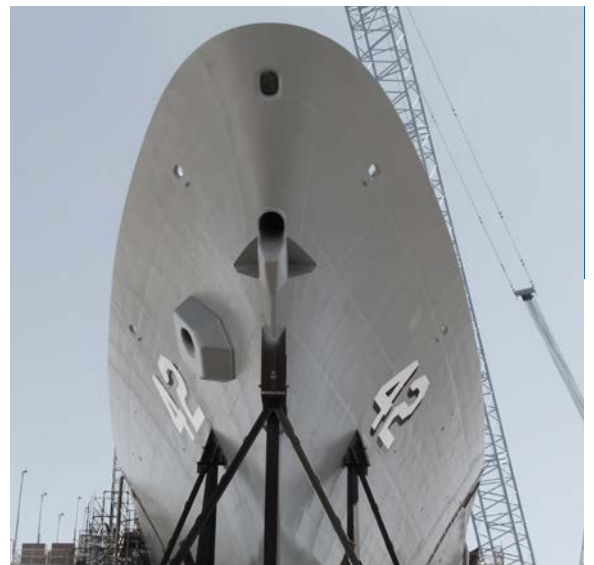




# 2019–2024 Statement of Corporate Intent

**ASC PTY LTD**

BUILDING & MAINTAINING AUSTRALIA'S  
FRONTLINE NAVAL ASSETS.



**ASC**  
[www.asc.com.au](http://www.asc.com.au)





## About ASC

**ASC Pty Ltd is a proprietary limited company registered under the Corporations Act 2001. ASC is wholly-owned by the Commonwealth, represented by the Minister for Finance (Shareholder Minister).**

With more than 1,300 employees at two facilities in South Australia and Western Australia, ASC has naval engineering, design, construction, maintenance and project management resources unparalleled within Australia's defence industry.

Initially established in 1985 at Osborne, South Australia, ASC was subsequently chosen in 1987 as the prime contractor for the design, manufacture and delivery of the Royal Australian Navy's (RAN) fleet of six Collins Class submarines (CCSM).

At the conclusion of the CCSM build program in 2003, ASC commenced a contract for the through-life support, maintenance and design upgrades of the submarines'. This contract was replaced by the In-Service Support Contract (ISSC) in mid-2012.

ASC is performing at above-international-benchmarks for submarine availability, as part of the Australian

Submarine Enterprise, including the RAN and the Australian Defence Force (ADF).

ASC undertakes this work at the Osborne submarine deep maintenance facility in South Australia and at ASC West, in Henderson, Western Australia.

ASC also provides submariner training services to the RAN, staffing the Submarine Training and Systems Centre at HMAS Stirling in Western Australia, and provides approximately 30 submarine platform experts as secondees to the Commonwealth's Future Submarine Technical Office.

In 2005, following a competitive tender, the Commonwealth selected ASC as the shipbuilder for the Hobart Class Air Warfare Destroyer (AWD) Program, as part of the AWD Alliance. Subsequently ASC signed the Alliance Based Target Incentive Agreement (ABTIA) in 2007 and since 2010 ASC and its AWD Alliance partners have been successfully building and integrating the three AWDs at the Osborne Naval Shipyard.

