



DCNS Australia Chief Operating Officer Brent Clark testimony to the Future Submarine Framework Agreement Inquiry, March 14 2017.

DCNS Australia is building the Royal Australian Navy 12 regionally superior submarines but we are engaged in much more than that.

But first let me introduce myself.

I joined DCNS Australia as Director of Strategy and Communications in April 2015 and I was the primary conduit in Australia in liaising with the Department of Defence and State and Federal governments during the French bid for the future submarine program.

Since then I have since been Chief Operations Officer with responsibility for Human Resources and in that role have been a key part of the implementation of the Design and Mobilisation Contract.

I held a series of increasingly senior positions in defence industry over more than decade including being responsible for Thales naval business in Australia and general manager of its underwater systems division.

I spent eight years with BAE Systems Australia including as Head of Strategy, Business Development and Communications Maritime. During this time I was heavily involved in a number of warship projects including the Air Warfare Destroyer program and Landing Helicopter Dock ship program.

I also spent 12 years in the Navy where I served on surface ships and both the Oberon and Collins class submarines.

But I am guessing what this committee wants to hear most about is our view on the framework agreement and progress on the future submarine project.

To me this is no less than a nation-building project that will assist in the creation of a sustainable maritime industry, create thousands of jobs directly and indirectly and bolster the Australian economy for generations.

DCNS welcomes the framework agreement on the future submarine signed by Australia and France and the opportunity to put our views to this committee on that agreement.

During the bid phase for the project DCNS repeatedly stressed that our offer had the full support of the French government.

The treaty, which is the subject of this inquiry, seeks to deliver on that pledge.

When Australia selected DCNS and France it selected a complete submarine power and all that entails.

As the National Interest Summary notes the agreement formalizes “assurances from the French government that are critical to the , design, build, operation and sustainment of the Future Submarine.”

“These include vital commitments in relation to the transfer of technology and information, export controls, security supply and industry cooperation.

These commitments are central to Australia establishing and maintaining a full, enduring, regionally superior and self-reliant Future Submarine capability.”

We wholeheartedly endorse these statements and will work to put them in to action on the Australia program.

I won’t take up much more time with my statement, but I would also like to table some additional information on DCNS and how we are implementing the design and build strategy for the the future submarine program.

REST TO BE TABLED

DCNS employs 12,500 people globally, boasts turnover of \$3.4 billion euro and is a proven exporter of submarines and surface ships around the globe.

DCNS designs, builds and maintains the French Navy’s nuclear submarines and has supplied conventional submarines for navies in countries such as Brazil, Malaysia, India and Chile.

DCNS is currently building the Barracuda class for the French Navy. Between 2017 and 2027 six Barracudas will replace the six Rubis/Améthyste-class boats currently in service.

The French Navy’s Barracuda class will be the reference point for the design of Australia’s future submarine but it will incorporate the best in conventional technologies.

What I would also like to do today is describe what DCNS has done since being selected out of the government’s competitive evaluation process last year, what we plan to do in the next little while and spell out our vision for the longer term.

France through DCNS which is a proven exporter of submarines and surface ships to both France and navies around the globe is one of the few nations that possesses end to end capabilities as a complete submarine power and is an ideal naval design and construction partner for Australia.

Throughout the design, construction and submarine maintenance process DCNS envisages an ambitious approach to the transfer of technology and in forming partnerships with government, industry and academia with the eventual goal of enabling the submarine fleet to be maintained and supported within Australia.

And we will do this in the broader framework of a developing national shipbuilding industry with the positive benefits that will bring to the Australian economy.

DCNS will also partner with Lockheed Martin following its selection by the Australian government as the combat systems integrator for the future submarine.

The DCNS vision is clear. The delivery of regionally superior submarine to our customer in partnership with Lockheed Martin and the development of an expansive maritime industrial and knowledge base within Australia.

DCNS, Lockheed Martin and the Commonwealth will work together to ensure the future submarine maintains Australia's regional superiority edge.

In short Australia gets a future submarine that can operate throughout the entire operating areas and one local industry can help build and comprehensively support.

It is our goal and that of the Australian government that the Australian supply chain will have the in-country capability to deliver the products, services and know-how and know-why to keep the submarine operational, capable and available for decades ahead.

To that end, we have been busy talking to hundreds of potential Australian suppliers, so far issuing more than 700 requests for information from more than 200 companies.

Our first post CEP industry briefing in Adelaide in November attracted 450 firms, there were another 350 at our briefing in Sydney in February and on February 23 we will stage another in Melbourne.

This is a truly national project, for example in Victoria, at least 398 potential suppliers have been identified and 167 requests for information have been sent to 159 companies.

More than 25 firms nationally have already pre-qualified having passed the first audit.

These figures underscore the fact that though submarine construction is centered on South Australia this is very much a national program and indeed its success is dependent on engaging the most qualified suppliers from around the nation.

DCNS is putting a great deal of effort in to maturing the design of the future submarine along with program industrialization, a comprehensive build strategy as well as the infrastructure going in to Adelaide and elsewhere in Australia.

