ANNUAL REPORT

2023

ASC

Contents

Cover image courtesy of the Royal Australian Navy.

Image courtesy of the Royal Australian Navy.

Transmittal Letter

ASC PTY LTD
ABN 64 008 605 034
GPO Box 2472, Adelaide
South Australia 5001

ASC NORTH
694 Mersey Road North,
Osborne SA 5017
T: +61 8 8348 7000

29 September 2023

Senator the Hon Katy Gallagher
Minister for Finance
Parliament House
Canberra ACT 2600

Dear Minister,

ASC Pty Ltd 2023 Annual Report

I am pleased to submit the 2023 Annual Report of ASC Pty Ltd (ASC), which has been prepared in accordance with the *Public Governance Performance and Accountability Act 2013* and approved by the Board of ASC.

The 2023 Annual Report includes the financial statements for ASC and its controlled entities for the year ended 30 June 2023, and reports on ASC's performance and progress. ASC achieved a profit after tax of $21.5 million.

ASC continued to meet the Royal Australian Navy's requirements for high levels of availability of the Collins Class submarine fleet, and made significant progress on the Collins Class Life of Type Extension project.

In 2022-23, ASC completed year three of Performance Period Four of the In-Service Support Contract. Performance Period Four is an eight-year contract extension comprising two, four-year activity periods. In South Australia, ASC completed a Full-Cycle Docking maintenance activity and commenced another. In Western Australia, several maintenance activities took place. These included an Intermediate Docking and two Intermediate Maintenance Periods; a Mid-Cycle Docking also began.

In January 2023, ASC, via the Sovereign Shipbuilding Talent Pool, transitioned the last of 220 workers affected by the Attack Class submarine program's cancellation into meaningful roles within the company. Soon after this, in March 2023, ASC welcomed the Commonwealth of Australia's announcement outlining its 'Optimal Pathway' for acquiring a nuclear-powered submarine fleet through the AUKUS pact. The company aspires to play a part in the fleet's build and sustainment.

I commend ASC's workforce for achieving the company's objectives during a year of intense and increasing competition for skilled labour within the shipbuilding industry. The capability demonstrated by ASC's employees and leadership team has resulted in an excellent service to the Royal Australian Navy and the nation.

I am grateful for your endorsement of this document and its tabling in Parliament.

Yours sincerely,

BRUCE CARTER
Chair

info@asc.com.au
www.asc.com.au

Company Profile

ASC Pty Ltd has proudly served as the sovereign builder and sustainer of Australia's Collins Class submarines (CCSMs) for over 35 years.

The first Australian defence company to achieve global standard ISO 55001 certification for the management of complex physical assets, ASC is registered under the *Corporations Act 2001* and owned by the Commonwealth of Australia (CoA), represented by the Minister for Finance, Senator the Hon Katy Gallagher. It employs over 2,000 fixed and contract staff across two states, primarily located in Osborne, South Australia (SA), and Henderson, Western Australia (WA).

ASC was established in 1985 and chosen in 1987 as the prime contractor to deliver six conventionally powered CCSMs – Australia's first sovereign-built submarine fleet. The first of the submarines was completed in 1996 and the last in 2003.

In 1992, ASC commenced submariner training services for the Royal Australian Navy (RAN) through the Submarine Training and Systems Centre (STSC) at HMAS *Stirling*, Garden Island, WA, a role ASC continues to perform today.

At the conclusion of the CCSM build in 2003, ASC was awarded the In-service Support Contract (ISSC) for the boats' ongoing maintenance and design enhancements.

In 2004, ASC changed its name from 'Australian Submarine Corporation' to ASC Pty Ltd and established a new division, ASC Shipbuilding, to facilitate future business.

In 2005, following a competitive tender, the CoA selected ASC as shipbuilder for the Hobart Class Air Warfare Destroyer (AWD) Program, as part of the AWD Alliance.

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

HMAS *Brisbane* followed in 2018 and HMAS *Sydney* in March 2020, with the RAN formally accepting all three.

In June 2018, ASC Shipbuilding was announced as shipbuilder for the RAN's Hunter Class Frigate Program (HCFP). Six months later, BAE Systems Australia acquired ASC Shipbuilding, renaming it BAE Systems Maritime Australia. ASC Pty Ltd is not contracted to the HCFP.

In 2021, the CoA cancelled its Attack Class submarine (ACSM) program in favour of acquiring SSNs through AUKUS, an Australia–United Kingdom (UK)–United States of America (US) alliance. Following this, ASC was contracted by the CoA to execute the Sovereign Shipbuilding Talent Pool (SSTP) Program to retain and develop Australia's submarine workforce.

In 2022, ASC's implementation of the Life of Type Extension (LOTE) for all six CCSMs was confirmed. The LOTE project will replace the boats' propulsion systems, diesel engines, generators, power conversion and distribution systems, and include a cooling system upgrade, extending the fleet's service life into the 2040s. Planning and preparation is proceeding on schedule, with First of Class (FoC) implementation to begin in 2026.

Vision

To be Australia's sovereign submarine builder and maintainer – integral in delivering our nation's maritime strategy.

Mission

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

Values

Protect: We look out for one another and maintain a safe and secure workplace.

Respect: We value diverse perspectives, treating others considerately and professionally.

Integrity: We are always honest, thoughtful and accountable for our decisions.

Discipline: We follow proven processes to deliver on commitments to each other and our customer.

Excellence: We strive together to be the best we can be now and in the future.

Financial Highlights

Two-year performance at a glance

	2022/23 $M	2021/22 $M
Revenue from contract with customers	761.6	573.5
Interest income	5.9	0.5
Other income	0.3	1.7
Total revenue and other income	**767.8**	**575.7**
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	**55.6**	**54.0**
Depreciation and amortisation	(26.0)	(20.7)
Earnings before interest and tax (EBIT)*	**29.6**	**33.3**
Interest expense	(4.7)	(4.7)
Income tax expense	(9.3)	(8.8)
Operating profit before tax	30.8	29.1
Operating profit after tax	**21.5**	**20.3**
EBIT/total revenue and other income (%)	3.9%	5.8%
Shareholder's equity	201.3	185.1
Return on equity (%)	10.7%	11.0%
Dividend paid	5.1	12.2
Total assets	**603.7**	**535.8**

*Interest includes interest income and interest expense.


102S
102P

Chair's Report

On behalf of the ASC Pty Ltd (ASC) Board, I am pleased to present the company's 2022-23 Annual Report.

ASC carries a significant responsibility to the RAN and the nation. The company appreciates that its core role is to sustain the RAN's CCSM fleet, and it continued to meet the RAN's CCSM availability requirements throughout the reporting period. The company also successfully progressed the CCSM LOTE project, completing the System Design Phase on schedule.

In 2021-22, ASC restructured its operating model to manage its CCSM sustainment while also helping to generate the sovereign workforce capability the CoA will need to build and maintain its planned nuclear-powered submarines, commonly referred to as SSNs (Submersible Ship Nuclear). Two separate business units were developed: the CCSM Group and the Submarine Capability Development Group (SCDG).

The SCDG is responsible for delivering the SSTP, which aims to retain, develop and grow Australia's submarine workforce in support of the CoA's SSN program. In January 2023, via the SSTP, ASC transitioned the last of 220 Naval Group Australia (NGA) and Lockheed Martin Australia (LMA) workers affected by the ACSM program's cancellation into meaningful roles within the company.

In March 2023, ASC welcomed the CoA's announcement outlining its 'Optimal Pathway' for acquiring an SSN fleet through the AUKUS pact. ASC aspires to participate in the fleet's build and sustainment, along with the sustainment of visiting US and UK SSNs at HMAS *Stirling*, WA, and those comprising the Submarine Rotational Force – West (SRF-West).

In 2022-23, ASC recorded an after-tax profit (ATP) of $21.5 million, compared to $20.3 million in 2021-22, and annual revenue and other income of $767.8 million, compared to $575.7 million last financial year.

ASC's workforce of more than 2,000 highly skilled fixed and contract staff is critical to the company's important work sustaining the CCSM submarines and maintaining Australia's sovereign submarine capability.

Attracting, retaining and developing skilled workers remains a high priority for ASC. It's also central to the CoA's goal to grow Australia's sovereign submarine capability. Competition for skilled labour remains intense in the shipbuilding sector, and ASC is addressing these challenges.

The application and commitment demonstrated during 2022-23 by ASC's workforce, leadership team and supply chain partners has resulted in ASC's continued ability to deliver a reliable and efficient service to its customer, the RAN. On behalf of the ASC Board, I wish to acknowledge and congratulate all for their efforts.

Bruce Carter
Chair

Image courtesy of the Royal Australian Navy.

Chief Executive Officer and Managing Director's Report

ASC, with its Submarine Enterprise partners, continued to meet the RAN's CCSM availability and reliability requirements throughout the 2022-23 financial year (FY), while creating cost-efficiencies to ensure its customer received value for money.

Collins Class Submarine Program

In FY 2022-23, ASC completed the third year of Performance Period Four (PP4, 2020-24) under the CoA's CCSM ISSC, working at a high operational tempo.

In SA, one two-year Full-Cycle Docking (FCD) was completed and another started, while in WA several shorter-term maintenance activities were undertaken. These included a six-month Intermediate Docking (ID) and two three-month Intermediate Maintenance Periods (IMPs). A 12-month Mid-Cycle Docking (MCD) was also started.

Significant progress was made on the CCSM LOTE during the reporting period, keeping the program on track for mid-2026 FoC implementation.

Notably, ASC completed the LOTE Systems Design Phase and entered into FoC procurement contracts for major long-lead equipment.

ASC's submariner training services continued to expand in collaboration with the RAN's Training Authority – Submarines (TA-SM), and ASC joined the TA-SM in celebrating the 30th anniversary of training delivery at the STSC.

Nuclear Powered Submarine Task Force Support

During FY 2022-23 ASC continued to support the Nuclear Powered Submarine Task Force (NPSTF), now the Australian Submarine Agency (ASA), with ASC subject matter experts (SMEs) providing information.

Workforce

ASC acknowledges that its skilled workforce is its most critical asset. Attracting, retaining and developing its employees is crucial to meeting the company's objectives, and maintaining Australia's sovereign submarine capability.

Significant activity took place in the area of workforce diversity and inclusion (D&I). The company launched its 'Innovate' Reconciliation Action Plan; became a supporting partner of the University of Adelaide's Women in STEM Careers Program; and gained certification from international recruitment company WORK180 as an Employer of Choice for all Women.

Delivery of ASC's internal Communication and Engagement Strategy and Cultural Transformation Program continued, with activities progressively less impacted by COVID-19 restrictions.

Safety and Environment

ASC remains committed to continually improving its Work Health, Safety and Environment (WHSE) performance, and ensuring environmental management and sustainability is integrated throughout its operations.

The company continued to execute its WHSE Strategy during FY 2022-23. Notable activities and initiatives included: deploying LEAD (Leverage, Energise, Adapt and Defend) Boards across SA operations to further strengthen teams' safety mindset and open communication channels at the start of all production shifts; implementing an enhanced WHSE Incident Investigation Framework; and launching WHSE Positive Impact Awards.

ASC also developed an Environmental Management Framework during the period to better align the company's environmental and WHS management systems.

Digital Transformation Program

ASC's Digital Transformation Program (DTP) supports the company's digital shipyard transition by delivering more streamlined processes, enhanced integration between systems and expanded real-time data.

Program implementation continued in FY 2022-23, with the launch of Tranche 1, Release 1, a new financial management system. Significant preparations were also completed for Tranche 1, Release 2, which will replace legacy people and culture, supply chain and operations systems with one streamlined application.

Optimal Pathway to Nuclear-Powered Submarine Fleet

ASC welcomed the CoA's March 2023 Optimal Pathway announcement outlining its chosen process for acquiring SSNs through the AUKUS pact. ASC aspires to participate in the build and sustainment of the nation's SSN fleet, and the ongoing sustainment of visiting and rotational US and UK SSNs.

Conclusion

I am very pleased with ASC's achievements throughout another productive year. Our workforce has maintained its focus on achieving the company's goals, and upheld ASC's commitment to quality and value at all times.

ASC will continue to focus on its core deliverable of meeting or exceeding the RAN's CCSM availability requirements, while supporting the CoA's ongoing SSN program preparations.

Stuart Whiley
Chief Executive Officer and Managing Director

Collins Class Submarine Program

ASC is the sovereign company responsible for CCSM sustainment.

In partnership with the Australian Submarine Enterprise and CCSM suppliers, the company is committed to meeting the RAN's CCSM availability and performance requirements.

In FY 2022-23, ASC completed the third year of the ISSC's PP4, which took effect on 1 July 2020 and spans an eight-year term, comprising two four-year performance periods.

Through the ISSC, ASC is responsible for CCSM maintenance and upgrade activities, platform systems integration, design, engineering and supply chain management services.

During the reporting period, ASC continued to deliver submarine availability, reliability, capability and operational support to agreed performance levels.

Collins Class Submarine Sustainment

ASC completed its fourth, two-year FCD at ASC North in Osborne, SA, in October 2022.

This FCD benefited from efficiency initiatives generated from previous FCDs, which reduced diesel engine and main motor refurbishment times. However, international supply chain disruptions relating to a specific submarine capability led to the project's delivery being delayed by agreement with the CoA.

In June 2022, the fifth two-year FCD at ASC North commenced. This FCD will build upon further efficiencies and enhanced work routines introduced during the fourth FCD.

In December 2022, a six-month ID and 12-month MCD commenced, both at ASC West in Henderson, WA. Ongoing skill development within ASC's workforce during these activities increased the company's capability and capacity in long-term platform maintenance and integration.

ASC undertook two 3-month IMPs from February to May 2023.

The company worked at a high operational tempo during FY 2022-23; in addition to the FCDs, MCDs, IDs and IMPs undertaken, several three-week Supported Maintenance Periods were also conducted.

Importantly, ASC satisfied its key ISSC PP4 performance requirement, with cumulative CCSM Materiel Readiness Days exceeding the benchmark target.

Life of Type Extension

The LOTE project, in conjunction with ongoing CCSM sustainment, will enable the RAN's CCSMs to continue operating effectively for 10 years beyond their original withdrawal date, ensuring Australia retains a potent, conventionally powered submarine capability to 2048.

Through the LOTE, ASC will pre-emptively address key reliability and obsolescence issues that may occur during the boats' extension periods, and install significant upgrades which are being developed by ASC and the Combat System Integrator under CoA direction.

Major work will include installing new propulsion systems, diesel engines and generators, and power conversion and distribution systems, upgrading the CCSMs' cooling system and conducting a range of hull assessments.

FoC implementation will commence in mid-2026 on HMAS *Farncomb* during its scheduled FCD, and preparations for this are now well advanced.

During the reporting period, ASC:

- entered into FoC procurement contracts for major long-lead equipment;
- introduced Cooling Chain Upgrade scope into the project's core work package design activities;
- completed the LOTE System Design Review; and
- finalised contracts with approved subcontractors for the project's Detailed Design phase, and moved into this phase.

ASC will continue to maximise Australian industry participation as the LOTE progresses.

Image courtesy of the Royal Australian Navy.