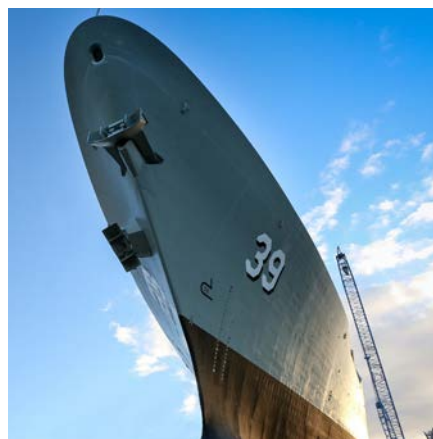
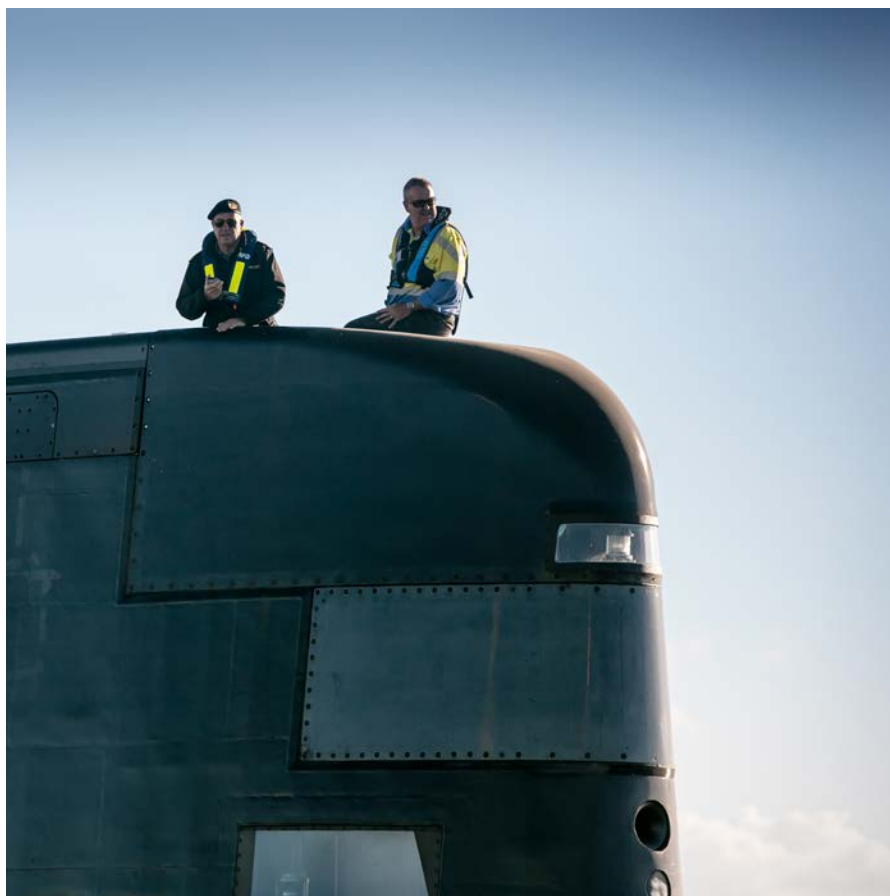
The first AWD, HMAS *Hobart*, was delivered in 2017, providing the RAN with its most advanced and complex warship.

The second AWD, HMAS *Brisbane*, was delivered in 2018 and third, *Sydney*, will be delivered in 2020 with additional modifications that ASC, as the shipbuilder within the AWD Alliance, is undertaking to accommodate the MH-60R Romeo helicopter.

In 2017 ASC Shipbuilding was named as the South Australian shipbuilder for the lead and second Offshore Patrol Vessels (OPVs). ASC entered a contract with prime contractor and designer, Lürssen of Germany, for the construction of the vessels, which achieved keel-laying in May 2019 and is on time and on budget.

In June 2018 ASC Shipbuilding was announced as the shipbuilder for the Hunter Class Frigates, and following structural separation of ASC Shipbuilding from ASC in December 2018, became a subsidiary of BAE Systems Australia. ASC retains responsibility for the delivery of the AWD and OPV Programs, utilising a contract workforce from ASC Shipbuilding.

ASC remains committed to supporting the ADF by maintaining open lines of communication with our customer and understanding their expectations and priorities, implementing productivity and efficiency improvements and striving to deliver the best results for Defence.



## Chairman's message

**ASC's Statement of Corporate Intent (SCI) 2019-2024 summarises ASC's Corporate Plan which sets out the company's strategy and objectives and includes an analysis of future business opportunities, corporate performance, requirements and risks.**

The 2019-2024 Corporate Plan builds on ASC's significant operational improvements, its recent structural separation and diversification of the company's submarine-related activities.

ASC's Corporate Plan commits the company to continuing its strong performance in current programs –by maintaining better-than-benchmark submarine availability and reliability for the Collins Class submarines (CCSM) and delivery of the remaining Hobart Class Air Warfare Destroyer (AWD) platforms and the first two Arafura Offshore Patrol Vessels (OPV) to the Commonwealth, in collaboration with our program partners.

