

Senate Standing Committee on Foreign Affairs, Defence and Trade

QUESTIONS ON NOTICE — Naval Shipbuilding Advisory Board

Q#	Senator	Broad topic	TYPE	Hansard Text
1	Patrick	NSAB Advisory Board	Written	<p>1. What is the National Shipbuilding Advisory Board’s (NSAB) role in regards to Australian Industry Involvement?</p> <p>2. Noting that Naval Shipbuilding is a Sovereign Industry Capability, how does the NSAB, as an eminent advisory body, satisfy itself that AIC (meaning Australian Industry Involvement), has been ‘Maximised’?</p> <p>3. How does the NSAB provide advice to the Government regarding the development of the Australian Naval Shipbuilding industry capability base and capacity?</p> <p>4. What guidance has been provided to the NSAB in regards to assessing when an event or supplier represents an undue compromise to cost, schedule or capability?</p> <p>5. The schedule for the FSM has already slipped, evident in the ANAO Report and from public releases. Can the NSAB confirm that it is their professional opinion that the schedule hasn’t slipped or that the current schedule, which has slipped, won’t suffer any further?</p>
2	Kitching	NSAB Governance	Written	<p>During the Estimates hearing on 4 March 2020, Mr Finlay said: <i>“During the Future Submarine Program negotiations we received regular briefings from then admiral and now Mr Sammut. It was one of a series of programs that we were reviewing as part of our remit from the government.”</i></p> <p>With respect to the remit of the Board, please provide copies of the Board’s charter, constitution, terms of reference, remuneration arrangements, rules and procedures as well as copies of any guidance provided by the Government to the Board with respect to its role, remit, functions and operation.</p>
3	Kitching	NSAB Decision Making	Written	<p>During the Estimates hearing on 4 March 2020, Mr Finlay said: <i>“We would write an after-action report, as we describe them, after every visit. And if, during that visit—which was generally four days—we had had a briefing on the Future Submarine Program, we would make a comment and, generally, recommendations about the matters that we were briefed on in that visit. So it wasn't our first recommendation. We've made multiple recommendations throughout 2018.”</i> When asked specifically about the idea that Defence develop a ‘best alternative to a negotiated or no outcome’, Mr Finlay went on to say: <i>“I think we've raised the issue with the program managers. Whether we've included it in an earlier report, I'm not sure. But we certainly, in the second half of 2018, were raising this issue.</i></p>

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				<ol style="list-style-type: none"> 1) Please advise the date on which the Board first raised the idea of developing an alternative with Defence. 2) Please advise the date on which the Board first raised the idea of developing an alternative with the Minister – and please identify which Minister(s) the proposal was raised with. 3) Please advise the date or dates on which the Board included the idea of developing an alternative in its after-action reports. 4) Who are the Board’s after-action reports distributed to? 5) Please provide a list of all dates on which after-action reports of the Board concerning the Future Submarine Program were finalised and distributed – and identify to whom each report was distributed. 6) Does the Board receive feedback or comments on its after-action reports? If so, by what means? 7) Did the Board receive any feedback from the Minister on any after-action reports that contemplated the idea of developing an alternative? If so, when and by what means was this feedback conveyed? 8) Does the Board provide formal advice or make formal recommendations to Government via any other means – or is it only through after-action reports? <ol style="list-style-type: none"> a) If so, please provide a list of all dates on which such formal advice and recommendations were made to Government outside of after-action reports – and identify (by position title) to whom the recommendations were made and/or advice given. b) Did the Board meet with the Minister(s) to discuss its recommendation that Defence develop alternative options? If so, on what date(s) and with which Minister(s) did these meetings occur?
4	Kitching	NSAB recommendation	Written	<p>During the Estimates hearing on 4 March 2020, when asked when alternative submarine vendors were raised with Defence by the Board through its reports, Mr Finlay said: “I think in the second quarter of 2018”. Mr Finlay was also asked how long elapsed between when that recommendation was made by the Board and Defence reported back to the Board that none of the other vendors would meet the Government’s objectives. He responded that: “My recollection is that it was between visits; so it was either two month or three months”. He then went on to say: “After due consideration, the program</p>

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				<p>reported back as to what options there were. One was to revert to the non-successful participants in the CEP—Germany and Japan—and the other alternative was to look at the emergence of a new design house coming out of Sweden. For various reasons the program reported back that none of those would deliver”</p> <ol style="list-style-type: none"> 1) Please confirm on what date(s) the Board recommended to Defence and/or Minister(s) that Defence consider the possibility of using other submarine vendors. 2) Please confirm on what date(s) Defence provided advice to the Board with regard to possible options for other submarine vendors. 3) Please confirm on what date(s) Defence provided advice to the Board about the adequacy (or otherwise) of other submarine vendors to meet the Government’s objectives.
5	Kitching	NSAB Issue of Alternatives	Written	<p>During the Estimates hearing on 4 March 2020, Mr Finlay said: <i>“...we were focused on both process and risk. In terms of risk and risk management, we raised the issue—which had not been not considered by Admiral Sammut—and that is: what if these negotiations are not successful? What alternative will Defence recommend to government? It was in that context that we asked and then followed through with the question, 'What is the alternative?’ And what we called a BATNA—what is the best alternative to a negotiated or no agreement”</i></p> <ol style="list-style-type: none"> 1) When did the Board first raise this issue of alternatives with Defence? 2) When did the Board first raise this issue of alternatives with the Minister? 3) What did Mr Finlay mean by ‘and then followed through with the question’? <ol style="list-style-type: none"> a) On what date(s) and in what format did the Board provide Defence with the question(s)? b) When and in what format did Defence respond to the question(s)? c) If there was an iterative series of questions and responses, please provide a timeline of when questions were lodged and answers received.
6	Kitching	NSAB-FSP Discussions	Written	<p>During the Estimates hearing on 4 March 2020, Mr Finlay said: <i>“In that context we raised and then debated with the program what alternatives might exist.”</i></p> <ol style="list-style-type: none"> 1) When and by what means did these debates occur? Please provide a timeline. 2) Please provide a summary of each of the alternatives that were considered and debated between