By October this year we expect to have 50 Australian and 20 French staff working from our headquarters in Adelaide in the initial phase of the program focused on such areas as management, engineering, technology transfer, procurement and supply chain development.

Work will continue over the next 12 months on the design and mobilization contract with the Commonwealth and in negotiations with Lockheed Martin over combat systems design and integration.

We will also expend considerable effort ensuring we have the right people to carry out the job but I will return to that later.

In the medium term I have set a number of goals for the business to reach the mid-2020s in good shape to build the first submarine.

By this time we should have a new shipyard at Adelaide's Techport including equipment test and hull construction facilities.

There will be a land based center established for testing the major platform equipment which will be fitted to the submarine including the propulsion system.

We will by then also have a full developed three dimensional computer aided design information technology system ready to translate technical data of the design to carry out production work.

The production workforce will be assembling and the supervisors will be commencing on the job training.

It is also envisaged by then that many Australian and French businesses will have joined forces to support the in-country development and production of primary and secondary equipment for the submarine.

French and international suppliers will develop their presence in Australia and relationships with Australian companies.

These relationships will take various forms from contractual arrangements to manufacture, distribute or maintain equipment, to the opening of new subsidiaries and the creation of joint ventures.

Building the infrastructure is no mean feat, as it will mean setting up facilities that rival the Adelaide Oval in size.

In the longer term it is envisaged the construction of the first submarine will begin in the early 2020's further driving jobs and investment across Australia with the first of class to be delivered to the Navy from the late 2020's.

The build itself will involve three phases – the production of the pressure hull, the production of the completed hull sections and final integration and systems activation.

In Phase One steel plate are rolled in to curved sections and welded in to internal frames – a phase that will involve suppliers from both France and Australia.

Phase Two involves mounting the tanks, pipes and other equipment in to the hull sections.

During this time the sections are in the vertical, this is partly for safety reasons and partly for productivity reasons. Welders are standing up rather than lying down to carry out their work, which based on the French experience has substantially less injuries to workers.

After the outfitting of the hull sections they are then turned horizontally and joined together to complete each submarine. Subsystems are tested and activated.

The submarine is launched and extensive trials follow before the vessel is introduced into service.

In a sense DCNS starts the project with a significant advantage in that we are already producing a submarine of similar diameter (8.8 metres) and size (99.4 metres) to that of Australia's future submarine.

These are the Suffren class boats, commonly referred to as the Barracuda Class, which are being built for the French Navy and are the design reference point for Australia's Future Submarine.

The cooling and generation systems are already close to specification, as are the kitchen galley arrangements and the hydraulic power plant to steer the boat.

There are also advantages to taking a workforce that has just finished all the design work on the larger submarine for the French Navy and drawing on their experience to design Australia's future submarine.

As I mentioned earlier getting the right people will be crucial to the success of the future submarine enterprise.

For DCNS securing and nurturing not only the supply base but the skilled workforce necessary to carry out the project is crucial to the success of the future submarine enterprise.

Much effort will be devoted to partnering with education providers before construction of the future submarine begins to ensure we have the necessary expertise in place and ensure those people get the appropriate on the job training.

There are no State borders in the search for talented and skilled workers. We will take the best we can get from prestigious education and training institutions across Australia. And we will train the best.

DCNS has already forged a collaborative engineering and research Memorandum of Understanding with the University of New South Wales and Adelaide's Flinders University has forged a defence partnership with four prestigious French institutions, which will benefit the future submarine program.

DCNS will work with universities across Australia in research and development to ensure more comprehensive naval engineering degrees including course which specialize in submarine related subjects.

There will be more of these partnerships with research and training institutions to follow..

Planning for technology transfer and training of this workforce is underway with specific activities commencing later in 2017 and building to 2800 positions at the maturity of program.

I also want to talk a little about innovation.

The DCNS effort will also be in lockstep the Turnbull governments' National Innovation and Science Agenda, which features four pillars all of which are wholeheartedly embraced in the future submarine project.

Among the four pillars of that agenda are backing Australian entrepreneurship, increasing collaboration between industry and researchers to create jobs and growth and developing and attracting world class talent.

I reiterate that DCNS is a proven international exporter with a successful track record in delivering submarines and surface ships to France and navies around the globe and innovation is a big part of that success.

In France alone DCNS spent \$150 million on innovation and research and development in 2014. This will grow to \$217 million by the end of 2017.

DCNS sees opportunity for a number of centres of excellence to be developed in Australia to foster career opportunities in fields such as composite materials, hydrodynamics, hull materials and welding and marine corrosion.

In closing the future submarine program is bigger than the sum of its parts – a program that will contribute to Australia's industrial development.

While we talk about 2900 direct jobs in the program you can be assured that this number will be greatly enhanced as more Australian companies enter the supply chain.

This project along with the future frigate project will create a workforce competent in advanced manufacturing, engineering and related industrial technologies for generations of people for the next half century and beyond.