Collins Class Submarine Program *continued*

Supply Chain

The global industrial environment in FY 2022-23 was characterised by supply chain disruption attributable to:

- the COVID-19 pandemic's ongoing effects, notably in quarters one and two;
- geopolitical events, such as the war in Ukraine; and
- a sharp rise in domestic and international inflation.

ASC's established supply chain strategy and risk management plan continued to afford the CCSM program a high level of protection from these factors; and the company maintained over 90% Australian Industry Content throughout the period.

Significant supply-chain-related activity included:

- Negotiating major CCSM sustainment contracts, such as:
  - blast and paint services;
  - supply and refurbishment of the towed array handling system and mast raising equipment;
  - supply of critical diesel engineering components; and
  - supply and refurbishment of valves.
- Negotiating Detailed Design and FoC procurement contracts with original equipment manufacturers as part of the CCSM LOTE.
- Delivering the ASC LOTE Australian Industry Capability Plan, providing a foundation for engaging Australian industry in this critical project.
- Submitting ASC's third annual Modern Slavery Statement, and establishing a new modern slavery risk management plan for 2023-26, following successful completion of the previous three-year plan.
- Actively engaging with Australian industry through a variety of channels, including:
  - the Sovereign Supply Chain Hub on the ASC website;
  - various industry events, including ASC's New Supplier and Top 100 Supplier forums, and the Office of Defence Industry Support Defence Forum; and
  - the CoA's Australian Naval Shipbuilding Industry Group Supply Chain Forum, through which ASC contributed to future Australian capability development strategies for the naval shipbuilding industry.
- Appointing a dedicated Indigenous business engagement specialist, who:
  - led the appointment of seven new Indigenous suppliers, resulting in a 180% increase in the program's Indigenous business spend; and
  - established a partnership with Supply Nation, a non-profit organisation working to grow the Aboriginal and Torres Strait Islander business sector.

Submarine Training and Systems Centre

ASC provides submariner training services to the RAN's TA-SM based at the STSC, HMAS *Stirling*, Garden Island, WA. Forty-five ASC staff are currently employed at the STSC, including instructors, training developers, learning technology specialists and administrative support. The majority of its instructors are veteran submariners.

This reporting period marked the 30th anniversary of this training being conducted at the STSC, and the company's STSC team joined with the TA-SM in celebrating this significant milestone in March 2023.

The anniversary was marked with a special event at the site, attended by a number of former and present ASC staff, RAN representatives and invited dignitaries.

ASC's other notable submariner-training-related achievements and milestones for FY 2022-23 included:

- the TA-SM extending the company's contract to provide submariner training services for the RAN from July 2023 until June 2026;
- contributing to the delivery of 267 TA-SM courses;
- providing initial training to 125 new-entry submariners;
- providing career-advancement training to 221 submariners;
- redesigning or developing 11 training course programs;
- delivering over 50 new training capabilities or improvements to the suite of digital and virtual reality learning technologies;

Collins Class Submarine Program *continued*

- providing seven enterprise awareness courses; and
- being assessed by the TA-SM in the 'superior' range across all contracted key performance indicators (KPIs).

COVID-19 Impact

Ensuring the Australian Defence Force (ADF) maintains a potent submarine capability has remained a critical strategic requirement for the CoA throughout the COVID-19 pandemic.

During FY 2022-23, ASC's workforce continued to demonstrate its adaptability and commitment to ensuring major projects' on-time delivery. The company experienced increasingly sporadic impacts from COVID-19 during the period, ranging from short-notice staff sick leave, to global supply chain disruptions, with all impacts decreasing substantially in quarters three and four.

ASC will continue to work with the Submarine Enterprise to mitigate the pandemic's effects and maintain CCSM performance.

Sites

ASC conducts CCSM sustainment activity from two major sites: ASC North at Osborne, SA, and ASC West at Henderson, WA. Submariner training takes place at HMAS *Stirling*, Garden Island, WA.

ASC's Osborne facilities utilise CoA-owned infrastructure, leased from Australian Naval Infrastructure; those at Henderson and Garden Island are on land owned by the federal and WA governments.

The company also secured additional space during FY 2022-23 to support its work. This included:

- procuring further office and workshop premises in Henderson to support upcoming CCSM sustainment through specialist workshop repair and maintenance, and including a dedicated apprentice and trade training area;
- establishing a presence in central Adelaide's Lot Fourteen innovation district, providing an accessible base from which ASC can connect with universities, students and potential research and business partners;
- leasing a building, now known as the LOTE Platform Systems Centre, adjacent to ASC's existing Osborne site, to house around 170 engineers and other staff working on the LOTE project, including a number of collaborating CoA employees.

The Submarine Enterprise

The Submarine Enterprise Board (SEB) is the senior governance body for the CCSM Submarine Program. Its mandate is to optimise the conditions for achieving Submarine Enterprise performance targets, through collaboration and continuous improvement.

The Submarine Enterprise comprises the Naval Shipbuilding and Sustainment Group, RAN, and several industry participants, including ASC.

During FY 2022-23, ASC worked within the Submarine Enterprise to deliver the CoA's required submarine capability. This was achieved through:

- ongoing upkeep, update and upgrade activities to ensure consistent provision of available, reliable and capable submarines to the RAN's Fleet Commander;
- using a submarine-availability-based model to measure and report CCSM reliability and capability;
- consistently improving sustainment efficiency and effectiveness to optimise cost, risk and performance, ensuring best value for the customer;
- advancing the LOTE project through the System Design phase; and
- installing CCSM capability upgrades in areas such as sonar, communications and electronic warfare.

Future Performance Targets

The Submarine Enterprise's Program Review Board continually reviews ASC's performance targets to ensure CCSM availability and reliability, and to improve cost-efficiencies and capability.

Its focus areas for FY 2023-24 remain largely unchanged. Key targets are to:

- meet or exceed recognised international benchmarks for CCSM materiel ready days;
- provide ongoing submarine capability assurance, reflective of the agreed balance with availability;
- deliver CCSM maintenance activities on schedule and budget, while conducting in-service activities and supporting operational submarines; and
- progress the LOTE on schedule.

Image courtesy of the Royal Australian Navy.

Submarine Capability Development Group

The SCDG's primary responsibility is to deliver the SSTP.

Sovereign Shipbuilding Talent Pool

The SSTP was established in October 2021 following the Australian Government's cancellation of the ACSM, to retain, grow and develop Australia's shipbuilding workforce as the nation embarks on the acquisition of its SSN fleet.

The transition of 220 affected NGA and LMA workers concluded in January 2023. These individuals are employed across many areas of ASC's business, including engineering, operations, supply chain and program management.

The SSTP program has now shifted focus from on-boarding this cohort and providing meaningful work opportunities, to growing and developing their skill sets.

Also in early 2023 via the SSTP, ASC began delivering the Australian Government's Early Careers Program (ECP) in SA and WA, a program designed to give young Australians the skills and experience needed to construct and sustain the nation's future SSNs.

As a key submarine industry partner, ASC will employ more apprentices, graduates and undergraduates through the program, giving them hands-on experience in submarine design, build and maintenance. As at 30 June 2023, more than 70 young Australians had already joined the company, and Australia's sovereign submarine workforce, through the ECP.

Additionally, the SSTP is the program through which ASC SMEs provide advice to the NPSTF (now ASA). This activity continued during FY 2022-23, through direct secondments and the execution of discrete work packages.

Work Health, Safety and Environment

Using its integrated WHSE Strategy as a roadmap, ASC continued the company's journey towards a generative safety culture in 2022-23, with a focus on building awareness and capability within the business through clearly defined responsibilities and accountabilities.

Key WHSE achievements

- Implemented WHSE leadership interactions as a cascaded safety target to improve leaders' engagement in safety across the business.
- Continued the company's WHSE Risk Competency and Leadership training program to build capability, deeper understanding and knowledge in a number of key areas. These included: safety and risk mindset; the fundamentals of risk and hazard management; psychosocial risk management and decision making; incident management; leading safely; and use of the LEAD model in safety.
- Deployed LEAD Boards across SA operations to support two-way communication and the establishment of a safety mindset at the start of all production shifts.
- Implemented improvements to the ASC Safety Critical Risk (SCR) Program, which included: setting high-level performance standards; and creating posters for each SCR that prescribe workers' minimum control requirements. These actions led to an increase in Critical Control Observation and Critical Control Verification comprehension, completion rates and quality.
- Implemented a new WHSE Incident Investigation framework to ensure a consistent and improved investigation process for events related to personnel safety and environmental harm. This included reconfiguring myosh (ASC's electronic safety management system) to automate incident investigation level allocations based on the most credible potential consequences, aligned to industry best practice.
- Established ASC's first 'Risk Reduction Hub' at ASC North. The hub provides staff with a creative space in which to collaboratively conceive multifaceted solutions to complex legacy risks.
- Launched WHSE Positive Impact Awards to further promote, and increase awareness of, ASC's Reward and Recognition Program.
- Commenced a Health Services business capability assessment to support an optimised and integrated Injury Management, Rehabilitation and Health Monitoring system. A business assessment (Contractual, Legislative and Operational Risk Profile) was presented to the ASC Executive Safety and Environmental Council, outlining opportunities to improve injury management, rehabilitation/return-to-work (RTW) and claims interface, and health and environmental monitoring outcomes.
- Executed ongoing employee health surveillance programs in line with legislated requirements. This included skin cancer screening, flu vaccinations, and increasing the number of Employee Assistance Program sessions available to individuals to further support mental health.

Notifiable WHS Incidents

The *Work Health and Safety Act 2011* defines safety incidents that are deemed notifiable to COMCARE, the national work health and safety, and workers' compensation authority. Under s. 35 of the Act, an incident is notifiable if it arises out of the conduct of a business or undertaking and results in death, serious injury or serious illness, or involves a dangerous incident.

During 2022-23, four incidents were notified to COMCARE; three resulted in serious personal injury or illness to ASC workers; and one incident was considered 'dangerous' (see Table 1). COMCARE did not investigate or implement formal action for any of these incidents.

Notifiable Incidents

	2022-23	2021-22
Deaths	0	0
Dangerous incidents	1	2
Serious personal injury or illness	3	2
Total Incidents	**4**	**4**

Table 1: ASC notifiable incidents 2022-23.


ASC

Work Health, Safety and Environment *continued*

Lost-time Injuries

A lost-time injury (LTI) is recorded when a worker is unable to present for their next scheduled workplace attendance due to a work-related injury.

ASC's five-year strategy set a 20% reduction target for each FY for total LTIs and the LTI frequency rate (LTIFR). This was not achieved; the LTIFR for 2022-23 was 1.1 across all site-based workers, including contractors (see Figure 1).

Medically Treated Injuries

A medically treated injury (MTI) is recorded when a worker is assessed as requiring medical attention from a health professional beyond the requirements of first aid.

ASC's five-year strategy also set a 20% reduction target for all MTIs and MTI frequency rates (MTIFR). This was not achieved; the company's 2022-23 MTIFR was 2.6 across all site-based workers, including contractors, representing a 14% improvement on the previous financial year (see Figure 2).

Lost-time Injury Frequency Rate

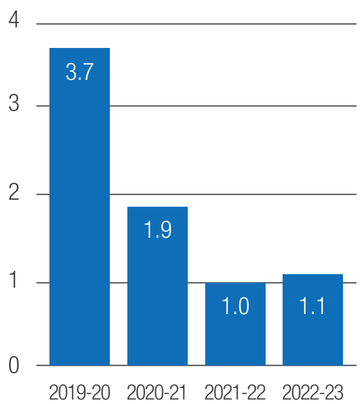


Figure 1: ASC LTIFR comparison.

LTIFR = number of LTIs x 1,000,000 divided by hours worked per month, expressed as a 12-month rolling average.

Medically Treated Injury Frequency Rate

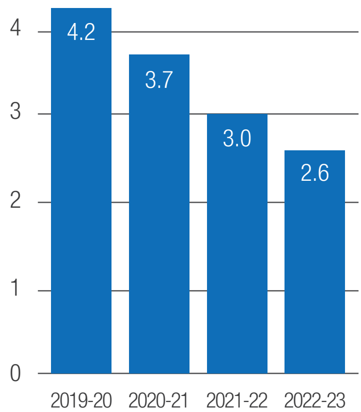


Figure 2: ASC MTIFR comparison.

MTIFR = number of MTIs x 1,000,000 divided by hours worked per month, expressed as a 12-month rolling average.

Work Health, Safety and Environment *continued*

Environmental Performance

ASC is committed to protecting the natural environment and is ensuring environmental management and sustainability is integrated throughout all areas of its business.

The company's efforts throughout 2022-23 remained focused on improving its environmental management frameworks. Key achievements included developing:

- an Environmental Management framework, to better align and integrate ASC's environmental and WHS management systems, and leverage existing safety capability, systems and tools to further strengthen the company's approach to environmental management and compliance;
- site-specific Aspect Impact Registers, to identify, assess and manage environmental risks; and
- site-specific Environmental Management Control Plans, detailing ASC facilities' environmental settings, sensitive receptors, and significant environmental risks and opportunities.

ASC continues to look for opportunities to maximise the recycling of materials from its operations. Waste management at all ASC sites is handled by specialist contractors and all waste – including e-waste, oils and industrial fluids – is segregated into general waste, green waste and recycling bins for appropriate disposal.

Environmental Incidents

ASC's operations are subject to environmental regulation under both federal and state legislation. The company recognises its obligation to comply with all relevant environmental protection and conservation acts (the Acts). Accordingly, ASC records, investigates and reports any breaches of federal and local legislation to the respective regulator.

ASC recorded one notifiable environmental incident in 2022-23 that required reporting to the Environmental Protection Authority in South Australia in relation to a minor spill event (<0.5lt of hydraulic oil) in the Port River. The event was deemed Tier 1 (low risk), notifiable in line with the local Flinders Port Oil Spill Contingency Plan.

ASC continues to proactively manage environmental risks, with all environmental hazards and risks identified and mitigated.

Environmental Licences

ASC holds a number of environment-related licences and permits for its operations in SA (ASC North) and WA (ASC West).

ASC North

- ASC Pty Ltd SA EPA Licence 1367
- ASC Pty Ltd SA EPA Exemption 50766
- HALON Special Permit HSP16745
- SA Water Trade Waste Discharge Permit T205875
- Refrigeration Trading Authorisation AU09911

ASC West

- Department of Environment Regulation Registration 1981
- Refrigeration Trading Authorisation AU09911
- HALON Special Permit HSP16745
- Water Corporation Trade Waste Permit 22792

People and Culture

ASC's People and Culture Strategy ensures the company has the required human capital to achieve its operational and strategic goals.

During FY 2022-23, ASC's fixed workforce grew from 1,662 to 1,911. This increase included, but was not limited to:

- 41 former ACSM program workers who completed their transfer to ASC via the SSTP;
- 32 apprentices; and
- 39 engineering graduates.

At 30 June 2023, ASC employed a total of 92 apprentices and 49 engineering graduates.

The company was successful in meeting its established staff-retention performance target for the period: maintaining a voluntary unplanned staff turnover rate of less than 10%.

Turnover levels remained positive with the overall 2022-23 turnover rate sitting at 9.21%. Unplanned turnover (resignations and terminations) decreased from 7.28% to 6.88% over the same time period.

ASC's employee engagement levels continued to trend in a positive direction with a 5% overall increase in FY 2022-23, compared to the previous year. ASC has achieved a 13% increase in overall engagement in the last 4 years.