Following structural separation in December 2018, ASC Shipbuilding became a subsidiary of BAE Systems Australia, and will deliver the Hunter Class Frigates.

ASC's CCSM program is engaged in planning of the CCSM Life of Type Extension (LoTE) program, which is expected to grow into a major activity in the next decade, culminating in the first LoTE Full Cycle Dockings (FCD) commencing in the mid-2020s.

Whilst ASC is actively developing new strategic partnerships, we remain committed to strengthening our existing strong, open and collaborative relationships with our customers –Capability Acquisition and Sustainment Group (CASG), the Royal Australian Navy (RAN), Lürssen of Germany, as well as our Australian Submarine Enterprise and AWD Alliance partners, suppliers, capability and industry partners.

Safety and quality remain the central focus of what we do every day –we are committed to providing a safe working environment, for our people, the vessels we work on and the defence personnel who sail on them, while implementing continuous improvement and innovation as part of a performance-driven culture.

ASC's SCI 2019-2024 has been prepared for the consolidated ASC Group, noting that ASC has two dormant subsidiaries and two subsidiaries that are contracting entities for its shipbuilding programs. The SCI has been prepared in accordance with section 35 (1) (b) of the Public Governance, Performance and Accountability Act 2013 and Public Governance, Performance and Accountability Rules 2014.

**Bruce Carter**  
CHAIRMAN







## Our Vision

To be an enduring and integral part of Australia's maritime strategy and national security.

## Our Mission

To be a trusted and efficient partner with sovereign design, build and sustainment capabilities driving best value for our customers.

## Our Values

- Service
- Safety
- Leadership
- Integrity
- Results
- Innovation

## Purpose

**ASC is central to achieving Australia's long-term submarine and maritime objectives.**

Australia's only established sovereign submarine capability, ASC is committed to delivery of world's best submarine sustainment and capability support services for Australia's submarine programs, namely the Collins Class submarine (CCSM) fleet, whilst simultaneously delivering the Hobart Class Air Warfare Destroyers (AWD) and Arafura Class Offshore Patrol Vessels (OPV).

The company's strategic focus is achieving continuous improvements in program performance and capability, supporting our experienced workforce to remain Australia's leading provider of submarine platform expertise and services.

In addition to ASC's strategic objectives for each business unit, outlined below, and agreed with the Shareholder Minister as part of the annual corporate planning process, ASC's constitution sets out objectives that guide the company's activities. They are;

- Enhance and maintain the Australian Defence Force's maritime defence capabilities; and
- Support Australian Government policies in relation to the Australian naval surface shipbuilding and repair industry and the submarine sustainment and construction industry.



## Submarine Sustainment & Capability Development

**ASC's Collins Class Submarine program provides sustainment, design, upgrade and maintenance services for the Collins fleet from purpose-built facilities in South Australia and Western Australia. ASC is committed to maintaining beyond-benchmark performance on the Collins Class submarine program, driving an efficient and effective service culture, and supporting the RAN through timely and results-driven operational submarine maintenance.**

ASC will leverage the Collins Class (CCSM) program to expand its sovereign submarine capabilities, including its planning of CCSM Life of Type Extension (LoTE) and its support of Australia's successful transition to a two-class submarine fleet, beginning in the mid-2030s with the delivery of the first of the Attack Class submarines.

ASC is home to Australia's largest specialised submarine workforce and ASC is committed to attracting, retaining and growing its uniquely skilled people who remain fundamental to its submarine capability.

Retaining and growing ASC's workforce, across production and staff employees, is critical to the ongoing development of Australia's sovereign submarine capability.

ASC's primary submarine program objectives include;

- Deliver world's-best submarine sustainment and capability support;
- Leverage program performance and capture new business in submarine and maritime markets;
- Attract, retain and grow our people; and
- Optimise ASC's business model and organisational design for growth.