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				the Board and the Future Submarine Program.
7	Kitching	NAS Collins LOTE extension	Written	<p>During the Estimates hearing on 4 March 2020, Mr Finlay said: <i>“The principal alternative that was presented to us—and the board, with its range of expertise, thought was appropriate—was to consider the life-of-type extension for the Collins. And it was the board's view that that alternative should consider extension of six boats. It wasn't within the contemplation, I think, of the FSP at the time that they would consider a life-of-type extension for six, but that was the position we put forward as an alternative.”</i></p> <ol style="list-style-type: none"> 1) When was this ‘principal alternative’ – and any other alternative options – presented to the Board by Defence? 2) Beyond the ‘principal alternative’, what other alternatives did Defence present to the Board? <ol style="list-style-type: none"> a) Beyond the ‘principal alternative’, did the Board suggest to Defence other options it should consider and provide advice on? If so, when did the Board make its suggestion(s) and what were those other suggested alternatives? 3) On what basis did the Board make its assessment with respect to the appropriateness of the ‘principal alternative’? <ol style="list-style-type: none"> a) Did the Board rely only on information provided by Defence as well as its (the Board’s) own expertise when forming this view? b) Did the Board seek any external assessment or verification of the information provided by Defence? If so, when and from which parties? c) Did the Board seek any external advice on possible alternative options? If so, when and from which parties? 4) As part of the ‘principal alternative’ presented by Defence to the Board, how many Collins boats was Defence proposing would receive a life of type extension? <ol style="list-style-type: none"> a) What were the factors that led the Board to conclude that Defence should consider extending all six Collins boats? 5) Has Defence confirmed to the Board that its (Defence’s) preferred approach is to extend all six Collins boats? If so, on what date did Defence provide this confirmation to the Board?

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8	Kitching	Gov't Objectives	Written	<p>During the Estimates hearing on 4 March 2020, when asked to clarify what the 'Government's objectives' were that were unable to be met by the process of considering other vendors, Mr Finlay said: <i>"... as a result of the CEP those who came second and third were determined not capable of producing the regionally superior submarine that Defence was seeking"</i>.</p> <ol style="list-style-type: none"> 1) Is it the Board's understanding that, when Defence made its assessment of other vendors in 2018, it used a pre-existing set of objectives with respect to how it defined the characteristics of a regionally superior submarine? <ol style="list-style-type: none"> a) Were these the same set of objectives used during the CEP process? If not, please outline how, when and for what reason(s) the objectives had changed. b) Are these the same set of objectives that Defence has used in all discussions, negotiations and work to date with Naval Group? 2) Did the Board request and/or did Defence provide any assessment of whether the pre-existing set of objectives used to define a regionally superior submarine still represented the optimal trade-off between capability, cost and schedule? <ol style="list-style-type: none"> a) If yes, when did this process of assessment start and conclude, and what if any changes were made to the objectives as a result? b) If yes, did the Board seek any independent assessment or verification of Defence's advice about the appropriateness of the pre-existing objectives? 3) What was the Board advised in terms of the extent of Defence's outreach to alternative submarine vendors in 2018 to ascertain and make an up-to-date appraisal of each alternative vendor's capacity to provide an alternative option? <ol style="list-style-type: none"> a) Was the Board's understanding that this assessment process with respect to other vendors was, in essence, an internal Defence 'tabletop' exercise? If so, did the Board express any concerns about the thoroughness of the consideration process? b) Was the Board advised that Defence conducted consultations with the German, Japanese and Swedish alternative vendors in 2018 in response to the Board's recommendation to consider alternatives? If so, when was the Board advised, when did Defence say those consultations

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				<p>occurred, and what was the Board told about the extent of those consultations?</p> <p>4) Did the Board seek any independent assessment or verification of the advice from Defence about the adequacy (or otherwise) of the alternative vendors to provide a realistic alternative? If so, which independent body did the Board engage and when?</p>
9	Kitching	Additional Time	Written	<p>During the Estimates hearing on 4 March 2020, when asked about whether the option of extending the Collins class was a viable strategy in the context of alternative options and acquisition strategies, Mr Finlay said: <i>“Yes. Not for the permanent solution, but to buy time”</i>. Mr Finlay was then asked whether he meant to buy time to look to another bidder, to which he responded: <i>“yes”</i>.</p> <p>1) Was that the Board’s own independent assessment of the situation or, alternatively, was that Defence’s assessment of the situation?</p> <p>a) What was the Board’s understanding of the amount of additional time that extending the Collins class would allow for in terms of looking to other bidders? Please provide some indication of the quantum in either months or years.</p>