Key achievements

- Further enhanced ASC's Culture and Engagement Plan.
- Continued improving communication channels to refine how and when ASC communicates with employees, ensuring messaging is timely, relevant and effective.
- Delivered staff engagement events and activities, such as Family Day, Recognition Dinners in SA and WA, and Health Month.
- Reviewed ASC's Employee Value Proposition to assist the company in attracting and retaining highly skilled workers.

Diversity and Inclusion

ASC continued to deliver on its D&I initiatives throughout the reporting period.

The company recognises that its business is strengthened by diversity. An inclusive, safe and secure working environment also enhances the organisation as an employer of choice, encourages employee retention, contributes to positive employee experiences, and supports employees in achieving their career goals.

ASC's key 2022-23 D&I achievements included:

- launching Cultural Awareness Training in WA and SA;
- launching the company's 'Innovate' Reconciliation Action Plan (RAP);
- renewing accreditation from the Australian Breastfeeding Association in South Australia as a Breastfeeding Friendly Workplace;
- delivering events and activities to improve the experiences of employees at work, including to celebrate International Women's Day and NAIDOC Week;
- gaining certification from international recruitment company WORK180 as an Employer of Choice for all Women;
- becoming a supporting partner of the University of Adelaide's Women in STEM Careers Program; and
- becoming a supporting partner of the University of Tasmania's Australian Maritime College's Future of Engineering program.

ASC's 'Innovate' RAP runs for two years and outlines 57 actions. Embraced by employees, its successful implementation is valued by the workforce as a meaningful contribution towards reconciliation.

Further actions were also taken to grow ASC's Women's Network, which provides women at ASC with networking opportunities and training to support their careers, while continuing to build diversity advocates across the business.

Learning and Development

Throughout 2022-23, ASC remained committed to empowering its employees to reach their full potential. Major learning and development activity included:

- delivering leadership and talent-development programs tailored for emerging leaders and potential successors to senior leadership roles;
- developing technical training programs to accelerate knowledge transfer and reduce time to competency for critical skills within the workforce;
- supporting the on-boarding of the final staff cohort affected by the ACSM program's cancellation;


ONE TEAM
PRIDE
SAFE, ENGAGED AND CUSTOMER FOCUSED

People and Culture *continued*

- supporting expanded early-careers programs for apprentices and engineering graduates;
- expanding further education program offerings for employees;
- providing staff access to additional learning resources, including LinkedIn Learning online courses and getAbstract book summaries; and
- investing in the Learning Centre at Port Adelaide, a dedicated off-site facility supporting the delivery of development programs and team-building activities.

Recruitment

Continuing to attract a diverse, highly skilled workforce remains an ongoing priority for ASC. The company's major recruitment activities during the reporting period included:

- reinvigorating ASC's early-careers recruitment programs for graduate engineers, undergraduate engineers and trade apprentices, resulting in an increase in applications of over 45%;
- launching 'talent pools' in ASC's PageUp talent-management application to establish a supply of qualified and engaged candidates, primarily for hard-to-fill positions, or those requiring unique skill sets;
- reviewing and enhancing the company's pre-employment processes (e.g. applicants for professional, non-production roles now submit a medical declaration, rather than undertaking a full medical, resulting in a cost saving);
- continuing to help spark and nurture school students' interest in shipbuilding by supporting the national Subs in Schools competition, with ASC staff volunteering to provide participants with advice on their projects and to sit on judging panels; and
- working with the Right Management organisation's Job Connections team to help ADF members find employment as they transition out of service.

ASC Fixed and Contract Employees, as at 30 June 2023

	Male			Female			
	Full-time	Part-time	Total	Full-time	Part-time	Total	Total
NSW	1	0	1	0	0	0	1
Qld	0	0	0	0	0	0	0
SA	1065	23	1088	187	39	226	1314
Tas	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0
WA	490	4	494	87	13	100	594
ACT	1	0	1	0	0	0	1
NT	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0
Overseas	1	0	1	0	0	0	1
SA Contractors	0	0	101	0	0	16	117
WA Contractors	0	0	35	0	0	0	35
Total	**1558**	**27**	**1721**	**274**	**52**	**342**	**2063**

Table 2: ASC employee numbers by gender, location and employment status, as at 30 June 2023.

Digital Transformation Program

ASC's DTP is facilitating the company's digital shipyard transition by enhancing systems integration, streamlining processes and expanding real-time data access using cutting-edge technology.

The program promotes increased performance and reliability, enables more comprehensive knowledge retention and ultimately enhances ASC's ability to support the Australian Submarine Enterprise, now and into the future.

The DTP is being delivered in two tranches. Tranche 1 focuses on upgrading and integrating ASC's systems across supply chain management, people and culture, finance and operations functions, with the implementation of a new Enterprise Resource Planning platform; Tranche 2 will enhance ASC's engineering processes through an upgraded Product Lifecycle Management system.

Activity during the reporting period centred on Tranche 1.

- Tranche 1, Release 1 took place on 4 July 2022, with the successful launch of a new financial management system.
- Multi-faceted preparations then began for Tranche 1, Release 2: the adoption of a single application with integrated modules for managing human resources administration, work planning and execution, procurement and finance.
- DTP staff worked throughout the financial year on the application's build, system and user testing, data migration and cutover activities.
- Significant coordinated internal communications, leader-led change management activity and user training was undertaken to support a smooth transition.

Tranche 1, Release 2 was launched just outside the reporting period in early July 2023 and planning is now underway for Tranche 2.

Corporate Governance

ASC is a proprietary company limited by shares and registered under the *Corporations Act 2001*. It is subject to the *Public Governance, Performance and Accountability Act 2013*. All shares issued in the capital of ASC are owned by the CoA, acting through the Minister for Finance. Refer to Figure 3 for the ASC Group structure.

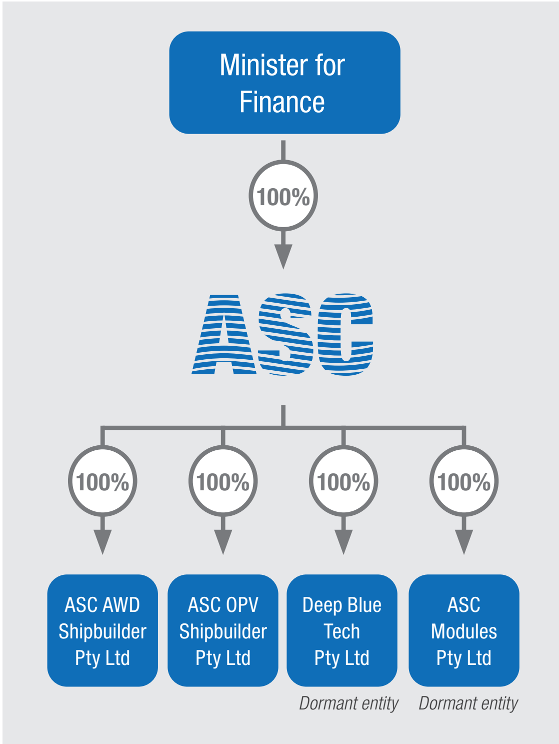


Figure 3: ASC Group structure.

On 11 June 2004, ASC was proclaimed as a GBE under the then *Commonwealth Authorities and Companies Act 1997*. ASC remains a GBE pursuant to s. 5(2)(a) of the Public Governance, Performance and Accountability Rule 2014. ASC is a Commonwealth company.

Corporate Governance *continued*

Directors

ASC's directors are appointed to the company's Board for a term by the Minister for Finance. As at 30 June 2023, they were as follows:

BRUCE CARTER

Chair
MBA, FICA, FAICD, BEc
Appointed: 1/1/2010
To: 31/12/2023

Bruce is a long-serving Director and Chair of ASC, joining the Board in 2010 and overseeing its successful transformation to a high-performing submarine sustainment company following the Coles Review in 2012.

Bruce was appointed ASC Chair in October 2012 and reappointed in 2015, 2018 and 2021.

Bruce is currently a Director of Bank of Queensland Ltd, AIG Australia Ltd (Chair) and Lovisa Holdings Ltd.

He is a former Partner of Ferrier Hodgson and Ernst and Young, and a former Director of Genesee & Wyoming Inc (NYSE) and Crown Resorts Ltd.

GEOFF ROHRSHEIM

Deputy Chair
BE (Hons) (Aerospace), MEngSc, GAICD
Appointed: 15/3/2019
To: 14/3/2025

Geoff has successfully established several innovative businesses in the IT sector and has significant experience as a company director.

Joining the ASC Board in 2019, Geoff was appointed Deputy Chair in March 2022.

After completing studies in engineering at the Australian Defence Force Academy, Geoff served in the Royal Australian Air Force as an engineering officer.

In 2017, he was awarded the Pearcey Foundation's SA Entrepreneur Award, for leadership in business and innovation.

Geoff is currently a Non-Executive Director of Hatch Creations.

DR ROSALIND DUBS

Non-Executive Director
BSc (Hons), Dr ès Sc, FTSE, FAICD
Appointed: 1/5/2013
To: 31/12/2024

Rosalind is currently a Non-Executive Director of SmartSat CRC Ltd.

Her former positions include: Director of ANU Enterprise Pty Ltd, Astronomy Australia Ltd, Science in Australia Gender Equity (SAGE) Ltd, Aristocrat Leisure Ltd, Taronga Conservation Society, and Structural Monitoring Systems Plc; Deputy Vice-Chancellor University of Technology Sydney; and senior executive roles with Thales SA (in Germany, France and Australia), Airservices Australia, the Australian National University and CSIRO.

LORETTA REYNOLDS

Non-Executive Director
FAICD, SFFin, IP, GDLP, LL.B, BEc
Appointed: 9/2/2016
To: 8/2/2025

Loretta is a Partner of national corporate law firm Thomson Geer and Chair of the firm's Board. Offering more than 25 years' experience in the legal sector, she specialises in projects, mergers and acquisitions and complex transactional work.

Loretta is currently a Non-Executive Director of RPI Holding Co Pty Ltd, PMB Defence Pty Ltd, and a member of the Business Advisory Group for Anacacia Capital.

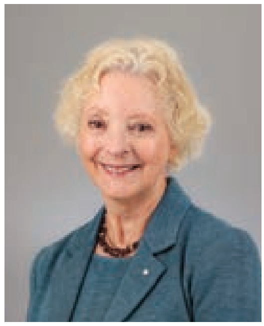
DENISE GOLDSWORTHY AO

Non-Executive Director
BMet (Hons + University Medal), FTSE, FAIM, GAICD
Appointed: 01/05/2022
To: 30/4/2025

Denise's executive background spans leadership roles in operations and technology at BHP (steel) and Rio Tinto (iron ore), including Director Major Projects and Managing Director of Dampier Salt and Hlsmelt.

She founded Alternate Futures Pty Ltd, a company that fosters innovation by connecting Australian research organisations, industry and technology start-ups.

Denise is Chancellor at Edith Cowan University; Chair of Gascoyne Gateway, Navy Clearance Diver Trust and Western Power; and a Non-Executive Director of Leichhardt Industrials. She was awarded the Telstra Australian Business Woman of the Year in 2010.



DR JANIS COCKING PSM

Non-Executive Director
BSc (Hons), DEng, PSM, FTSE
Appointed: 24/01/2023
To: 23/01/2026

Janis has spent more than 40 years with the Defence Science and Technology Group (DSTG) and its predecessors, undertaking and leading science and technology programs, particularly in the maritime domain.

A world-recognised undersea technology expert, she was previously DSTG Chief, Maritime Division and Chief, Science Strategy and Program Division. Janis is a former Board member of the Australian Maritime College of the University of Tasmania, and is currently on the Defence Advisory Board for a University of NSW and University of Sydney multi-university initiative involving Australia and the US.

Janis received an Institute of Public Administration Centenary Medal for her work supporting the Collins Class submarines. Her outstanding contributions to defence science and technology have also been recognised through a Public Service Medal in 2018, and DSTG's establishment of the Janis Cocking Leadership Award in 2019.

ALICE WILLIAMS

Non-Executive Director
BCom, FCPA, FAICD, CFA
Appointed: 18/04/2023
To: 17/04/2026

Alice has over 30 years' senior management and board-level experience, specialising in major-project governance, investment management, corporate advisory and equity fundraising. She has particular expertise in technology and cybersecurity governance and transformational technology projects.

Alice is a former Director of NM Rothschild and Sons (Australia) Limited, Vice-President of JP Morgan Australia, and Non-Executive Director for such organisations as Cooper Energy, Defence Health, Telstra Sale Company Limited and the Australian Accounting Standards Board.

She has served as Commissioner for the Victorian Competition and Efficiency Commission, Chair of the 2004 Wheat Marketing Review Panel and as a member of the Foreign Investment Review Board.

Alice is currently a Non-Executive Director of Djerriwarrh Investments, Mercer Investments Australia Ltd, Advance Asset Management Ltd, Vocus, ProMedicus and Tobacco Free Portfolios.

STUART WHILEY

Managing Director
BSc (Hons), FIEAust, CPEng, GAICD
Appointed: 12/2/2018
To: 2/1/2024

Stuart was appointed Managing Director and Chief Executive Officer (CEO) of ASC Pty Ltd in February 2018, after holding the position of Interim CEO from July 2014.

His career with ASC spans more than 30 years, during which time he has held various submarine program, project, schedule and systems engineering roles. In 2005 he was appointed General Manager, Collins Class Submarines and became responsible for the delivery of CCSM support services in SA and WA.

Prior to immigrating to Australia from the UK in 1988, Stuart held a number of engineering roles at BAE, Admiralty Research Establishment and Dowty working in a naval/weapons environment.


ASC

Corporate Governance *continued*

Attendance

The ASC Board meets as often as required. During FY 2022-23 it met 11 times, including two Out-of-Session meetings.

Members of the ASC Executive Leadership Team and other senior managers attend Board meetings by invitation. All Board committees provide a standing invitation for any Director to attend their meetings (rather than limiting attendance to Committee members). Committee agendas and papers are provided to all Directors to ensure they are aware of matters to be considered.

Director	Board			Audit Committee			Human Resources and Remuneration Committee			Business Assurance and Security Committee (BASC)		
	Held	Eligible	Attended	Held	Eligible	Attended	Held	Eligible	Attended	Held	Eligible	Attended
Bruce Carter	11	11	11	-	-	-	5	5	5	4	4	4
Geoff Rohrsheim	11	11	11	-	-	-	-	-	-	4	4	4
Dr Rosalind Dubs [2]	11	11	10	5	2	2	-	-	-	4	4	4
Paul Rizzo [3]	11	6	6	5	3	3	-	-	-	4	2	2
Loretta Reynolds	11	11	11	5	5	5	5	5	5	-	-	-
Joycelyn Morton [4]	11	9	9	5	4	4	5	3	3	-	-	-
Julie Cooper [5]	11	6	6	5	3	3	-	-	-	-	-	
Denise Goldsworthy AO [6]	11	11	10	5	1	1	5	-	-	4	4	3
Dr Janis Cocking PSM [7]	11	6	6	-	-	-	-	-	-	4	2	2
Alice Williams [8]	11	2	2	5	1	1	-	-	-	-	-	-
Stuart Whiley	11	11	11	-	-	-	-	-	-	-	-	-

Table 3: ASC Board and committee meeting attendance 2022-23.