## Shipbuilding

**ASC is committed to the successful delivery of the Hobart Class Air Warfare Destroyer (AWD) Program, with its Alliance partners, and the build of the lead and second Offshore Patrol Vessel (OPV), under contract with Prime, Luerssen Australia.**

ASC maintains its strong performance as the shipbuilder for the AWD Program, meeting all scheduled milestones since the last quarter of 2015. Together with its Alliance partners, the program has seen both the lead and second AWDs, HMAS *Hobart* and HMAS *Brisbane*, commissioned into service), with the third ship due for Provisional Acceptance in early 2020.

Construction of the lead and second OPVs is progressing well and in line with baselined targets. ASC's OPV work has benefited from lessons learnt from the AWD Program, as well as working with a computerised 3D model of the design.

Following structural separation in December 2018, ASC Shipbuilding became a subsidiary of BAE Systems Australia to deliver the Hunter Class Frigates. ASC Pty Ltd engages an ASC Shipbuilding workforce under contract, to successfully deliver ASC's shipbuilding programs.

## Future Opportunities

**As Defence modernises its platforms for sea, air, land and joint environments, Commonwealth policy enshrines Australian industry as a fundamental input to Defence capability.**

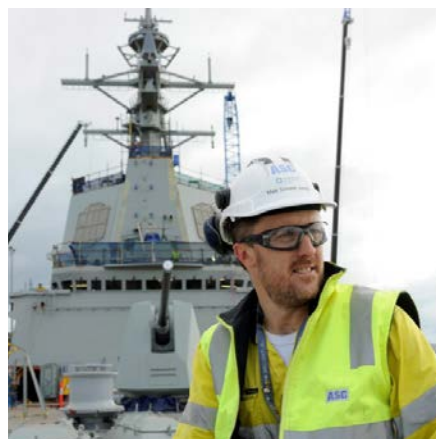
ASC is well positioned to support the Commonwealth's plan for a sovereign, sustainable shipbuilding sector, featuring continuous construction of naval platforms in South Australia and Western Australia.

ASC recognises that successful delivery of Collins Class submarine (CCSM) sustainment, Hobart Class AWD and Arafura Class OPV construction is critical to winning future work.

ASC is actively engaging the Commonwealth Government and international project participants to maximise our involvement in future projects, including the Attack Class Future Submarine (FSM) program.

ASC has executed a Framework Agreement with FSM prime contractor Naval Group, enabling the companies to work collaboratively in support of both of Australia's submarine programs.

In addition, leveraging its submarine, design and shipbuilding capability and expertise, ASC is collaborating with a number of national and international maritime businesses, securing new lines of revenue to support LoTE, FSM, other international programs and capability retention. These include but are not limited to: Saab-Kockums; Jeumont; Schneider Electric, Endel, FIVA Groupe and BMT.



## Business Environment

**ASC's environment is influenced by Government-led processes which present both opportunities and challenges for the company.**

### Collins Class Submarines (CCSM)

As set out in the Government's Naval Shipbuilding Plan, the CCSM fleet is a long term asset of the Government and will require significant future work to remain regionally superior into the 2030s at international benchmark availability levels for the Royal Australian Navy (RAN). Life of Type Extension (LoTE) of the fleet, to mitigate a capability gap between the previously planned withdrawal of service and the introduction into service of the Future Submarines (FSM), could see the CCSM extended into the 2040s to support Australia's successful transition to a two-class submarine fleet.

ASC will work with the Government to achieve the necessary enhancements, sustainment, upgrades and LoTE activities in the required time frames.

### CCSM Full Cycle Docking Transition Evaluation

The Department of Defence is investigating the on-going sustainment and LoTE of the CCSM fleet, including the feasibility of the relocation of Full Cycle Dockings (FCD) to Western Australia as an alternative to remaining in South Australia.

ASC remains agile and will provide support into Defence's investigation around the possible transition of CCSM FCDs and the Submarine Enterprise's evolving industrial base options.

### Future Submarine Program

The Attack Class Future Submarine (FSM) Program, to be delivered by prime contractors Naval Group (design partner, platform builder) and Lockheed Martin (combat system integrator) will see a doubling of Australia's submarine platform workforce by the mid-2020s, according to the Government's Naval Shipbuilding Plan. ASC will, along with its partners in the Submarine Enterprise and the FSM Prime Contractors, manage the competing demands for skilled and experienced personnel so that CCSM capability is not adversely impacted.

