

Answers to Questions on Notice

Future of Naval Shipbuilding Inquiry June 7 2018

1. Senator Kim Carr: In a hearing last July you said Naval Group had an agreement in principle which was in writing with ASC with regard to how the workforce would be shared. Then there was a Question on Notice which stated “no formal correspondence was generated that led to a gentlemen’s agreement”. Can we clear up that confusion?

Mr Clark: We definitely have an agreement in place between us and ASC.

Senator Carr: So the correspondence existed. Did it exist prior to you returning that Question on Notice which said “no formal correspondence was generated”?

- A. Yes it did. A re-check of Naval Group records has confirmed the agreement did exist at that time and there was correspondence generated. Naval Group apologises for the initial oversight.

8. Senator Carr: Can you tell me the date of that written agreement between ASC and Naval Group in relation to workforce matters. Mr Clark undertook to supply the document to the committee.

A. July 28 2017



Engagement Framework

By and between:

DCNS Australia Pty Limited
ACN 605 467 123
Level 2, 1 Richmond Rd, Keswick, SA 5035
(DCNS Australia)

and

ASC Pty Ltd
ACN 008 605 034
694 Mersey Road North, Osborne, SA 5017
(ASC)

28 July 2017

1. Context

DCNS Australia, through its parent entity, DCNS SA, has been engaged by the Australian Government to design, build and deliver Australia's Future Submarines (**FSM**). ASC was the builder and is now the design authority and sustainer of the Collins Class Submarines (**CCSM**). The CCSM will remain Australia's principal submarine capability until the introduction of the FSM. One of the primary goals of both DCNS Australia and ASC (the **parties**) is the continuance of Australia's sovereign submarine capability into the future, which will require collaboration and the alignment of multiple programs and activities on an enduring basis.

2. Objective

The parties wish to engage in open discussions to identify opportunities relating to the planning, development and delivery of the FSM Program, whilst developing, extending and protecting the CCSM capability. This non-binding document identifies Key Focus Areas for these opportunities, and to provide the framework to ensure the parties engage in a collaborative, open and transparent manner.

3. Confidentiality

The parties acknowledge that the Non-Disclosure Agreement between DCNS SA, DCNS Australia and ASC dated 25 June 2015, continues to apply to information exchanged as part of the discussions and workshops envisaged by this framework.

Any public announcements in relation to this Engagement Framework, or the discussions and outcomes under this Engagement Framework, must first be agreed between the parties.

It is not the intention of either party that they will share any information which contains any intellectual property as part of the discussions under this framework. If a party wishes to exchange information which contains intellectual property, then a separate arrangement governing that exchange of information will be agreed between the parties at that time.

4. Steering Committee

A Steering Committee will engage in monthly meetings in order to develop the Key Focus Areas. The location of the meeting will alternate between the parties' premises. The party hosting the meeting will be responsible for recording in writing, the key discussions and outcomes from the Steering Committee meeting which are to be distributed between the parties in a timely manner. The Steering Committee must also provide to the respective Interim Chief Executive Officers a joint written quarterly report of the progress and outcomes of the Steering Committee, with the first report due in July 2017.

The members of the Steering Committee will be:

DCNS Australia members

- Marcos Alfonso (Chief Industrial Officer)
- Shane Bewry (General Manager Commercial and Contracts)
- Wayne Haynes (General Manager Industry & Innovation)

ASC members

- Martin Edwards (General Manager Submarine Capability Development)
- Jared Siviour (Commercial Manager)

The frequency, members and effectiveness of the Steering Committee will be jointly reviewed by the Interim Chief Executive Officers as appropriate.

5. Key Focus Areas

DCNS Australia and ASC have identified eight initial Key Focus Areas for the parties' discussions and planning in relation to the AFS Program and CCSM sustainment program, and the need to ensure there is no adverse impact on either program.

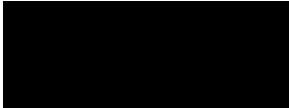
- 5.1 **Site Access** – The ability of DCNS Australia to have access to ASC's facilities and the terms of that access in order for the parties to coordinate the planning and development of infrastructure for the AFS Program.
- 5.2 **Site Development and Infrastructure** – The parties will share information relevant to the development of sites and infrastructure necessary for the coordination of infrastructure and facility planning for the Osborne and Henderson Shipyard precincts.
- 5.3 **Operations** – The parties will share processes and knowledge, as appropriate, relevant to the manufacturing, capability development and sustainment of submarines.
- 5.4 **Workforce** – The parties recognise the importance of developing a skilled and trained workforce for the AFS Program without impacting the delivery of CCSM sustainment, including the Life of Type Extension. The parties agree to coordinate resources and talent pools to ensure a sound and fit for purpose employment environment, and to work together to plan future activities.
- 5.5 **Australian Industry** – DCNS Australia and ASC will engage in workshops and/or other collaborative methods to facilitate the exchange of information on future Australian Industry involvement to ensure convergence and coherence.
- 5.6 **Procurement and Supply Chain** – In order to assist the parties to source quality systems, equipment, products and services, the parties will share, as appropriate,

Supply Chain information. The parties will engage in workshops during which the parties will share relevant experiences with regard to procurement activities.

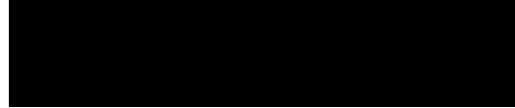
- 5.7 **Australian Submarine Capability** – The parties will share, as appropriate, information to ensure the Australian submarine platform capability remains regionally superior for its life.
- 5.8 **Long-Term Relationship** – The parties agree to work together to further develop the relationship as appropriate.

The Key Focus Areas will be jointly reviewed by the Interim Chief Executive Officers as appropriate.

By signing this Engagement Framework, DCNS Australia and ASC acknowledge the parties' intention to work collaboratively for the mutual benefit of both parties and the Australian Submarine Enterprise. For the avoidance of doubt, nothing in this Engagement Framework will impact on each Parties' contractual obligations, and directions from, the Commonwealth of Australia.



Brent Clark, Interim CEO
DCNS Australia
Date:



Stuart Whiley, Interim CEO
ASC
Date: 28/7/2017