1. Of the 11 Board meetings, two were Out-of-Session: on 12 July 2022 and 30 January 2023. There were also three Board Circulating Resolutions: on 27 September 2022, 2 May 2023 and 31 May 2023.
2. Rosalind Dubs became a member of the Audit Committee on 13 December 2022.
3. Paul Rizzo served as a Non-Executive Director from 13 December 2013 until his retirement as a member of the Board, Chair of the Business Assurance and Security Committee and member of the Audit Committee on 12 December 2022.
4. Joycelyn Morton served as a Non-Executive Director from 1 January 2017 until her cessation as a member of the Board, Chair of the Audit Committee and a member of the Human Resources and Remuneration Committee on 31 March 2023.
5. Julie Cooper served as a Non-Executive Director from 18 March 2022 until her cessation as a member of the Board, and the Audit Committee on 12 December 2022.
6. Denise Goldsworthy became a member of the Human Resources and Remuneration Committee on 8 June 2023 and was a Member of the Audit Committee from 28 April 2023 to 9 June 2023.
7. Janis Cocking commenced as an ASC Non-Executive Director on 24 January 2023 and is a member of the Business Assurance and Security Committee.
8. Alice Williams commenced as an ASC Non-Executive Director on 18 April 2023 and became Chair of the Audit Committee on 28 April 2023.

Corporate Governance *continued*

Committee Membership

Audit Committee	Business Assurance and Security Committee	Human Resources and Remuneration Committee
Alice Williams (Chair) Loretta Reynolds Rosalind Dubs (from 13 December 2022)	Geoff Rohrsheim (Chair) Bruce Carter Rosalind Dubs Denise Goldsworthy Janis Cocking (from 24 January 2023)	Loretta Reynolds (Chair) Bruce Carter Denise Goldsworthy (from 8 June 2023)

Ministerial Directions

In accordance with its constitution, ASC is subject to direction by the Minister for Finance. The Minister gave ASC no directions during FY 2022-23.

Corporate Governance

ASC has adopted a corporate governance protocol which establishes:

- charters for the Board, Audit Committee, Human Resources and Remuneration Committee, and BASC; and
- a Code of Conduct.

The Board monitors performance against its corporate governance objectives at each Board meeting. It also conducts full performance reviews:

- internally once a year (most recently in November 2022); and
- externally every two years (most recently in March 2021).

External performance review results are distributed to the Department of Finance and Minister for Finance.

ASC Board Charter

Under the ASC Board Charter, the Board is responsible for:

- overseeing the ASC Group, including control and accountability systems;
- appointing ASC's Managing Director and Company Secretary, monitoring their performance and, where appropriate, removing them;
- approving other executive appointments, organisational changes and senior management remuneration policies and practices;
- monitoring and reviewing senior management's performance and strategy implementation, and ensuring they're appropriately resourced;
- providing strategic advice to management;
- determining the ASC Group's strategy and monitoring its performance against agreed objectives;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures, as well as financial and other reporting;
- approving budgets and other key performance indicators, reviewing ASC Group's performance against them, and monitoring the implementation of corrective action;
- reviewing and ratifying systems of risk management, internal control and legal compliance to ensure appropriate frameworks are in place;
- reviewing and overseeing the implementation of ASC's Code of Conduct for directors and executives;
- appointing ASC Board committees and approving their composition and any charters;
- monitoring and verifying compliance with legal and regulatory requirements, ethical standards and policies;


ASC
ASC

Corporate Governance *continued*

- exercising due diligence to ensure ASC complies with its work, health and safety obligations, including by taking reasonable steps to:
  - acquire, and keep up to date, knowledge of work health and safety matters;
  - understand the nature of ASC's operations and associated hazards and risks;
  - ensure appropriate resources are available, and processes implemented, to identify hazards and eliminate or minimise risks;
  - ensure ASC has appropriate processes for receiving and considering information regarding incidents, hazards and risks, and responding in a timely way;
  - ensure the business implements processes for complying with work health and safety laws, regulations and codes of practice; and
  - verify the provision, and use, of the resources and processes referred to above.

The ASC Board Charter can be downloaded at: www.asc.com.au/about-asc/corporate-governance

Audit Committee

The Audit Committee assists the ASC Board in achieving its objectives relating to:

- financial and performance reporting;
- financial risk oversight and management;
- annual budgeting and forward forecasts;
- the application of accounting policies;
- internal control;
- maintaining and improving the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- establishing and overseeing effective internal and external audit functions and communication between the Board and auditors, both internal and external, in compliance with all applicable laws; and
- verifying that financial compliance strategies and functions are effective.

As at 30 June 2023, the committee consisted of Alice Williams (Chair), Loretta Reynolds and Rosalind Dubs. For further information about the Audit Committee, visit: www.asc.com.au/about-asc/corporate-governance

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee assists the ASC Board in fulfilling its corporate governance and oversight responsibilities relating to the company's people strategy. This includes:

- remuneration components;
- performance measurements and accountability frameworks;
- recruitment and retention;
- talent management; and
- succession planning.

As at 30 June 2023, the committee consisted of Loretta Reynolds (Chair), Bruce Carter and Denise Goldsworthy.

Corporate Governance *continued*

Business Assurance and Security Committee

The BASC's objectives are to ensure:

- adequate systems are in place for the effective identification and assessment of all areas of potential material business risks, other than those arising from financial reporting and accountability (being risks considered by the Audit Committee);
- adequate systems are in place for the effective management of physical and cyber security;
- adequate policies, processes and procedures have been designed and implemented to manage identified material risks;
- appropriate action is undertaken to bring the identified material risks within ASC Group's risk-tolerance levels;
- a culture of compliance is being promoted; and
- compliance strategies and functions are effective.

As at 30 June 2023, the committee consisted of Geoff Rohrsheim (Chair), Bruce Carter, Rosalind Dubs, Denise Goldsworthy and Janis Cocking.

Board Membership

During FY 2022-23, Paul Rizzo, Joycelyn Morton and Julie Cooper ceased as Non-Executive Directors, and Janis Cocking and Alice Williams joined the Board, from 24 January 2023 and 18 April 2023 respectively.

Code of Conduct

ASC has implemented a Code of Conduct for directors, employees and contractors which seeks to:

- articulate the high standards of honesty, integrity, ethical and law-abiding behaviour expected of directors and other ASC personnel;
- encourage the observance of those standards to protect and promote shareholders' and other stakeholders' interests; and
- guide directors and personnel as to the practices considered necessary to maintain confidence in the ASC Group's integrity.

Auditor

ASC's external auditor is the Australian National Audit Office (ANAO). PricewaterhouseCoopers (PwC) has been appointed as the ANAO's agent for the purposes of ASC's audit. The Audit Committee is charged with responsibility for internal financial audit. The Group Internal Audit Manager is responsible to the Audit Committee for contributing to the achievement of ASC's goals and objectives by:

- assisting management in evaluating its processes for identifying, assessing and managing ASC's key operational, financial and compliance risks;
- assisting management in evaluating the effectiveness of internal control systems, including compliance with internal policies;
- recommending efficiency improvements in management's internal control systems;
- keeping abreast of new developments affecting ASC's activities, and in matters affecting internal audit work; and
- being responsive to ASC's changing needs, striving for continuous improvement and monitoring integrity in the performance of its activities.

Corporate Governance *continued*

Risk Management

Recognising that risk management is integral to good management practice, sound business decisions and effective corporate governance, ASC maintains enterprise risk management as a core enabling discipline within the organisation.

Sound risk management processes and systems have been established to ensure the company's strategic objectives and corporate governance responsibilities are met.

The ASC Board, through the BASC, has accountability for risk management oversight and promoting an adequate risk culture. This includes:

- reviewing key risks and guiding their management; and
- ensuring that an appropriate risk management framework is established and maintained.

Both the Audit Committee (financial risk) and the BASC (non-financial risk) are responsible for monitoring ASC's risk management performance.

ASC's Risk Management Framework is based on the AS ISO 31000:2018 guidelines, with the Executive Risk Management Committee monitoring its effective implementation. A number of Risk Review Boards have also been established, aligned to ASC's operating model, ensuring adequate risk assessment and mitigation.

Legal Compliance

ASC's Legal Compliance Program is approved and monitored by the BASC.

In FY 2022-23, the program was predominantly delivered via online interactive learning modules. These covered:

- Corporate Governance, comprising modules relating to ASC's code of conduct, whistleblower protection and fraud and corruption;
- Intellectual Property (IP), including a course dedicated to ASC's management and protection of Saab Kockums IP;
- Employment, comprising modules relating to equal opportunity, anti-discrimination, sexual harassment and bullying; and
- Controlled Technology, covering Defence export controls, including ASC's compliance under the International Traffic in Arms Regulations regulatory regime (US).

The ASC legal team also delivered in-person legal compliance training sessions for the Offshore Patrol Vessel (OPV) workforce.

Payments to Other Related Australian Government Entities

	Number of transactions	Aggregate value $
Australian Naval Infrastructure Pty Ltd	71	14,647,548
Australian National Audit Office	4	511,400
Department of Defence	16	250,596
Comcare	1	90,958

Table 4: Payments to other related Australian Government Entities.

Key Management Personnel Remuneration

ASC's Key Management Personnel (KMP) are the Non-Executive Directors, the Managing Director and those senior executives who hold authority and responsibility for planning, directing and controlling ASC's strategic direction.

Fees for Non-Executive Directors are determined by the Commonwealth Remuneration Tribunal (the Tribunal) and they are remunerated pursuant to the current *Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination*. A member other than the Chair or Deputy Chair, who is also appointed to the Audit Committee or the BASC, is entitled to additional fees as provided for in the Determination.

A summary for KMP remuneration for the financial year 2022-23 is included as Tables 6 and 7.

ASC's approach to senior executive remuneration is below.

Senior executive remuneration overview

ASC's senior executive remuneration structure has been developed to ensure that its senior executives are remunerated commensurate with the market and incentivised to deliver against the corporate objectives. ASC's senior executive remuneration is structured with a total fixed remuneration (TFR) amount, together with a short-term incentive (STI) payment, including a deferred retention component, should the required company performance and individual objectives be achieved.

The remuneration of ASC's Managing Director is in accordance with the relevant determination of the Tribunal and the role is currently classified as a Principal Executive Officer E, and includes an at-risk amount of up to 30% of TFR.

Setting senior executive remuneration

ASC's senior executive remuneration packages are developed so as to ensure, as much as is possible, that the total remuneration amount is competitive, when compared to similar organisations.

ASC's senior executive TFR consists of salaries and wages, allowances and other non-monetary benefits, annual leave and superannuation. When establishing an appropriate TFR for an ASC senior executive, the following elements are considered:

- market data;
- role risk and complexity;
- the executive's experience and skills;
- performance; and
- internal relativity within the senior executive group.

Review of senior executive remuneration

ASC's senior executive roles are independently benchmarked against reference market data gathered from market research and augmented with survey data. A full benchmarking exercise was conducted in November 2019 and a follow-up desktop review was completed in May 2023.

As a result of the November 2019 benchmarking activity, a new incentive program was introduced, which resulted in changes to the application of the STI scheme. Of note was the inclusion of a deferred component which is payable 12 months after it's earned.

The ASC Board's Human Resource and Remuneration Committee reviews senior executive remuneration packages annually, to ensure they are reflective of company and individual performance and market conditions, as well as any relevant Tribunal determinations. The ASC Board is responsible for the approval of senior executive remuneration packages and the award of annual individual STIs following recommendations from the Human Resource and Remuneration Committee.

Key Management Personnel Remuneration *continued*

Linking company and individual performance to STI payments

To ensure that ASC's strategic objectives are achieved, each senior executive remuneration package contains a portion of at-risk remuneration, paid as an STI payment. The STI program is a core element of ASC's senior executive remuneration package as it is tied directly to the successful completion of both company-assigned and individually assigned objectives, which are directly aligned to ASC's strategy and are set out in relevant Board-approved Game Plans.

The STI allows ASC to:

- incentivise the delivery of corporate objectives aligned to ASC's strategy; and
- reward senior executives who have contributed to ASC's success during the performance period.

Non-Executive Director fees

All Non-Executive Directors of ASC are appointed by the Minister for Finance.

Fees for Non-Executive Directors are set through the determinations of the Tribunal. The Tribunal makes the determination in accordance with subsections of the *Remuneration Tribunal Act 1973*.

The Deputy Chair position came into effect on 18 March 2022. The Tribunal sets annual Chair, Deputy Chair and Board Member fees (exclusive of superannuation contributions) for all activities undertaken by Non-Executive Directors on behalf of ASC.

The following table details the fees for Non-Executive Directors for the financial years 2022-23 and 2021-22.

Non-Executive Position	From 1 July 2022 $	From 1 July 2021 $
Chair – Board	170,870	166,290
Deputy Chair – Board	128,150	124,720
Member – Board	79,760	77,620
Chair – Audit Committee	16,770	16,320
Member – Audit Committee	8,390	8,160
Chair – BASC	16,110	15,670
Member – BASC	8,060	7,840

Table 5: Fees for Non-Executive Directors for the financial years 2022-23 and 2021-22.


Image courtesy of the Royal Australian Navy.

Key Management Personnel Remuneration *continued*

Name and Position Title		Note	Short-term benefits: Base salary (1),(3) $	Short-term benefits: STI $	Short-term benefits: Other benefits and allowances $	Post-employment benefits: Superannuation contributions (2) $	Other long-term benefits: Long Service Leave (4) $	Other long-term benefits: Other long-term benefits (5) $	Termination benefits (6) $	Total remuneration $
Current Senior Executives										
Stuart Whiley, Managing Director and Chief Executive Officer	**2022-23**		**806,301**	**230,289**	**-**	**27,500**	**20,635**	**-**	**-**	**1,084,725**
	2021-22		650,083	133,367	-	27,500	15,983	-	-	826,933
Paul Gay, Chief Operating Officer - Collins	**2022-23**		**476,901**	**82,162**	**-**	**27,500**	**10,885**	**82,532**	**-**	**679,980**
	2021-22		460,614	83,707	-	27,500	10,568	84,086	-	666,475
Christian Hamilton, Chief Strategy Officer	**2022-23**		**401,377**	**78,510**	**-**	**27,500**	**9,824**	**78,864**	**-**	**596,075**
	2021-22		378,669	69,538	-	27,500	8,750	69,852	-	554,309
Ashley Menadue, Chief Financial Officer	**2022-23**		**457,270**	**90,534**	**-**	**27,500**	**11,022**	**90,942**	**-**	**677,268**
	2021-22		459,251	90,812	-	42,817	10,701	91,223	-	694,804
Former Senior Executives										
Martin Edwards, Executive Manager Maritime Services Group (MSG)	**2022-23**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021-22		277,372	-	-	11,073	6,590	-	380,153	675,188
Grand Total:	**2022-23**		**2,141,849**	**481,495**	**-**	**110,000**	**52,366**	**252,338**	**-**	**3,038,048**
	2021-22		2,225,989	377,424	-	136,390	52,592	245,161	380,153	3,417,709

Table 6: Remuneration of KMP for the 2022-23 and 2021-22 financial years.