ASC maintains its relationship with Naval Group and Lockheed Martin along with its commitment to pursuing opportunities that will add value to the program, based on ASC's experience and expertise in building and sustaining submarines in the Australian context. ASC will continue to support the Commonwealth's FSM Program through the provision of technical personnel to the Future Submarine Technical Office.

### Hunter Class Frigate Program & Structural Separation of ASC

On 29 June 2018, the Government announced that ASC Shipbuilding would be separated from ASC Pty Ltd and transferred to BAE Systems Australia to build nine Hunter Class frigates, with prototype production commencing in 2020.

The subsequent successful separation of ASC Shipbuilding in December 2018 completed Phase Two of the full structural separation of ASC, announced in October 2016, to separate ASC into three separate Government Business Enterprises. Phase One was completed in March 2017 with the transfer of ASC land and critical infrastructure to the newly established government owned entity, Australian Naval Infrastructure (ANI).



## Performance

### Financial

The Collins Class submarine (CCSM) maintenance program and ASC's shipbuilding contracts (the Hobart Class Air Warfare Destroyer (AWD) and Offshore Patrol Vessel (OPV) contracts) are the two primary sources of revenue for ASC Pty Ltd.

ASC's financial objectives are to achieve profit before tax and cash reserves in accordance with, or better than, its Corporate Plan projections.

### Non-Financial

ASC is focused on gaining greater efficiencies in the business and improving customer outcomes. ASC's non-financial objective is to meet, or exceed, its key performance indicators particularly in the areas of schedule and quality.

ASC's continual forward planning allows for the consistent measurement and assessment of its KPIs to ensure its continued delivery of world's best submarine sustainment and capability support services for Australia's CCSMs, and the delivery of its AWD and OPV Programs.

### In 2019-2020, ASC will:

- Complete HMAS *Rankin's* Mid Cycle Docking in Western Australia;
- Complete HMAS *Waller's* Full Cycle Docking in South Australia;
- Deliver AWD Ship 03, future destroyer *Sydney* to the Commonwealth of Australia;
- Maintain favourable progress on construction of the OPVs, in line with productivity and schedule outcomes; and
- Provide high quality submariner training to the Royal Australian Navy (RAN).

## Risk & Oversight Management

**ASC has a comprehensive Risk Management Framework, including processes to identify and assess risks, and ensure appropriate mitigation, system controls, reporting and risk management practices are in place and continually monitored.**

Risk committees at the Board, Executive and Program level meet regularly to review risks and to ensure adequate risk management strategies and reporting systems are in place.

ASC's risk management approach is aligned with Australian Standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines, and the 2014 Commonwealth Risk Management Policy.





## Capability

**ASC will leverage and build upon its existing capabilities to achieve its strategic objectives.**

### People

ASC's workforce is the foundation upon which our ongoing success is built. We value the contributions and diverse talents of our workforce and invest in their development through the delivery of tailored training solutions aimed at increasing our overall productivity and efficiency.

ASC seeks to foster a culture of inclusion and attain greater workforce diversity to ensure ASC is an employer of choice and acts in the best interests of its employees.

ASC's vision is to be a leading, innovative, dynamic and resilient organisation, which strives for continuous improvement and excels at building and maintaining Australia's best frontline naval capabilities.

### Facilities

ASC will work with Australian Naval Infrastructure (ANI) to maintain purpose-built facilities to ensure they are meeting ASC's requirements and in support of the facility being utilised for programs other than the AWD and OPV Programs and by parties other than ASC AWD Shipbuilding Pty Ltd.

### Supply Chain

ASC manages a large, complex and diverse supply chain across both its programs and sources materials and services from local and international sources.

### Capability Partners

ASC has longstanding collaborative relationships with organisations that provide specialised expertise in technologies that contribute to the continuous improvement of submarine maintenance and shipbuilding activities.

In addition to the technical support network that includes subject matter experts, industry, tertiary institutions and government research establishments, ASC also partners with world-leading submarine and shipbuilders.





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