Statement of Corporate Intent

2017-2022 ASC Pty Ltd

www.asc.com.au
Initially established in 1985, ASC was subsequently chosen in 1987 as the prime contractor for the design, manufacture and delivery of the Royal Australian Navy’s fleet of six Collins Class submarines. At the conclusion of the Collins Class submarine build program in 2003, ASC commenced a 25-year contract for the ongoing repair, maintenance and design upgrades of the submarines’ through-life support. This contract was replaced by the In Service Support Contract (ISSC) in mid-2012. In 2005, ASC was awarded the role of Shipbuilder for the Hobart Class Air Warfare Destroyer (AWD), commencing the construction of three AWD platforms at the Government’s state-of-the-art shipbuilding facility located at Osborne, South Australia, from 2010. The first AWD, HMAS Hobart, is to be delivered in 2017, providing the Royal Australian Navy with its most advanced and complex warship capability, to be followed by two further AWDS in following years.

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 2,500 skilled and experienced employees across three facilities in South Australia and Western Australia, ASC is Australia’s only submarine sustainment and major steel-hulled warship builder, with the nation’s leading naval platform engineering, skilled trade and program management resources.
The Corporate Plan builds on the significant operational and management improvements the company has achieved over the past three years.

Both the Collins Class submarine sustainment business and Hobart Class Air Warfare Destroyer shipbuilding businesses are delivering at, or approaching, international benchmarks - a significant achievement for the company.

ASC’s first priority for its submarine business is to strengthen its performance at or beyond benchmark levels for submarine availability and for its shipbuilding business to continue to meet its cost and schedule milestones and deliver the third Air Warfare Destroyer platform at or better than international benchmark labour productivity.

The Corporate Plan also highlights the company’s commitment to actively pursuing future business opportunities, including the Offshore Patrol Vessel project, and Future Frigate project among other shipbuilding opportunities, as well as sustaining opportunities, including the Offshore Patrol Vessel (OPV) project, and enhancing Collins Class submarine capability and developing further support for the Future Submarine program.

Partnerships form the strong foundation of ASC’s business model. We remain committed to strengthening our existing relationships with our customers – the Capability Acquisition and Sustainment Group (CASG) and Royal Australian Navy, the Submarine Enterprise, Alliance partners, suppliers, and capability and industry partners whilst also developing new partnerships.

In addition, in support of its proposed shipbuilding solution for the OPV project, ASC Shipbuilding has agreements with shipbuilding partner Forgacs Marine and Defence (owned by Civmec of Western Australia) and OPV design tenderers Damen of the Netherlands and Lürssen Defence of Germany.

ASC remains committed to providing a safe working environment for our people and building a performance-driven culture where continuous improvement and innovation is the norm.

ASC’s Statement of Corporate Intent 2017-2022 has been prepared in accordance with section 95(1) of the Public Governance, Performance and Accountability Act 2013 and Public Governance, Performance and Accountability Rules 2014.

Bruce Carter
CHAIRMAN
Vision, mission, values, corporate strategy, strategic objectives

**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 Strategy**
Grow ASC's design, build and sustainment capabilities to deliver successful maritime programs through:

- Delivering existing programs beyond benchmark performance.
- Strategically partnering across government and industry.
- Building sovereign platform asset management knowledge and capability.
- Actively influencing design to improve functionality and reducing cost of ownership.
- Aligning ASC to meet organisational and government objectives.

**Key Enablers**
What we must have to deliver our Strategy

- Safety and quality systems
- People and Culture
- Leverage core capability and knowledge
- Strategic Partnering
- Innovation and Technology
- Business systems and infrastructure

**Our Values**
Safety | Service | Leadership | Integrity | Results | Innovation
In addition to ASC’s strategic objectives outlined on the previous page 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
- Support Australian Government policies in relation to the Australian naval surface shipbuilding and repair industry and the submarine sustainment and construction industry; and
- Do all things that are necessary, convenient or incidental to support and facilitate ASC restructuring.

^ A Collins Class submarine at the ASC Henderson facility in Western Australia.

< Future destroyer HMAS Hobart alongside the ASC South shipyard.
Submarine Sustainment and Capability Development

ASC’s focus in the Collins Class Submarine program is to provide design, upgrade and maintenance services for the Collins fleet from purpose built facilities in South Australia and Western Australia. ASC also provides submariner training at the Submarine Training and Systems Centre in Western Australia.