Notes:

1. Base salary includes annual leave accrued in the year, allowances paid and difference to superannuation concessional cap.
2. ASC's policy is to pay superannuation guarantee on all applicable ordinary time earnings (e.g. salary, at-risk components, allowances). Where the superannuation concessional cap (currently $27,500) would be exceeded, senior executives may request that the superannuation be converted to a cash payment. Where this has occurred the cash payment is included in base salary, at-risk components or other long-term benefits as applicable. Superannuation guarantee rates were 10.5% in 2022-23 and 10% in 2021-22.
3. Amounts totalling $26,279 relating to superannuation on bonuses taken as cash due to concessional caps being exceeded have been removed from base salary in the 2021-22 prior year comparatives, to align with the current year and provide greater transparency.
4. Long-service leave relates to amounts accrued during the relevant period.
5. Other long-term benefits include deferred component of incentive scheme, which is payable 12 months after it's earned, including superannuation guarantee.
6. Termination benefits exclude payment of statutory benefits for long-service leave and annual leave, which have previously been accrued.
7. Martin Edwards ceased employment on 7 February 2022; a significant portion of his responsibilities were transferred to Christian Hamilton, Chief Strategy Officer.

Key Management Personnel Remuneration *continued*

Name and Position Title		Note	Short-term benefits: Base salary $	Short-term benefits: STI $	Short-term benefits: Other benefits and allowances (1) $	Post-employment benefits: Superannuation contributions $	Other long-term benefits: Long Service Leave $	Termination benefits $	Total remuneration $
ASC Pty Ltd									
Bruce Carter, Chair	**2022-23**		**-**	**-**	**170,870**	**17,941**	**-**	**-**	**188,811**
	2021-22		-	-	166,290	16,629	-	-	182,919
Geoffrey Rohrsheim, Deputy Chair	**2022-23**	**2**	**-**	**-**	**142,937**	**15,008**	**-**	**-**	**157,945**
	2021-22		-	-	99,047	9,905	-	-	108,952
Dr Janis Cocking, Director	**2022-23**	**3**	**-**	**-**	**38,015**	**3,992**	**-**	**-**	**42,007**
	2021-22		-	-	-	-	-	-	-
Julie Cooper, Director	**2022-23**	**4**	**-**	**-**	**39,849**	**4,184**	**-**	**-**	**44,033**
	2021-22		-	-	22,821	2,282	-	-	25,103
Dr Rosalind Dubs, Director	**2022-23**	**5**	**-**	**-**	**96,830**	**10,167**	**-**	**-**	**106,997**
	2021-22		-	-	85,460	8,546	-	-	94,006
Denise Goldsworthy, Director	**2022-23**	**6**	**-**	**-**	**88,808**	**9,325**	**-**	**-**	**98,133**
	2021-22		-	-	13,445	1,345	-	-	14,790
Joycelyn Morton, Director	**2022-23**	**7**	**-**	**-**	**80,072**	**-**	**-**	**-**	**80,072**
	2021-22		-	-	103,334	-	-	-	103,334
Loretta Reynolds, Director	**2022-23**	**8**	**-**	**-**	**88,150**	**9,256**	**-**	**-**	**97,406**
	2021-22		-	-	85,780	8,578	-	-	94,358
Paul Rizzo, Director	**2022-23**	**9**	**-**	**-**	**42,980**	**4,513**	**-**	**-**	**47,493**
	2021-22		-	-	101,450	10,145	-	-	111,595
Alice Williams, Director	**2022-23**	**10**	**-**	**-**	**19,111**	**2,007**	**-**	**-**	**21,118**
	2021-22		-	-	-	-	-	-	-
Grand Total:	**2022-23**		**-**	**-**	**807,622**	**76,393**	**-**	**-**	**884,015**
	2021-22		-	-	677,627	57,430	-	-	735,057

Table 7: Remuneration of Non-Executive Directors for the 2022-23 and 2021-22 financial years.

Notes:

1. Director fees have been classified *as Other benefits and allowances.*
2. Geoffrey Rohrsheim was a Member of the BASC to 29 August 2022 and subsequently is the Chair of the BASC from 30 August 2022.
3. Dr Janis Cocking was appointed as a Director of the Board and is a Member of the BASC from 24 January 2023.
4. Julie Cooper ceased as a Director of the Board and as a Member of the Audit Committee on 12 December 2022.
5. Dr Rosalind Dubs is a Member of the BASC and is a Member of the Audit Committee, excluding a period appointed as temporary Chair of the Audit Committee from 1 April 2023 to 27 April 2023.
6. Denise Goldsworthy is a Member of the BASC for the full year and was a Member of the Audit Committee from 28 April 2023 to 9 June 2023.
7. Joycelyn Morton ceased as a Director of the Board and as the Chair of the Audit Committee on 31 March 2023.
8. Loretta Reynolds is a Member of the Audit Committee.
9. Paul Rizzo ceased as a Director of the Board and as a Member of the Audit Committee on 14 December 2022. He also ceased as the Chair of the BASC on 29 August 2022.
10. Alice Williams was appointed as a Director of the Board from 18 April 2023 and is the Chair of the Audit Committee from 28 April 2023.


ASC

ASC Pty Ltd ABN 64 008 605 034

Financial Report

30 June 2023

Consolidated financial statements

This financial report covers ASC Pty Ltd and its controlled entities.
This financial report is presented in Australian dollars (unless otherwise noted).

Directors' report

For the year ended 30 June 2023

Your directors present their report on the consolidated entity (referred to hereafter as the Group or the consolidated entity) consisting of ASC Pty Ltd (the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of the Group and the Company during the entire financial year up to the date of this report, unless otherwise noted:

Bruce James Carter

Geoffrey Roland Rohrsheim

Dr Janis Louise Cocking (appointed 24 January 2023)

Julie Anne Cooper (ceased 12 December 2022)

Dr Rosalind Vivienne Dubs

Denise Carol Goldsworthy

Joycelyn Cheryl Morton (ceased 31 March 2023)

Loretta Anne Reynolds

Paul John Rizzo (ceased 14 December 2022)

Alice Morrice Williams (appointed 18 April 2023)

Stuart Paul Whiley

More information about the directors can be found on the Group's website at: www.asc.com.au

Principal activities

The principal activities of the Group during the course of the financial year ended 30 June 2023 are set out below.

CCSM related activities:

The major submarine related activities include maintenance, design, development, engineering and upgrading of six submarines for the RAN. These activities were undertaken for the CCSMs under the ISSC.

LOTE related activities:

The LOTE project is a key enabler for Australia's continued deployment of the CCSM capability into the 2040s. The program will extend the service life of each of the six submarines in the CCSM fleet for an additional 10 years beyond their initial planned withdrawal dates, with FoC implementation to commence in 2026 on HMAS *Farncomb*. The LOTE upgrades will be implemented during the submarines' scheduled FCDs.

SSTP related activities:

The Company is the Australian Government's transition partner to deliver the SSTP to manage the workers impacted by the cessation of the ACSM program. Through the AUKUS Agreement, the Australian Government is in the planning phase of acquiring SSN technology. The Company is supporting the Government by providing SMEs to the ASA (previously to the NPSTF) through the SSTP.

Hobart Class AWD related activities:

The Group was the main shipbuilder for the construction of the three AWDs for the CoA. The Group is part of the Alliance Based Target Incentive Agreement (ABTIA) with other members of the AWD Alliance. All obligations under ABTIA were concluded during the year ended 30 June 2022. The Group is also contracted under the ASC Maritime Standing Offer for Services (MSO) with the DoD to provide support services to the AWD Program Management Office to support a range of requirements.

OPV related activities:

The Group is a subcontractor to Luerssen Australia for the construction of the first 2 of 12 Arafura Class OPVs in South Australia.

Consolidated result

The consolidated profit of the Group for the financial year attributable to the shareholders of the Company was $21,524,000 (2022: $20,293,000) after provision for income tax expense of $9,295,000 (2022: $8,761,000).

Review of operations

CCSM related activities:

The Company is operating in year three of PP4 of the ISSC, which commenced on 1 July 2020. PP4 is for a period of eight years, 1 July 2020 to 30 June 2028. The Company will continue to work with and support the RAN in line with PP4 of the ISSC.

LOTE related activities:

The program has progressed through to the completion of the System Design marked by the System Design review held in June 2023. During the current financial year, the program has experienced significant growth with Task Statement Amendments executed to include the Detailed Design for all

Directors' report
For the year ended 30 June 2023 *continued*

major subcontractors as well as the FoC procurement of major systems in preparation for the HMAS *Farncomb* FCD in 2026.

SSTP related activities:

The Company was announced as the Australian Government's transition partner to deliver the SSTP to manage the Naval Group Australia and Lockheed Martin Australia workers impacted by the cessation of the ACSM program. The Company and the CoA signed a Heads of Agreement for the development and the management of the SSTP on 8 October 2021. The Company received a SSTP Management Services Agreement (MSA) from the DoD which was executed on 14 February 2022. Following the signing of the MSA, the Company has established a Program Management Office to manage the MSA and related services.

Hobart Class AWD related activities:

The Group, together with the Alliance, executed the AWD program Close Out Deed, formally ending the AWD program. The Group has no further obligations under ABTIA. ASC AWD Shipbuilder Pty Ltd, a subsidiary of ASC Pty Ltd, will continue to operate under the existing ASC MSO until December 2025, to ensure any remaining obligations can be satisfied and as such continues as a going concern.

OPV related activities:

The Group continues to provide support to the SEA1180 OPV Program Prime Contractor, Luerssen, through provision of resources and services. The OPV program achieved a significant milestone on 16 December 2021, with the launch of ship one. Steady progress has been made on the build of ship two.

Dividends - ASC Pty Ltd

Dividends paid during the financial year were as follows:

	2023 $'000	2022 $'000
Final dividend for the year ended 30 June 2022, paid on 28 October 2022	**2,100**	2,100
Interim dividend for the year ended 30 June 2023, paid on 28 April 2023	**3,000**	10,100
	5,100	12,200

On 31 August 2023, the directors declared an unfranked final dividend of $9.9 million for the year ended 30 June 2023, to be paid by 30 October 2023.

State of affairs

An update on the Group's contractual obligations is provided under *Review of operations* above. There have been no other significant changes in the state of affairs of the Group during the period.

Environmental regulation

The operations of the Group and the Company are subject to environmental regulation under both CoA and state legislation in relation to activities undertaken on our sites in SA and WA.

The Group is committed to achieving a high standard of environmental performance consistent with the requirements of AS/NZS ISO 14001:2015 Environment Management Systems (EMS), which forms part of ASC's corporate management system. All of the Group sites, comprised of the South Australian and Western Australian submarine facilities and the South Australian shipbuilding facility, have accreditation for AS/NZS ISO 14001:2015 Environment Management Systems.

The Group has complied with all applicable environmental regulations and site-specific environmental licence requirements.

Events subsequent to the end of the reporting period

There are no matters that have arisen between the end of the financial year and the date of this report, including any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the economic entity, the results of those operations, or the state of affairs of the Group, in subsequent financial periods.

Directors' report

For the year ended 30 June 2023 *continued*

Directors' benefit

Since the end of the previous financial year, no director of the Group has received, or become entitled to receive, any benefit (other than reimbursement of expenses and the aggregate amount of remuneration received or due and receivable by directors shown in the consolidated financial report) because of a contract made by the Group, its controlled entities or a related body corporate with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial interest.

Indemnification and insurance of directors and officers

(a) Indemnification

The Group has agreed to indemnify the current and previous directors and officers of the Group for all liabilities to another person (other than the Group or a related body corporate) that may arise in their capacity as directors and officers of the Group and its controlled entities, except where the liability arises out of the conduct involving a lack of good faith. The agreements stipulate that the Group will meet, to the extent permitted by law, the full amount of any such liabilities, including costs and expenses.

(b) Insurance premiums

Since the end of the previous financial year the Group, its directors and officers have paid insurance premiums in respect of directors' and officers' liability insurance contracts for current and former directors and officers, including executive officers of the Group and directors, executive officers and secretaries of its controlled entities. The insurance premiums cover directors and officers for actual losses incurred in their capacity as directors and officers of the Group, which are not indemnified by the Group and which the director or officer becomes legally obligated to pay on account of certain claims made against him/her individually or otherwise. The terms of the insurance policy prohibit disclosure of the amounts of the premium payable.

Auditor's independence declaration

The Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 47.

Rounding of amounts

The consolidated entity is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off to the nearest thousand dollars in accordance with the Instrument unless otherwise stated.

Signed in accordance with a resolution of directors.

Bruce James Carter
Director

Stuart Paul Whiley
Director

Adelaide
31 August 2023

Australian National
Audit Office

Bruce Carter
Chairman of the Board
ASC Pty Ltd and its Controlled entities
640 Mersey Road, Osborne SA 5017

ASC PTY LTD AND ITS CONTROLLED ENTITIES FINANCIAL REPORT 2022–23
AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of the ASC Pty Ltd and its controlled entities for the year ended 30 June 2023, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
(ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Rahul Tejani
Executive Director
Delegate of the Auditor-General

Canberra
31 August 2023

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Directors' declaration

For the year ended 30 June 2023

The directors declare that, in the directors' opinion:

(a) the consolidated financial statements and notes set out on pages 52 to 111 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.

