

QUESTIONS ON NOTICE

Naval Shipbuilding Committee – initial questions

	Question	Answer
1	Senator Carr: What were the exact dates you [Naval Group in Australia CEO Brent Clark] spoke to Glenn Thompson (around the level of union engagement in workforce planning)?	Brent Clark spoke to Glenn on June 5, 2017. I also spoke to Glenn at a meeting in Sydney on June 29.
2	Senator Carr: Can you provide the exact date for the commencement of the Australian Industry Participation Agreement signed between yourselves and the Defence Materials Technology Centre?	The agreement came in to effect on 31 January, 2017.
3	Senator Carr: Have either of the [Defence] Ministers offices received a copy of that agreement?	No, but Defence Industry Minister Christopher Pyne was briefed by the DMTC on the agreement prior to it being signed.
4	Senator Carr: What are you paying your naval architects? I am interested to know what the salary ranges are.	Naval Group is in the process of recruiting a number of naval architects. Naval Group considers that information personnel in confidence as it talks directly to individual wages. However the expected salary range will be between \$90,000 and \$180,000.
5	Senator Hume: You mentioned you had suppliers from all over the country and you were going to provide us with them. I would be very grateful for that from Victoria's perspective as well.	<p>As at June 30, 2017, 895 requests for information had been sent to 233 companies nationally. This includes 75 firms in NSW, 69 firms in Victoria, 38 firms in Western Australia, 37 firms in South Australia and 14 firms in Queensland.</p> <p>Requests for information are generated following an inquiry from the design team on whether certain capabilities exist in relation to certain technologies. These are sent to the companies which have registered with Naval Group or are known to be likely suppliers. Some companies receive multiple requests for information because they may have a number of the capabilities being sought.</p>

6	Senator Carr: Glenn Thompson from the AMWU had a specific communication with you on 6 June which has not been responded to about the level of union engagement around the workforce planning issue could you clarify that please?	A review of our email records shows Mr Thompson requested a meeting with Naval Group Australia Chief Executive Brent Clark on a proposed MOU. This was actioned by Mr Clark. However the organisation of the meeting was later overlooked by a staff member. Naval Group has since apologised to Mr Thompson and the meeting was rescheduled and held on June 29. Also see answer to Question one.
7	Senator Xenophon: How much in terms of number of contracts and value has been signed up with companies in France for the Future Submarine Program. You can give me that in euros if you want?	As of the beginning of April there were 24 project related contracts valued at 12.4 million euro
8	Senator Carr: Would you be able to provide the committee on notice the basis on which your predecessor made the assertion of the 90 per cent figure and was that the figure provided in any Australian industry participation plan documentation?	As was stated to the committee by Naval Group Australia Chief Executive Brent Clark, Naval Group believes the previous CEO was talking only about the level of production and assembly activities in Adelaide and not overall Australian industry content. The figure was not provided in any Australian industry participation plan documentation.
9	Senator Ketter: Did company information and records support [your predecessor's] 90 per cent statement at the time of the CEP?	The figure was not included in any documentation produced by the company.
10	Senator Ketter: Based on your experience [Naval Group in Australia CEO Brent Clark] what does the production and build component normally represent of the total project in terms of both the cost and the work involved?	Generally speaking in terms of the procurement of the submarine versus build and production, you end up with a split in the order of 60 per cent procurement, 40 per cent production. However this is not a hard and fast percentage breakdown so it is entirely feasible it could be something in the order of 55 per cent to 45 per cent.

Naval Shipbuilding Committee – additional questions

Question	Answer
1 Please provide an update on the progress of the project?	<p>The future submarine program continues to make good progress. Achievements to date include:</p> <ul style="list-style-type: none"> • The signing of the design and mobilisation contract in September 2016. • The establishment of the Australian Naval Infrastructure to manage the build of the Future Submarine shipyard at Osborne in Adelaide. • The opening of the joint project office at Naval Group in Cherbourg, France. • The establishment of Naval Group's in Australia head-office in Keswick, Adelaide. • Currently there are also ongoing negotiations with the Commonwealth over the Strategic Partnership Agreement and the build-up of the offer for the Future Submarine design contract.
2 What project milestones are approaching over the next 12 months?	<p>Submarine design activities are continuing along with detailed program planning. A master plan will be developed for build, test and integration facilities by October 2017.</p> <p>Work is continuing on finalising the Australian Industry Capability Plan. Suppliers for the submarine's main motor, diesel generators, switchboards, batteries and weapons discharge systems are expected to be selected by October this year and be under contract by early 2018.</p> <p>Up to 50 Australian defence and Naval Group personnel will soon travel to the Naval Group Cherbourg facility in France to assist with the design of the submarine.</p> <p>Expressions of interest for the detailed design of the Future Submarine shipyard infrastructure will be sought.</p>
3 Is the contract advancing in accordance with the schedule detailed in the Competitive Evaluation Process?	Yes
4 Is the contract advancing in accordance with the contracted schedule?	Yes

5	How many DCNS (France) employees are working on the Australian Submarine Project?	January 2017 – 86 February 2017 – 97 March 2017 – 108 April 2017 – 93 May 2017 – 111 June 2017 – 130
6	How many contracts has DCNS (France) signed with sub-contractors in France? As an approximate, how many employees in these sub-contracted companies are working on the Australian Future Submarine Project?	As of the beginning of April there were 24 project related contracts valued at 12.4 million euro.
7	<p>Senator XENOPHON: What is the nature of the gentleman's agreement that you referred to?</p> <p>Mr Clark: What we have put in place with ASC is an agreement in principle.</p> <p>Senator XENOPHON: Has that been reduced to writing?</p> <p>Mr Clark: Yes, I have that in writing.</p> <p>Senator XENOPHON: Can you provide a copy of that agreement to us, please?</p>	A variety of discussions were had with ASC (at various meetings) around this matter, however no formal correspondence was generated that led to a gentleman's agreement.