ASC’s performance on Collins Class Submarine sustainment, along with the Submarine Enterprise as a whole, has been widely recognised as an exemplar, having achieved or exceeded international benchmark performance in submarine availability to 2017.

Alongside its successful Collins Class sustainment operations, ASC will expand its submarine capability development, working to secure new opportunities in the sovereign submarine industry, including Collins Class Life of Type Extension, retaining Regional Superiority and Future Submarine support.

Our high level objectives include:

- Continuing to work closely with our Submarine Enterprise partners to improve submarine availability beyond international benchmarks;
- Capture new work to support the growth of new sovereign submarine capabilities;
- Professional development of ASC’s submarine workforce and to attract and retain the best candidates for ASC’s diverse submarine roles;
- Sustain and develop long-term partnerships with the Royal Australian Navy, CASG and Australian industry;
- Leverage ASC’s expertise and experience to support Australia’s sovereign submarine capability for today and into the future.

ASC’s performance on Collins Class Submarine sustainment, along with the Submarine Enterprise as a whole, has been widely recognised as an exemplar, having achieved or exceeded international benchmark performance in submarine availability.

Five Collins Class submarines alongside Diamantina Pier, at Fleet Base West in 2016 - ASC has achieved or exceeded international benchmark performance in submarine availability.

HMAS Collins on the move at ASC North in two parts ahead of its full cycle docking.

HMAS Farncomb was the first Collins Class submarine to complete a two-year full cycle docking under the new maintenance regime.

Image courtesy of the Royal Australian Navy.
ASC is the lead shipbuilder for the Air Warfare Destroyer program as part of the AWD Alliance, delivering the Royal Australian Navy’s most advanced warships from 2017.

ASC Shipbuilding’s performance has continued its strong improvement, meeting or exceeding all cost and schedule milestones as shipbuilder for the AWD program since Reform of the program in 2015. Its primary strategic focus remains on maintaining its positive performance trajectory and achieving, by the delivery of the third AWD, international benchmark productivity performance for the construction of similarly complex warships in overseas shipyards.

The Government-led AWD Reform Strategy concluded in December 2015 and ASC Shipbuilding continues to work closely with Shipyard Management Services Contractor, Navantia and other program partners Raytheon Australia and CASG, in constructing and delivering Australia’s most potent warships.

ASC Shipbuilding is proud of the sovereign shipbuilding capability it has built up since it commenced shipbuilding operations. ASC Shipbuilding is well-placed to support of the Government’s continuous naval shipbuilding agenda, as set out in the Naval Shipbuilding Plan released in May 2017.

ASC Shipbuilding’s high level objectives include:

- Successfully deliver the Air Warfare Destroyer Program at or better than international benchmark productivity;
- Win roles as lead shipbuilder for major and minor warships;
- Create new business opportunities through diversification;
- Establish an independent and sustainable shipbuilding entity as part of the structural separation of ASC.

ASC is the lead shipbuilder for the Air Warfare Destroyer program as part of the AWD Alliance, delivering the Royal Australian Navy’s most advanced warships from 2017.

The ASC workforce in preparation for the launch of Ship 02, future destroyer Brisbane.

Consolidation of the bow of Ship 03, future destroyer Sydney. Significant learnings are being applied to Ship 03 to ensure higher levels of outfitting, saving time and money in the later stages.

Ship 01, future destroyer HMAS Hobart, successfully completed Sea Trials in 2017.
The Naval Shipbuilding Plan, released in May 2017, presents significant opportunities for ASC. ASC is well positioned to support the Commonwealth’s plan for a sovereign, sustainable national shipbuilding sector featuring continuous construction of naval platforms in South Australia and Western Australia.

ASC recognises that successful delivery of Collins Class submarine sustainment and Hobart Class Air Warfare Destroyer construction is critical to winning future work. ASC is actively engaging with the Australian Government and international project participants to maximise our involvement in future projects, including:

- SEA 1180 Offshore Patrol Vessel;
- SEA 5000 Future Frigate; and
- SEA 1000 Future Submarine.

ASC Shipbuilding this year partnered with Forgacs Marine and Defence (owned by Civmec of Western Australia) and was selected to provide the shipbuilding solution for two Offshore Patrol Vessel project tenderers, Damen of the Netherlands and Lürssen Defence of Germany, ahead of the Government’s decision on the tender later in 2017.