Bruce James Carter
Director

Stuart Paul Whiley
Director

Adelaide
31 August 2023

INDEPENDENT AUDITOR'S REPORT

To the members of ASC Pty Ltd

Opinion

In my opinion, the financial report of ASC Pty Ltd (the Company) and its subsidiaries (together 'the Group') for the year ended 30 June 2023 is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report of the Group, which I have audited, comprises the following as at 30 June 2023 and for the year then ended:

- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows;
- Notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information; and
- Directors' Declaration.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the director's report for the year ended 30 June 2023 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing matters, as applicable, related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Australian National Audit Office

Rahul Tejani
Executive Director
Delegate of the Auditor-General

Canberra
31 August 2023

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	**June 2023 $'000**	June 2022 $'000
Revenue from contracts with customers	4(a)	**761,591**	573,460
Labour		**359,682**	304,492
Materials and subcontractors		**291,487**	180,830
Depreciation and amortisation expense	5(a)	**25,954**	20,741
Reversal of asset impairment provision	5(b)	**-**	(5,286)
Lease expense		**1,920**	611
Finance expenses	5(c)	**5,090**	4,983
Other expenses		**52,847**	40,230
Other income	5(e)	**(6,208)**	(2,195)
Total expenses and other income		**730,772**	544,406
Profit before income tax		**30,819**	29,054
Income tax expense	6(a)	**9,295**	8,761
Profit after income tax		**21,524**	20,293
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		**(371)**	494
Income tax benefit/(expense) relating to these items	6(c)	**111**	(148)
Other comprehensive income/(loss) for the year, net of tax		**(260)**	346
Total comprehensive income for the year		**21,264**	20,639
Profit is attributable to:			
Owners of ASC Pty Ltd		**21,524**	20,293
Total comprehensive income for the year is attributable to:			
Owners of ASC Pty Ltd		**21,264**	20,639

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	**June 2023 $'000**	June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	**168,770**	192,794
Trade and other receivables	7(b)	**179,737**	126,293
Contract assets	4(b)	**14,602**	7,844
Other current assets		**8,599**	4,936
Total current assets		**371,708**	331,867
Non-current assets			
Property, plant and equipment	8(a)	**33,734**	27,394
Intangible assets	8(b)	**47,895**	30,804
Right-of-use assets	8(c)	**114,066**	114,473
Deferred tax assets	6(d)	**34,062**	28,358
Net pension assets	8(d)(ii)	**674**	1,005
Other non-current assets		**1,578**	1,925
Total non-current assets		**232,009**	203,959
Total assets		**603,717**	535,826

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2023 *continued*

	Notes	**June 2023 $'000**	June 2022 $'000
LIABILITIES			
Current liabilities			
Trade and other payables	7(c)	**79,530**	50,153
Contract liabilities	4(b)	**71,924**	52,337
Lease liabilities	7(d)	**17,328**	14,320
Provisions	8(e)	**56,073**	52,103
Advances	7(e)	**56,954**	59,412
Current tax liabilities		**6,900**	9,087
Total current liabilities		**288,709**	237,412
Non-current liabilities			
Lease liabilities	7(d)	**103,908**	106,016
Provisions	8(e)	**9,708**	7,171
Non-interest bearing liabilities		**135**	134
Total non-current liabilities		**113,751**	113,321
Total liabilities		**402,460**	350,733
Net assets		**201,257**	185,093
EQUITY			
Share capital	9(a)	**65,000**	65,000
Retained earnings		**136,257**	120,093
Total equity		**201,257**	185,093

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Attributable to owners of ASC Pty Ltd		
	Share capital $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2021	65,000	111,654	176,654
Profit for the period	-	20,293	20,293
Items of other comprehensive income recognised directly in retained earnings:			
Remeasurement of defined benefit obligation	-	494	494
Income tax benefit/(expense) relating to these items	-	(148)	(148)
Total comprehensive income for the year	**-**	**20,639**	**20,639**
Transactions with owners in their capacity as owners:			
Dividend paid	-	(12,200)	(12,200)
Balance at 30 June 2022	**65,000**	**120,093**	**185,093**
Balance at 1 July 2022	65,000	120,093	185,093
Profit for the period	-	21,524	21,524
Items of other comprehensive income recognised directly in retained earnings:			
Remeasurement of defined benefit obligation	-	(371)	(371)
Income tax benefit/(expense) relating to these items	-	111	111
Total comprehensive income for the year	**-**	**21,264**	**21,264**
Transactions with owners in their capacity as owners:			
Dividend paid	-	(5,100)	(5,100)
Balance at 30 June 2023	**65,000**	**136,257**	**201,257**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	June 2023 $'000	June 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax (GST))		**784,406**	659,752
Payments to suppliers and employees (inclusive of GST)		**(736,775)**	(598,476)
Interest expense relating to defined benefit pension plan		**(100)**	(22)
Income taxes paid		**(17,074)**	(6,840)
Net cash inflow/(outflow) from operating activities	18(a)	**30,457**	54,414
Cash flows from investing activities			
Purchase of property, plant and equipment	8(a)	**(13,507)**	(8,554)
Payment for software development costs	8(b)	**(22,927)**	(24,208)
Proceeds from sale of property, plant and equipment		**252**	948
Interest received		**5,247**	515
Net cash inflow/(outflow) from investing activities		**(30,935)**	(31,299)
Cash flows from financing activities			
Principal element of lease payments	18(b)	**(15,772)**	(13,715)
Interest expense relating to leases		**(4,641)**	(4,636)
Dividends paid	9(b)	**(5,100)**	(12,200)
Proceeds from issues of shares		**-**	11,000
Proceeds from advances	18(b)	**33,746**	67,666
Repayment of advances	18(b)	**(32,000)**	(58,837)
Net cash inflow/(outflow) from financing activities		**(23,767)**	(10,722)
Net increase/(decrease) in cash and cash equivalents		**(24,245)**	12,393
Cash and cash equivalents at the beginning of the financial year		**192,794**	180,861
Effects of exchange rate changes on cash and cash equivalents		**221**	(460)
Cash and cash equivalents at end of year	7(a)	**168,770**	192,794

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

30 June 2023

Contents of the notes to the consolidated financial statements

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies

ASC Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

ASC Pty Ltd
694 Mersey Road North
Osborne SA 5017

The consolidated financial statements for the year ended 30 June 2023 comprise of ASC Pty Ltd (the Company) and its subsidiaries (together referred to as the Group or the consolidated entity). The consolidated financial statements are presented in Australian dollars.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements were authorised for issue on 31 August 2023. The directors have the power to amend and reissue financial statements.

(a) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the consolidated financial statements.

Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Group comply with Australian Accounting Standards as issued by the AASB.

The consolidated financial statements of the Group also comply with IFRS as issued by the IASB.

Historical cost convention

These consolidated financial statements have been prepared under the historical cost basis, except for the following:

- financial assets and liabilities - measured at fair value; and
- retirement benefit obligations - plan assets measured at fair value.

Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

Rounding of amounts

The Group is of a kind referred to in Instrument 2016/191, issued by ASIC, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with the Instrument unless otherwise stated.

The accounting policies have been applied consistently by all entities within the Group.

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Revised standards and interpretations applied

There were no new or amended standards and interpretations that had a material impact on the Group for the current reporting period.

Impact of standards issued but not yet applied

Certain new accounting standards, interpretations and amendments have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These new accounting standards include:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current (effective for years beginning on or after 1 January 2023, the Group will apply from the financial year ending 30 June 2024); and
- AAASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (effective for years beginning on or after 1 January 2023, the Group will apply from the financial year ending 30 June 2024).

Based on preliminary assessment of these new accounting standards, interpretations and amendments, they are not expected to have a material impact on the Group in the current or future reporting periods.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and the results of entities controlled by the Company (subsidiaries) during and up to the end of the reporting period.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Details of the subsidiaries are set out in note 16. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group and is disclosed in accordance with AASB 3 *Business Combinations*.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (unless otherwise stated), which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using either program specific contract exchange rates or the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(c) Foreign currency (continued)

transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange differences arising in respect of contract work in progress, to the extent they are recoverable, are included in the measurement of the contract billings and work in progress costs. To the extent they are not recoverable, foreign exchange gains and losses are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(d) Taxation

Tax consolidation

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the tax consolidation legislation since 1 July 2002. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entitles are set off in the *Consolidated Statement of Financial Position*.

In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Accounting for income tax

The income tax expense (or benefit) for the period is the tax payable (or receivable) on the current period's taxable income (or loss) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(d) Taxation (continued)

(and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent it is probable that future taxable income will be available, against which the Group may utilise those temporary differences and losses. Deferred tax assets are reduced to the extent that it is no longer probable that future taxable income will be available.

Deferred tax liabilities and assets are not recognised for temporary differences between the tax base and carrying amount of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the *Consolidated Statement of Financial Position.*

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(f) Revenue recognition

Revenue is recognised when control of a good or service transfers to the customer and is measured as the amount (transaction price) that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Revenue is recognised depending on the type of contract as described below.

Target cost estimate contract

Revenue is traded on the cost as it is incurred while profit is based on a performance score against the contract and pain/gain formula based on cost. As the contract progresses and the profit estimates are refined, so is the value of the profit to be traded. Revenue is recognised over time as the customer receives and uses the benefits simultaneously.

The transaction price is based on fixed and variable components as follows:

- Fixed - determined based on contract targeted costs and are not subject to changes due to performance criteria.
- Variable - components of the transaction price that is varied based on the performance scores and pain/gain considerations set out in the contract, such as meeting targeted profit based on actual costs incurred.

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

The outcomes of the stipulated performance scores and pain/gain calculations are considered in relation to revenue and profit estimates. If the outcomes cannot be reliably estimated until late in the contract, no pain/gain is recognised until it is capable of reliable estimation.

Fixed price contract

Revenue is recognised progressively as costs are incurred using the proportion of actual cost incurred over total contract cost as the measure of performance/milestones, as the customer receives and uses the benefits simultaneously. Revenue is determined based on actual labour hours, materials, other costs spent relative to the total expected costs of the contract. The transaction price is based on the amount of consideration in which the Group is expected to receive in relation to services provided in exchange of goods or services to the customer in line with contract terms.

If estimates surrounding revenue, project costs and progress towards completion are revised due to a change in circumstances, a resultant increase or decrease in the estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed price contracts, the customer pays the fixed amount based on contract terms and if services rendered exceed the payments to be received, a contract asset is recognised. If the payment received exceeds the services rendered, a contract liability is recognised.

Services contract

The extent of services to be provided under a contract is assessed to determine the number of deliverables (performance obligations) and the period over which the deliverables will be completed. The cost of delivery is determined for each deliverable at inception of the contract, with revenue and profit being recognised on the cost as it is incurred, over the period in which the deliverables are satisfied.

Where there are multiple deliverables, the transaction price will be allocated to each of the deliverables based on the stand-alone pricing, or where the stand-alone pricing is not able to be directly observed, an estimate is used based on the expected costs to be incurred.

For services revenue that is recognised over time, if estimates surrounding revenue, project costs and progress towards completion are revised due to a change in circumstances, a resultant increase or decrease in the estimated revenues or costs is reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For services revenue that is recognised at a point in time, revenue is recognised when the inventory is acquired and legal title has passed to the customer.

Cost reimbursable contract

If costs are reimbursed progressively as they are incurred with no exposure to risk, revenue and profit is traded on the cost as they are incurred. Revenue is recognised based on all eligible reimbursable costs (transaction price) as part of the contract criteria over time as the costs are incurred by the Group, with continuous control transferred to the customer as services are provided.

Where costs are reimbursed from the customer on a periodic basis based on costs, revenue is recognised based on eligible and approved reimbursable costs (transaction price) for the period as part of the contract criteria at a point in time. Requirements related to the performance of the contract are determined by the customer in advance and once the requirements are determined, they are not subject to change.

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

In the situation where costs incurred by the Group are not eligible for reimbursement from the customer, these costs are recognised in profit or loss in the period in which they are incurred.

Survey and quote (S&Q) contract

S&Q contracts are related to ad-hoc services provided or special services outside the scope of a primary contract. Work performed is provided progressively over time to the customer, revenue and profit is to be recognised on the cost as it is incurred, with continuous control transferred to the customer as services are provided.

If the customer is obliged to make payment on completion and delivery, revenue recognition will be deferred until the end of the contract.

Interest income

Interest income on financial assets is measured at amortised cost is recognised in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset, after deducting the loss allowance.

(g) Cash and cash equivalents

For the purpose of presentation in the *Consolidated Statement of Cash Flows*, cash and cash equivalents include:

- cash at bank and on hand;
- deposits held at call with financial institutions;
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and
- bank overdrafts.

Included in cash and cash equivalents are amounts advanced to the Group by the CoA for the purpose of funding the working capital requirements of projects. The amounts advanced have certain contractual restrictions placed on the use of these funds. The funds maintained may only be applied to the direct project under which it was advanced, for expenditure incurred and claims for reimbursement from the CoA. The amount that exceeds the value of the direct project expenditure incurred and unbilled is defined as restricted cash.

Cash and cash equivalents are measured at amortised cost.

Bank overdrafts are shown within borrowings in current liabilities in the *Consolidated Statement of Financial Position*.

(h) Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore subsequently measures them at amortised cost using the effective interest method, less any loss allowance. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Refer to note 1(n) for impairment of financial assets.

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(i) Contract balances

The recognition of contract assets and contract liabilities on the *Consolidated Statement of Financial Position* is dependent on the timing of revenue recognised and contractual billing terms.

Contract assets

The balance of contract assets represents amounts to be billed subsequent to revenue recognition. These amounts are billed as work in progress in accordance with agreed upon contractual terms at periodic intervals or upon achievement of contractual milestones.

Contract assets disclosed in the *Consolidated Statement of Financial Position* are recognised net of a loss allowance for lifetime expected credit losses.

Contract liabilities

The balance of contract liabilities represents advances received, progress billings received in advance of the performance of contract activities, labour over recoveries and program loss provision.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are recognised in profit or loss in the period in which they are incurred.

Depreciation of assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which range between one and twenty years.

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Further details are disclosed in note 1(n).

Gains and losses on disposal of assets are determined by comparing proceeds with carrying amount. Gains or losses are recognised in the *Consolidated Statement of Comprehensive Income.*

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(k) Intangible assets

Software - DTP

Development costs that are directly attributable to the design and testing of identifiable and unique software assets controlled by the Group are recognised as an intangible asset when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the intangible asset include employee costs and an appropriate portion of relevant overheads. Capitalised costs are presented net of the DTP advance when released and approved by the CoA. Upon achievement of DTP implementation milestones and subsequent CoA approval of the milestone acquittal statements, the advance is reclassified from liabilities to an offset against the DTP intangible asset, on the basis that the obligation has been settled.

Research and development expenditure that do not meet the criteria above is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Costs associated with maintaining software programs are recognised as an expense as incurred.

Subsequent to the development and implementation phases and when the software is ready for use, capitalised development costs, net of the DTP advance received which has been released, will be amortised on a straight-line basis over its expected useful life of five years.

Software - Software as a Service (SaaS)

Customisation and configuration costs in relation to SaaS cloud-based software have been expensed as incurred when the Group does not have the ability to customise or modify the software and does not have control to these applications through exclusive rights or the ownership of the intellectual property.

Ongoing SaaS subscription costs are recognised as an expense as incurred, similar to a service contract.

(l) Leases

At the start of a contract, the Group determines whether a contract is, or contains, a lease. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the C*onsolidated Statement of Financial Position*. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(l) Leases (continued)

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when potential impairment indicators exist.

Lease payments included in the measurement of the lease liability include: fixed payments (including in substance fixed), less any lease incentives receivable; variable payments that are dependent on an index or rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantees or early termination clause, if the early termination is reasonably expected; and payments arising from options reasonably certain to be exercised. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Group measures the lease liability at the net present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected against the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

For short-term leases and leases of low-value assets, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low-value leases comprise various computer and other equipment.

(m) Financial assets

Financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date (the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(m) Financial assets (continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value, less any expected credit losses, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(n) Impairment

Financial assets

The Group measures the expected credit losses of its financial assets from the moment of its acquisition and throughout the life of the financial asset. Expected credit losses are a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate. The amount of impairment loss is recognised in profit or loss within other expenses. If, in a subsequent period, the amount of the expected credit loss decreases and the decrease can be related objectively to an event occurring after the expected credit loss was recognised, the reversal of the previously recognised expected credit loss is recognised in profit or loss.

Non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Irrespective of whether there is any indication of impairment, intangible assets with indefinite useful lives or intangible assets not yet available for use are tested for impairment annually, by comparing its carrying amount with its recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Provisions

A provision is recognised in the *Consolidated Statement of Financial Position* when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(p) Provisions (continued)

current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Self-insurance

The Group self-insures for risks associated with workers compensation for all employees in SA. Outstanding claims are recognised when an incident occurs that may give rise to a claim and are measured at the cost that the Group expects to incur in settling the claims, discounted using a rate that reflects current market assessments of the time value of money and risks specific to the liability. The provision is based on an actuarial assessment.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that the recovery will be received and is measured on a basis consistent with the measurement of the related provision.

In the *Consolidated Statement of Comprehensive Income*, the expense recognised in respect of a provision is presented net of the recovery.

