Collins Class extended into the 2040s. ASC is well-placed to continue to work with the Government to carry out the necessary enhancements, sustainment, upgrades and life of type extension activities to achieve this objective.



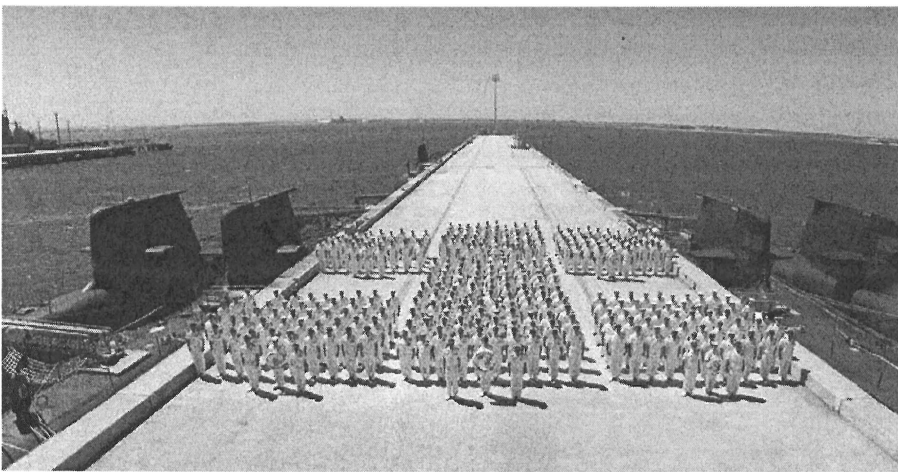
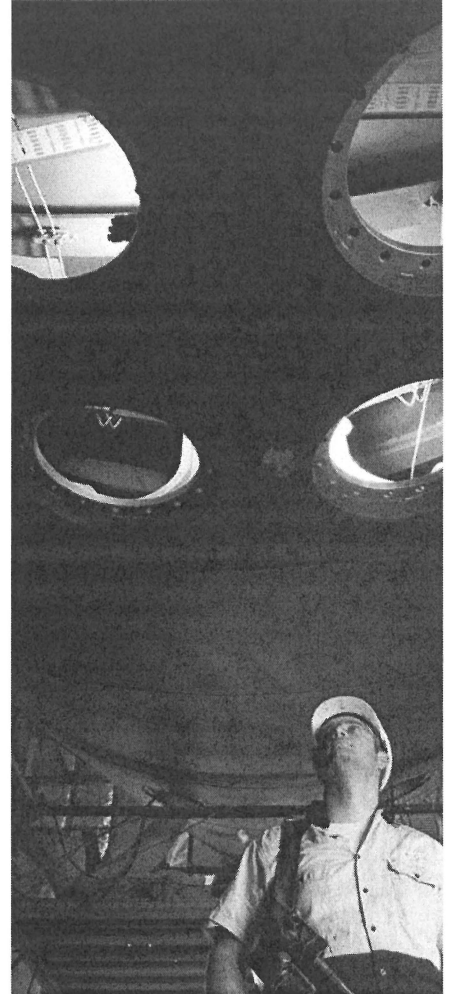
### Hunter Class Frigate Program and Structural Separation of ASC

On 29 June 2018, the Government announced that ASC Shipbuilding would be separated from ASC Pty Ltd and transferred to BAE Systems to build the nine Hunter Class frigates with production commencing in 2020. This decision completes Phase 2 of the October 2016 Government announcement to separate ACS into three separate Government Business Enterprises. The decision does not preclude ASC Group from pursuing future shipbuilding opportunities.

### Future Submarine Program

The Future Submarine Program, to be delivered by prime contractors Naval Group (design partner) and Lockheed Martin (combat system integration) will see a doubling of Australia's submarine platform workforce by the mid-2020s, according to the Government's Naval Shipbuilding Plan. ASC will, along with its partners in the Submarine Enterprise, manage the competing demands for skilled and experienced personnel so that Collins Class submarine capability is not adversely impacted. ASC will continue to engage with Naval Group and Lockheed Martin and pursue opportunities for adding value to the program, based on ASC's experience and expertise in building and sustaining the Collins Class fleet. ASC will also grow its presence in the Government's SEA1000 Technical Office.





## Performance

### Financial

The Collins Class submarine maintenance and the AWD contracts are the two primary sources of revenue for the company.

ASC's financial objectives are to achieve profit before tax and cash reserves in accordance with, or better than, the Corporate Plan forecasts.

### Non-Financial

ASC continues to work toward gaining greater efficiencies in the business and improving customer outcomes. ASC's non-financial objective is to meet, or exceed, its key performance indicators particularly in the areas of schedule and quality.

