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Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Secretary,

Firstly, Naval Group thanks the Committee for the invitation to make a submission to the Inquiry into matters associated with the Auditor General's Report: Future Submarine Program – Transition to Design (No. 22 2019-2020).

Naval Group is proud to be playing its role in delivering 12 regionally superior Attack Class submarines for the Royal Australian Navy and ongoing review by the Auditor General into the program, the largest defence procurement in Australia's history, is welcomed.

We acknowledge the findings contained in the report and make the following comments regarding three key areas: strategic partnering, milestones and schedule.

Strategic Partnering

The report found that Defence and Naval Group have established the formal arrangements necessary for the effective administration of the program, through the Strategic Partnering Agreement (SPA).

A fit-for-purpose strategic partnership framework that addresses the Commonwealth's objectives for the program has been established. Among other things, these objectives include delivering a regionally superior submarine capability and maximizing Australian industry involvement through all phases of the program.

The report found that key requirements for a successful long-term partnership have been met. These requirements relate to governance, collaboration, the allocation of risk and reward, knowledge transfer, cost control and Australian industry objectives.

The program is under effective management and is supported by strong foundations to deliver the program. Naval Group is proud of this achievement.

Milestones

The report focuses on two milestones, the Concept Studies Review and Systems Requirements Review. Changes to milestone delivery timelines were made to ensure the requirements of the design were stabilised and at the maturity level to enter the next phases of the program.

A high level of design maturity avoids the potential for costly and lengthy delays that could otherwise eventuate during later phases of the program, particularly during construction. This approach is sound and is supported by previous experiences of legacy programs in Australia such as the Collins and Air Warfare Destroyer programs.

Ensuring the program progresses with certainty and with capability requirements being met is fundamental and demonstrates effective risk mitigation. The five week delay to the Systems Requirements Review (SRR) is deemed recoverable. The program has entered the next execution phase with a high degree of confidence and on a strong pathway to the System Functional Review (SFR).

Schedule

There has been no change to the overall delivery timeframe or budget for the program and appropriate steps are being taken to mitigate risk. Construction will not be delayed and Naval Group is on track to deliver the first submarine on schedule to the Royal Australian Navy in 2032.

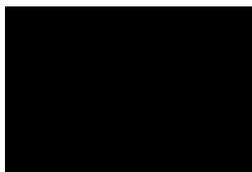
The Competitive Evaluation Process and the early concept design studies have informed the level of design effort required for the program. As a result of this early and important work, we have a clear view on how the requirements will be met and have used this to inform the contractual schedule for design and build of the submarines.

We have undertaken an extensive review of the Integrated Master Schedule and the near critical pathways to delivery and will continue to seek opportunities to optimize the schedule. This includes increased land based testing and Submarine Construction Yard processes and techniques that will be used during the build phase.

In summary, the future submarine program continues to progress and Naval Group remains committed to delivering for Australia, in Australia.

We support ongoing review of the Program and thank the Committee again for the opportunity to make a submission.

Yours sincerely



Jean-Michel Billig
Executive Vice-President, Future Submarine Program
Naval Group