In the *Consolidated Statement of Financial Position*, the provision is recognised net of the recovery receivable when the Group:

- has a legally recognised right to offset the recovery receivable and the provision; and
- intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

(q) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related services, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee obligations are presented within trade and other payables.

Other long-term employee benefit obligations

The Group has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. They are recognised in provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the *Consolidated Statement of Financial Position* if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(q) Employee benefits (continued)

Retirement benefit obligations

All employees of the Group who elect to join the Group's superannuation plan are entitled to benefits from the Group's superannuation plan on retirement, disability or death or can direct the Group to make contributions to a defined benefit contribution plan of their choice. The Group has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from entities within the Group and the Group's legal or constructive obligation is limited to these contributions.

The liability or asset recognised in the *Consolidated Statement of Financial Position* in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the *Consolidated Statement of Changes in Equity* and in the *Consolidated Statement of Financial Position*.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Contributions to the defined contribution section of the Group's superannuation fund and other independent defined contribution superannuation funds are recognised as expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits that are in any way dependent on providing future services will be recognised prospectively over the future service period.

(r) Advances

Working capital advances are provided by the CoA under various programs. Advances are initially recognised at fair value, and are subsequently measured at amortised cost. Working capital advances are removed from the *Consolidated Statement of Financial Position* when the program obligations specified in the contract are discharged, cancelled or expired.

Advances are provided by the CoA for the development of intangible assets. These advances reduce the directly attributable costs capitalised as part of the intangible asset upon meeting program obligations.

Advances are classified as current liabilities on the *Consolidated Statement of Financial Position*.

(s) Interest and non-interest bearing liabilities

Interest and non-interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the liability using the effective interest method. Fees paid on the

Notes to the consolidated financial statements

30 June 2023 *continued*

1 Summary of significant accounting policies (continued)

(s) Interest and non-interest bearing liabilities (continued)

establishment of loan facilities are recognised as transaction costs of the facility to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Interest and non-interest bearing liabilities are removed from the *Consolidated Statement of Financial Position* when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

IInterest and non-interest bearing liabilities are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Borrowing costs

Borrowing costs incurred in the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for the intended use or sale. Other borrowing costs are expensed to profit or loss in the period in which they are incurred.

(u) Contributed equity

Ordinary shares are classified as equity.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Parent entity financial information

The financial information for the parent entity, ASC Pty Ltd, disclosed in note 17 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the consolidated financial statements

30 June 2023 *continued*

2 Critical accounting estimates and judgements

The Group makes estimates, judgements and assumptions concerning the future. These estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Revenue and profit recognition

The Group undertakes a number of long-term contracts. Accounting for these contracts requires a number of assumptions and estimates to be made in relation to the stage of completion and expected outcome of the contract.

The majority of the Group's contracts have a single performance obligation as the promise to transfer the individual good or service is not separately identifiable from other promises in the contracts. For contracts with multiple performance obligations, the Group allocates the contract's transaction price to each performance obligation using the best estimate of the stand-alone selling price of each distinct good or service in the contract.

The Group has an estimate at completion (EAC) process in which management reviews the progress and completion of performance obligations. As part of this process, management reviews information including, but not limited to: any outstanding key contract matters; progress towards completion and the related program schedule; identified risks and opportunities; and the related changes in estimates of revenues and costs. The risks and opportunities include management's judgement about the ability and cost to achieve the schedule, technical requirements and other contract requirements.

Due to the nature of the work required to be performed to complete many of the types of performance obligations performed by the Group, the estimation of total revenue and costs at completion is complex, subject to variables and requires significant judgement. It is common for some long-term contracts to contain performance fees, incentive fees or other provisions that may increase or decrease the transaction price. These variable amounts are generally awarded upon achievement of certain performance metrics, program milestones or cost targets and can be based upon customer discretion. The Group estimates the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

The Group predominantly recognises revenue over time, representing the continuous transfer of control to the customer. The Group uses costs incurred to date, relative to total EAC, to measure progress towards satisfying performance obligations. Incurred costs represent work performed which corresponds with and best depicts the transfer of control to the customer. Contract costs include labour, materials, subcontractor costs and overheads.

CCSM program revenue and profit recognition

In accounting for revenue recognition for the PP4 contract of the ISSC, a review of: actual costs incurred; actual and forecast KPI scores; and pain/gain calculations, are performed on a periodic basis by management throughout the term of the contract, on both a year-to-date basis and contract-term basis.

Adjustments will be made to revenue recognised if there are circumstances which indicate an increase or decrease resulting from meeting performance scores. Adjustments are recognised in profit or loss in the period in which the circumstances change.

Notes to the consolidated financial statements

30 June 2023 *continued*

2 Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

LOTE project revenue and profit recognition

In accounting for revenue recognition for the LOTE contract, a review of: actual costs incurred; progress towards completion of program schedule; risks and opportunities; and estimated total contract revenue and costs, are performed on a periodic basis by management throughout the term of the contract, on both a year-to-date basis and contract-term basis.

Adjustments are made to revenue recognised over the contract time frame if there are changes in circumstances, changes in actuals or estimates for the remaining contract time frame. Adjustments are recognised in profit or loss in the period in which the changes occur.

SSTP program revenue and profit recognition

In accounting for revenue recognition for the SSTP management services performance obligation, a review of: actual costs incurred; forecast costs to complete the services over the contracted period; and actual and forecast KPI scores, is performed on a periodic basis by management throughout the term of the contract, on both a year-to-date basis and contract-term basis.

Adjustments are made to revenue recognised over the contract time frame if there are changes in actual or forecast costs or KPI scores. Adjustments are recognised in profit or loss in the period in which the changes occur.

DTP

Costs incurred during the development and implementation phases of the DTP are capitalised if the definition of an intangible asset is met. Costs capitalised by the Group can be reliably measured, are directly attributable to the DTP and are incurred during the development and implementation phases. Examples of development and implementation costs include labour hours in relation to testing and release management and services received in relation to the DTP for technical integration.

Costs incurred during the research phase and for ongoing maintenance are expensed to profit or loss in the period in which they occur. Examples of research and ongoing maintenance costs include operational training and review costs after implementation.

Judgement is required during the analysis of costs incurred during the development and implementation phases, including configuration and customisation costs, which are analysed to determine the appropriate accounting treatment. The exercise of judgement requires a detailed understanding of certain technical aspects of the associated costs and the DTP. If there is a level of control and the capitalisation criteria under AASB 138 *Intangible Assets* is met, it is recognised as an asset and capitalised to the *Consolidated Statement of Financial Position*. Costs that do not meet the capitalisation criteria are expensed to profit or loss in the period in which they are incurred.

In addition, judgement is required in determining the transition point from the research phase to the development phase. The Group has considered the adequacy of financial and other resources to complete the development as a key factor in determining the transition point.

Leases

In determining the lease term, management applies judgement to determine whether or not an option would be reasonably certain to be exercised. To help determine the lease term, management considers all facts and circumstances, including past practice and any costs that would reasonably be incurred to replace the asset, should a lease extension option not be taken. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Notes to the consolidated financial statements

30 June 2023 *continued*

2 Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

The present value of lease payments is discounted using the Group's incremental borrowing rate. This rate represents the rate of interest of the Group's overdraft facility which would be the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds to obtain an asset of a similar value to the leased asset in a similar economic environment.

3 Financial and capital risk management

Financial risk management

The Group's activities expose it to a variety of financial risks. This note presents information about the Group's exposure to financial risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has charged the Audit Committee with the responsibility for the oversight of how management monitors compliance with the Group's financial risk management policies and procedures. It also reviews the adequacy of the financial risk management framework of the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of financial risk management controls and procedures, the results of which are reported to the Group Audit Committee.

The Board has also established the BASC, which is responsible for the oversight of risks.

Both committees report regularly to the Board on their activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid investments with counterparties that have a credit rating of at least A3 from Moody's. The Group also has policies that limit the amount of credit exposure to any one financial institution based on their credit rating. The lower the independent credit rating, the lower the limit of credit exposure is allowed. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Trade and other receivables and contract assets

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets.

The Group's credit exposures to customers, including trade and other receivables and contract assets, are minimal, as the one substantial customer of the Group is the CoA with an Aaa credit rating from Moody's.

Guarantees

Credit risk arises in relation to financial guarantees given to certain parties (see note 11 for details). Such guarantees are issued in accordance with the Group's corporate management policies and are only provided to support a financial or commercial arrangement.

Notes to the consolidated financial statements

30 June 2023 *continued*

3 Financial and capital risk management (continued)

(a) Credit risk (continued)

(i) Recognised financial instruments

	June 2023 $'000	June 2022 $'000
A3 or higher rated cash at bank, short term deposits and interest receivable		
Cash and cash equivalents	**168,770**	192,794
Interest receivable	**774**	156
	169,544	192,950
Trade and other receivables		
Counterparties with external credit rating		
Aaa (CoA)	**174,308**	125,896
Credit rating not determined	**4,655**	241
Total trade receivables	**178,963**	126,137
Contract assets		
Counterparties with external credit rating		
Aaa (CoA)	**14,566**	4,520
Credit rating not determined	**36**	3,324
Total contract assets	**14,602**	7,844

The credit risk on financial assets of the Group which have been recognised on the *Consolidated Statement of Financial Position*, is the carrying amount, net of any loss allowance provisions as summarised above.

The ISSC, which is a substantial proportion of the Group's operations, receives a substantial portion of its funding from the CoA, which has a Moody's credit rating of Aaa. Therefore the Group has immaterial exposure to credit risk in its operations.

Notes to the consolidated financial statements

30 June 2023 *continued*

3 Financial and capital risk management (continued)

(a) Credit risk (continued)

(ii) Ageing profile

Trade and other receivables	30 June 2023 Gross carrying amount $'000	30 June 2023 Effective loss rate	30 June 2022 Gross carrying amount $'000	30 June 2022 Effective loss rate
Not past due	171,547	2.10%	125,851	3.29%
Past due 1-30 days	4,102	-	3,678	-
Past due 31-60 days	3,964	-	26	-
Past due 61-90 days	1,166	-	255	-
Past due +90 days	2,843	10.09%	962	35.34%
	183,622		**130,772**	

The balance of contract assets was not past due at 30 June 2023 and 30 June 2022. The effective loss rate on contract assets was nil (2022: nil).

(iii) Loss allowance provision

The write-up of trade receivables recognised during the year ended 30 June 2023 totalled $0.1 million (2022: $0.3 million write down).

	June 2023 $'000	June 2022 $'000
Opening balance	**(4,479)**	(4,403)
(Increase)/decrease in loss allowance provision recognised in profit or loss	**53**	(340)
Reversal/(written off) as uncollectible	**541**	264
Closing balance	**(3,885)**	(4,479)

The loss allowance provisions for trade receivables reconciles to the opening loss allowance provision as follows:

The loss allowance provision for contract assets as at 30 June 2023 was nil (2022: nil).

Loss allowance provisions represent expected credit losses on amounts to be received. The loss allowance provisions have been determined based on specific circumstances and are not directly attributable to the ageing of receivables balances.

(iv) Off Consolidated Statement of Financial Position financial instruments

The Group has not entered into any off *Consolidated Statement of Financial Position* financial instruments during the period (2022: nil).

Notes to the consolidated financial statements

30 June 2023 *continued*

3 Financial and capital risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's programs are mostly based on a cash flow neutral billing regime which enables the timing of the receipts of the billings to meet the timing of the payments for the operating expenditure under the relevant contracts. Due to the nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The Group maintains the following lines of credit:

- $47.0 million overdraft facility not drawn down at balance date (2022: $47.0 million). The facility does not have an expiry date but is reviewed annually by the provider. Interest would be payable at the rate of Bank Bill Overdraft Rate plus margin;
- $30.0 million multi option bank facility not drawn down at balance date (2022: $30.0 million). The facility is reviewed annually by management and the provider;
- $7.5 million guarantee facility not drawn down at balance date (2022: $5.0 million). The facility is reviewed annually by management; and
- $0.8 million credit card facility, $0.4 million drawn down at balance date (2022: $0.5 million facility, $0.3 million drawn down). The facility is reviewed annually by management.

The Group received advance funding from the CoA under the ISSC. The ISSC advance funding at the end of the financial year was $32.0 million (2022: $32.0 million).

The Group received advance funding from the CoA under the SSTP MSA. The SSTP advance funding at the end of the financail year was $7.0 million (2022: $7.0 million).

Notes to the consolidated financial statements

30 June 2023 *continued*

3 Financial and capital risk management (continued)

(b) Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groups based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities At 30 June 2023	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives							
Trade and other payables	79,530	-	-	-	-	79,530	79,530
Lease liabilities	10,807	10,800	21,342	71,481	24,256	138,686	121,236
Advances	-	56,954	-	-	-	56,954	56,954
Non-interest bearing	-	-	-	-	160	160	135
Total non-derivatives	**90,337**	**67,754**	**21,342**	**71,481**	**24,416**	**275,330**	**257,855**
At 30 June 2022							
Non-derivatives							
Trade and other payables	50,153	-	-	-	-	50,153	50,153
Lease liabilities	9,304	9,275	18,493	71,504	31,551	140,127	120,336
Advances	-	59,412	-	-	-	59,412	59,412
Non-interest bearing	-	-	-	-	160	160	134
Total non-derivatives	**59,457**	**68,687**	**18,493**	**71,504**	**31,711**	**249,852**	**230,035**

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Foreign exchange risk

Fluctuations on foreign exchange rates for the Group are generally recoverable from their commercial and contractual arrangements. The consolidated entity did not have any outstanding foreign exchange contracts as at 30 June 2023 (2022: nil).

Notes to the consolidated financial statements

30 June 2023 *continued*

3 Financial and capital risk management (continued)

(c) Market risk (continued)

The carrying amounts of the financial assets and the liabilities of the Group are denominated in Australian dollars except as set out below. All figures are expressed in Australian dollars.

	June 2023 $'000					June 2022 $'000				
	USD	EUR	GBP	SEK	CHF	USD	EUR	GBP	SEK	CHF
Financial assets										
Cash and cash equivalents	1,207	4,319	1,165	2,625	-	2,522	6,900	878	637	-
Trade and other receivables	754	21,825	-	2,148	-	-	293	-	212	-
Financial liabilities										
Trade and other payables	73	20,857	-	2,408	-	180	172	53	222	(22)

Notes to the consolidated financial statements

30 June 2023 *continued*

3 Financial and capital risk management (continued)

(c) Market risk (continued)

Interest rate risk

As the Group holds term interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The Group's investment policy permits investment in deposits with banks and securities issued by state governments or the CoA.

As a general rule, the Group holds these investments to maturity, thereby reducing exposure to changes in market value.

The exposures of the Group to interest rate risk as well as the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	30 June 2023		30 June 2022	
Financial assets	**$'000**	**Effective interest rate**	$'000	Effective interest rate
Cash and cash equivalents	168,770	2.79%	192,794	0.23%

	30 June 2023		30 June 2022	
Financial liabilities	**$'000**	**Effective interest rate**	$'000	Effective interest rate
Lease liabilities	121,236	3.80%	120,336	3.75%
Non-interest bearing liabilities	135	0.25%	134	0.25%

The effective interest rate of the non-interest bearing liabilities reflects the effective discount rate applied in calculating the present value of the liabilities.