In 2018-2019, ASC will:

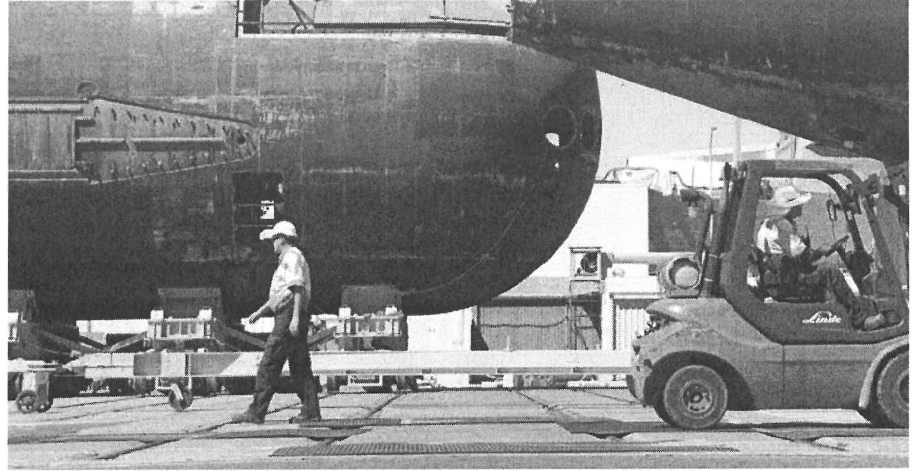
- Commence HMAS *Waller's* Full Cycle Docking in SA;
- Commence and complete HMAS *Farncomb's* intermediate docking in WA;
- Provide high quality submariner training to the RAN;
- Deliver Ship 02, future destroyer Brisbane, to the Commonwealth of Australia;
- Complete Sea Trials for Ship 03, future destroyer Sydney; and
- Commence work on the OPV project.

## Risk and Oversight Management

ASC has a comprehensive Risk Management Framework, including processes to identify and assess risks, and ensure appropriate mitigation, system controls, reporting and risk management practices are in place and continually monitored.

Risk committees at Board, Executive and Program level meet regularly to review risks and to ensure adequate risk management strategies and reporting systems are in place.

ASC's risk management approach is aligned with the Australian Standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines.



## Capability

ASC will leverage and build upon its existing capabilities to achieve its strategic objectives.

### People

ASC's workforce is the foundation upon which our ongoing success is built. We value the contributions and diverse talents of our workforce and invest in their development through the delivery of tailored training solutions aimed at increasing our overall productivity and efficiency.

ASC seeks to foster a culture of inclusion and attain greater workforce diversity to ensure ASC is an employer of choice and acts in the best interests of its employees.

ASC aims to be a leading, innovative, dynamic and resilient organisation, which strives for continuous improvement and excels at building and maintaining Australia's best frontline naval capabilities.

### Facilities

ASC will work with ANI to maintain the purpose-built facilities at its three sites to ensure they are meeting ASC's requirements.

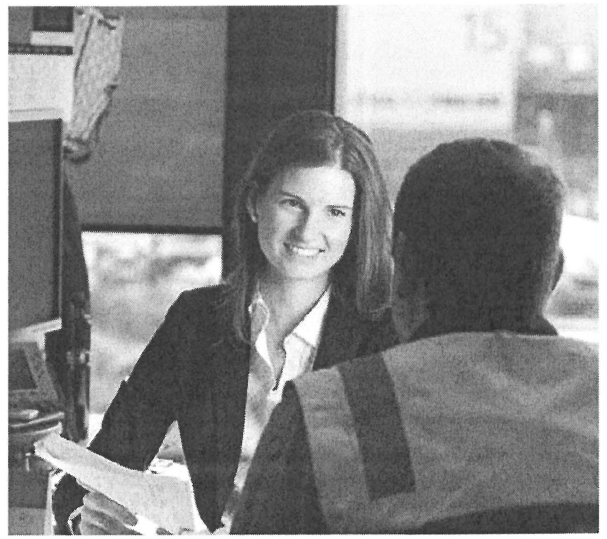
### Supply Chain

ASC manages a large, complex and diverse supply chain across both its programs and sources materials and services from local and international sources.

### Capability Partners

ASC has longstanding collaborative relationships with organisations that provide specialised expertise in technologies that contribute to the continuous improvement of submarine maintenance and shipbuilding activities.

In addition the technical support network that includes subject matter experts, industry, tertiary institutions, and government research establishments, ASC also partners with world-leading submarine and shipbuilders.



**ASC REGISTERED AND HEAD OFFICE**

694 Mersey Road North  
Osborne South Australia 5017

GPO Box 2472, Adelaide  
South Australia 5001

Telephone: +61 8 8348 7000

Facsimile: +61 8 8348 7001