In addition to the OPV tender, ASC’s strategy includes to:

**Shipbuilding**
- Actively pursue the shipbuilding roles in future Australian naval shipbuilding projects;
- Provide additional training services to Defence;
- Secure other shipbuilding and diversification opportunities.

**Submarines**
- Work pro-actively with Defence to ensure Collins Class submarine capability and performance remains regionally superior throughout its service life;
- Pursue a range of opportunities to support Collins Class submarine capability development;
- Support the Future Submarine program through continued engagement with Government-selected design partner, Naval Group (formerly DCNS), and combat system integrator, Lockheed Martin, and build on ASC’s significant contribution to the SEA 1000 Technical Organisation;
- Secure the provision of additional training services to Defence;
- Develop the Life of Type Extension Program for the Collins Class Submarines and work towards its implementation.

Located within the Techport precinct at Osborne, ASC has access to an array of facilities within the shipyard including: warehouses, outfitting facilities, construction sheds, blast and paint facilities, and major support equipment.

Future warship and submarine construction offer significant opportunities for ASC.
ASC’s environment is influenced by Government-led processes which present both opportunities and challenges for the company.

Naval Shipbuilding Plan
The Government released the Naval Shipbuilding Plan in May 2017, detailing the establishment of sovereign and continuous naval shipbuilding industry based in shipyards in Adelaide and Perth over coming decades. The Plan shows how ASC, as a sovereign-controlled ship and submarine platform company with approximately 2500 skilled personnel in South Australia and Western Australia, can make a critical contribution to Australia’s national shipbuilding endeavour.

Strategic Review and Structural Separation of ASC
In October 2016 the Government announced its decision to separate ASC into three separate Government Business Enterprises (GBEs). Phase 1 of the separation, the creation of Australian Naval Infrastructure (ANI), which owns the critical infrastructure previously owned by the submarine and shipbuilding businesses, was completed in March 2017. Phase 2 of the separation, the establishment of separate shipbuilding and submarine GBEs, is expected to be completed in 2017.

Offshore Patrol Vessel (OPV) project
The Offshore Patrol Vessel project will see 12 OPVs built from 2018, starting in the Osborne shipyard and then transferring in 2020 to Western Australia where the project will be completed. Tenders for the OPV project closed in March and a decision by Government is expected in 2017. ASC Shipbuilding and Forgacs Marine and Defence (owned by Civmec) have been selected by two of the three tenderers, Lürssen Defence of Germany and Damen of the Netherlands, to provide shipbuilding services for the project, should either company be successful in winning the tender.

Collins Class submarines
As set out in the Government’s Naval Shipbuilding Plan, the Collins Class submarine 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 RAN. ASC is well-placed to continue to work with the Government to carry out the necessary enhancements, sustainment and upgrades to achieve this objective.

Future Frigate project
The Future Frigate project will see nine frigates built at the Osborne shipyard from 2020. Request for Tenders were released to a shortlist of three international shipbuilders, Navantia, BAE Systems and Fincantieri, in March 2017 and a decision is expected in 2018.

Future Submarine Program
The Future Submarine Program, to be delivered by prime contractors Naval Group (design partner) and Lockheed Martin (combat system integration) 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, manage the competing demands for skilled and experienced personnel so that Collins Class submarine capability is not adversely impacted.

ASC will continue to engage with Naval Group and pursue opportunities for adding value to the program, based on ASC’s experience and expertise in building and sustaining the Collins Class fleet. ASC will also grow its presence in the Government’s SEA1000 Technical Office.
Performance

Financial
The Collins Class submarine maintenance and the AWD contracts are the two primary sources of revenue for the company. ASC’s financial objectives are to achieve profit before tax and cash reserves in accordance with, or better than, the Corporate Plan forecasts.

Non-Financial
ASC continues to work toward 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.

In 2017-2018, ASC will:
- Complete HMAS Collins’s Full Cycle Docking in SA;
- Complete HMAS Sheean’s Mid Cycle Docking in WA;
- Complete HMAS Farncomb’s Intermediate Maintenance Period in WA; and,
- Provide high quality submariner training to the Royal Australian Navy;
- Support the transit of Ship 01, future destroyer Hobart, to Fleet Base East, Sydney;
- Complete Sea Trials Ship 02, future destroyer Brisbane;
- Complete consolidation of Ship 03 driving cost reduction and increasing outfitting activities to enhance cost and schedule performance.

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

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 ANI to maintain and upgrade the purpose-built facilities at its three sites to ensure they are meeting ASC’s requirements.

**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 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 and Electric Boat.
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