Sensitivity

At 30 June 2023, if market interest rates had a parallel shift of +75 basis points/-75 basis points from year-end rates, assuming all other variables held constant, equity and profit or loss would have increased (decreased) by the amounts shown below. The analysis for 30 June 2023 has been performed on the same basis as 30 June 2022. The main interest rate risk arises from cash receivables and loans and other receivables with variable interest rates.

Movements in interest rates result in higher/lower interest income from cash and cash equivalents.

Notes to the consolidated financial statements

30 June 2023 *continued*

3 Financial and capital risk management (continued)

(c) Market risk (continued)

Summarised sensitivity analysis

		Interest rate risk			
		-0.75%		+0.75%	
At 30 June 2023	**Carrying amount $'000**	**Profit $'000**	**Other equity $'000**	**Profit $'000**	**Other equity $'000**
Financial assets					
Cash and cash equivalents	168,770	(1,266)	-	1,266	-
Financial liabilities					
Lease liabilities	(121,236)	(909)	-	909	-
Non-interest bearing liabilities	(135)	-	-	-	-
Total increase/(decrease)		(2,175)	-	2,175	-

		Interest rate risk			
		-0.75%		+0.75%	
At 30 June 2022	**Carrying amount $'000**	**Profit $'000**	**Other equity $'000**	**Profit $'000**	**Other equity $'000**
Financial assets					
Cash and cash equivalents	192,794	(1,446)	-	1,446	-
Financial liabilities					
Lease liabilities	(120,336)	(903)	-	903	-
Non-interest bearing liabilities	(134)	-	-	-	-
Total increase/(decrease)		(2,349)	-	2,349	-

(d) Capital risk

The objectives of the Group in managing capital are to safeguard the ability to continue as a going concern, such that the Group may continue to provide returns for the shareholder, benefits for other stakeholders and to sustain future development of the business. The Group monitors the return on capital.

There were no changes in the approach to capital risk management adopted by the Group during the current year.

The financial undertakings in relation to the multi option bank facility are as follows:

- interest coverage ratio to be greater than 3.5 times as at the end of the financial year;
- gearing ratio to be less than 50% as at the end of the financial year; and
- leverage ratio to be less than 3.5 times as at the end of the financial year.

The multi option bank facility remains undrawn as at 30 June 2023 and 30 June 2022.

Notes to the consolidated financial statements

30 June 2023 *continued*

4 Revenue from contracts with customers

a) Disaggregation of revenue

The Group derives the following types of revenue:

	June 2023			June 2022		
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers by contract type	**Over time**	**At a point in time**	**Total**	**Over time**	**At a point in time**	**Total**
Target cost estimate contract	**367,796**	**-**	**367,796**	304,629	-	304,629
Cost reimbursable contract	**55,335**	**-**	**55,335**	67,326	-	67,326
Fixed price contract	**7,938**	**-**	**7,938**	2,094	-	2,094
S&Q contract	**197,039**	**-**	**197,039**	73,109	-	73,109
Services contract	**11,849**	**121,634**	**133,483**	14,110	112,192	126,302
	639,957	**121,634**	**761,591**	461,268	112,192	573,460

	June 2023 $'000	June 2022 $'000
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period		
Target cost estimate contract	**-**	9,451
Fixed price contract	**4,191**	-
S&Q contract	**-**	1,348
	4,191	10,799

Notes to the consolidated financial statements

30 June 2023 *continued*

4 Revenue from contracts with customers (continued)

(b) Contract assets and liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

	June 2023 $'000	June 2022 $'000
Contract assets		
Collins Class Submarine	**14,566**	4,520
Maritime Services Group	**36**	3,324
	14,602	7,844

	June 2023 $'000	June 2022 $'000
Contract liabilities		
Collins Class Submarine	**59,421**	46,852
Submarine Capability Development Group	**11,209**	4,191
Maritime Services Group	**1,294**	1,294
	71,924	52,337

(c) Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from the following contracts.

	June 2023 $'000	June 2022 $'000
Aggregate amount of transaction price that are partially or fully unsatisfied		
Collins Class Submarine	**638,345**	959,796
Submarine Capability Development Group	**209,956**	279,873
	848,301	1,239,669

Management expects that 76% of the transaction price allocated to the unsatisfied contracts as at 30 June 2023 (2022: 45%) will be recognised as revenue during the next reporting period with the remaining 24% (2022: 55%) being recognised beyond the next reporting period.

Notes to the consolidated financial statements

30 June 2023 *continued*

5 Other income and expense items

Items included in profit before income tax

	June 2023 $'000	June 2022 $'000
(a) Depreciation and amortisation expense		
Plant and equipment	**6,859**	5,882
Intangible assets	**1,789**	79
Right-of-use assets	**17,079**	15,172
Contribution to Henderson Common User Facility	**244**	244
	25,971	21,377
Depreciation recovery	**(17)**	(636)
	25,954	20,741

	June 2023 $'000	June 2022 $'000
(b) Reversal of asset impairment provision		
Reversal of asset impairment provision	**-**	(5,286)

Historically, the Group recognised impairment provisions against property, plant and equipment, as a result of uncertainty regarding the continuation of the FCD program in SA. During the financial year ended 30 June 2022, the CoA announced that the FCD program will remain in SA. This event was considered to be a trigger to reverse the previously recognised impairment provisions. As a result, the Group reversed all of the previous impairment provisions during the financial year ended 30 June 2022. The total of the reversal was $5.3 million, which was recognised in the *Consolidated Statement of Comprehensive Income*.

Notes to the consolidated financial statements

30 June 2023 *continued*

5 Other income and expense items (continued)

Items included in profit before income tax (continued)

	June 2023 $'000	June 2022 $'000
(c) Finance expenses		
Interest expense relating to leases	**4,641**	4,635
Interest expense relating to defined benefit pension plan	**100**	22
Bank charges	**349**	319
	5,090	4,983

	June 2023 $'000	June 2022 $'000
(d) Project provisions		
Reversal of AWD project loss provision	**-**	(3,657)

	June 2023 $'000	June 2022 $'000
(e) Other income		
Interest received	**5,865**	514
Net gain/(loss) on disposal of property, plant and equipment	**252**	948
Other income	**91**	733
	6,208	2,195

Notes to the consolidated financial statements

30 June 2023 *continued*

6 Income Tax

(a) Income tax expense

	June 2023 $'000	June 2022 $'000
Current tax expense		
Current year	14,887	16,054
Total current tax expense	14,887	16,054
Deferred income tax		
Temporary differences arising during the year	(5,592)	(7,293)
Total deferred tax (benefit)/expense	(5,592)	(7,293)
Income tax expense	9,295	8,761
Income tax expense is attributable to:		
Profit from continuing operations	9,295	8,761

(b) Reconciliation of income tax expense to prima facie tax payable

	June 2023 $'000	June 2022 $'000
Profit from continuing operations before income tax expense	30,819	29,054
Tax at the Australian tax rate of 30.0% (2022: 30.0%)	9,246	8,716
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	49	45
Income tax expense	9,295	8,761

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in profit or loss but directly debited or credited to equity.

	June 2023 $'000	June 2022 $'000
Deferred tax benefit/(expense): remeasurement of defined benefit obligation	(111)	148

Notes to the consolidated financial statements

30 June 2023 *continued*

6 Income Tax (continued)

(d) Deferred tax assets

Net position as presented in the *Consolidated Statement of Financial Position.*

	June 2023 $'000	June 2022 $'000
Net deferred tax		
Deferred tax assets	**69,123**	63,537
Deferred tax liabilities	**(35,061)**	(35,179)
	34,062	28,358

	June 2023 $'000	June 2022 $'000
The balance comprises temporary differences attributable to:		
Lease liabilities	**36,371**	36,101
Employee benefits	**18,791**	16,895
Contract balances	**9,586**	7,207
Property, plant and equipment	**749**	529
Sundry items	**3,626**	2,805
	69,123	63,537

Movement in deferred tax assets	Lease liabilities $'000	Employee benefits $'000	Contract balances $'000	Property, plant and equipment $'000	Project recognised profit $'000	Sundry items $'000	Total $'000
Balance at 1 July 2021	38,457	15,197	-	2,204	296	3,008	59,162
(charged)/credited							
- to profit or loss	(2,356)	1,698	7,207	(1,675)	(296)	(203)	4,375
Balance at 1 July 2022	**36,101**	**16,895**	**7,207**	**529**	**-**	**2,805**	**63,537**
(charged)/credited							
- to profit or loss	270	1,896	2,379	220	-	821	5,586
Balance at 30 June 2023	**36,371**	**18,791**	**9,586**	**749**	**-**	**3,626**	**69,123**

Notes to the consolidated financial statements

30 June 2023 *continued*

6 Income Tax (continued)

(e) Deferred tax liabilities

	June 2023 $'000	June 2022 $'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	**34,220**	34,343
Net pension assets	**202**	301
Sundry items	**639**	535
	35,061	35,179

Movement in deferred tax liabilities	**Right-of-use assets $'000**	**Net pension asset $'000**	**Sundry items $'000**	**Total $'000**
Balance at 1 July 2021	37,136	127	685	37,948
(charged)/credited				
- to equity	-	148	-	148
- to profit or loss	(2,793)	26	(150)	(2,917)
Balance at 1 July 2022	**34,343**	**301**	**535**	**35,179**
(charged)/credited				
- to equity	-	(111)	-	(111)
- to profit or loss	(123)	12	104	(7)
Balance at 30 June 2023	**34,220**	**202**	**639**	**35,061**

Notes to the consolidated financial statements

30 June 2023 *continued*

7 Financial assets and financial liabilities

(a) Cash and cash equivalents

	June 2023 $'000	June 2022 $'000
Current assets		
Cash at bank and on hand	**50,348**	88,644
Other cash and cash equivalents	**118,422**	104,150
	168,770	192,794

The Group's exposure to interest rate risk is discussed in note 3.

Included in cash and cash equivalents are amounts advanced to the Group by the CoA for the purpose of funding the working capital requirements of the ISSC and SSTP. The amounts advanced have certain contractual restrictions placed on the use of these funds. The funds maintained may only be applied to the direct project under which it was advanced, for expenditure incurred and claims for reimbursement from the CoA. The amount that exceeds the value of the direct project expenditure incurred and unbilled as at balance date is defined as restricted cash.

Also included in cash and cash equivalents are amounts advanced to the Group by the CoA for the purpose of the Company's DTP. The amount that will be released upon achievement of future implementation milestones, and subsequent CoA approval of those milestone acquittal statements, is defined as restricted cash.

At 30 June 2023, the balance of restricted cash was $16.0 million (2022: $20.4 million). Refer to note 7(e) for further information regarding advances.

(b) Trade and other receivables

	June 2023 $'000	June 2022 $'000
Current assets		
Trade receivables		
Trade receivables	**163,584**	98,324
Loss allowance provision	**(3,885)**	(4,479)
	159,699	93,845
Other receivables		
Accrued revenue	**17,014**	32,130
Other receivables	**2,250**	162
Interest receivable	**774**	156
	20,038	32,448
	179,737	126,293

Notes to the consolidated financial statements

30 June 2023 *continued*

7 Financial assets and financial liabilities (continued)

(c) Trade and other payables

	June 2023 $'000	June 2022 $'000
Current liabilities		
Trade payables	**3,377**	4,133
Accrued expenses	**70,807**	41,413
GST payable	**5,346**	4,607
	79,530	50,153

(d) Lease liabilities

	June 2023 $'000	June 2022 $'000
Lease liabilities - unsecured		
Current	**17,328**	14,320
Non-current	**103,908**	106,016
	121,236	120,336

The total cash outflow for leases in the year ended 30 June 2023 was $22.3 million (2022: $19.0 million).

(e) Advances

	June 2023 $'000	June 2022 $'000
Current - Unsecured		
Government advances	**56,954**	59,412

Notes to the consolidated financial statements

30 June 2023 *continued*

7 Financial assets and financial liabilities (continued)

(e) Advances (continued)

Government advances

Government advances represent working capital advances provided by the CoA under various contracts as explained below.

ISSC advance

At 30 June 2023, the balance of the advance was $32.0 million (2022: $32.0 million). The advance can only be used for the reimbursement of direct project costs incurred for the ISSC. The advance is paid by the CoA in Australian dollars. The interest income from the advance funding will be deducted against the reimbursement claim of direct project costs. The advance is refunded and re-advanced on an annual basis in accordance with the ISSC.

SSTP advance

As at 30 June 2023, the balance of the advance was $7.0 million (2022: $7.0 million). The advance can only be used for direct project costs incurred for the SSTP. The advance was paid by the CoA in Australian dollars. The interest income from the advance accrues to the benefit of the CoA and will be deducted against invoiced direct project costs. The advance is repayable at the end of the contract term.

DTP advance

As at 30 June 2023, the balance of the advance was $18.0 million (2022: $20.4 million), of which $2.0 million was receivable from the CoA as at the end of the financial year. The advance can only be used for implementation of the DTP. The advance is paid by the CoA in Australian dollars. During the year ended 30 June 2023 $4.5m of the advance was released upon achievement of the first DTP implementation milestone. The remaining balance is held as an advance and will be released upon the achievement of further implementation milestones and subsequent CoA approval of the milestone acquittal statements.

8 Non-financial assets and liabilities

(a) Property, plant and equipment

	June 2023 $'000	June 2022 $'000
Plant and equipment		
Cost	**107,933**	102,265
Accumulated depreciation	**(80,298)**	(80,801)
	27,635	21,464
Asset under construction		
Costs under construction	**6,099**	5,930
	6,099	5,930
Total property, plant and equipment	**33,734**	27,394

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(a) Property, plant and equipment (continued)

	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2023			
Opening net book amount	21,464	5,930	27,394
Additions	12	13,495	13,507
Transfers	13,018	(13,018)	-
Depreciation	(6,859)	-	(6,859)
Re-classification from property, plant and equipment to intangible assets	-	(308)	(308)
Closing net book amount	27,635	6,099	33,734

	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2022			
Opening net book amount	16,175	4,214	20,389
Additions	460	8,094	8,554
Transfers	6,378	(6,378)	-
Depreciation	(5,882)	-	(5,882)
Disposals	(13)	-	(13)
Re-classification from property, plant and equipment to intangible assets	(940)	-	(940)
Reversal of asset impairment provision	5,286	-	5,286
Closing net book amount	21,464	5,930	27,394

Non-current assets pledged as security

Refer to note 12 for information on non-current assets pledged as security by the Group.

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(b) Intangible assets

	June 2023 $'000	June 2022 $'000
Work in progress		
Gross value	**42,056**	27,270
	42,056	27,270
Internally generated		
Gross value	**3,786**	-
Accumulated amortisation	**(796)**	-
	2,990	-
Computer software		
Gross value	**3,921**	3,613
Accumulated amortisation	**(1,072)**	(79)
	2,849	3,534
Total intangible assets	**47,895**	30,804

	Work in progress $'000	**Internally generated $'000**	**Computer software $'000**	**Total $'000**
Year ended 30 June 2023				
Opening net book amount	27,270	-	3,534	30,804
Additions	22,927	-	-	22,927
Transfer of completed internally generated intangible assets	(4,097)	4,097	-	-
Release of DTP advance	(4,044)	(311)	-	(4,355)
Re-classification from property, plant and equipment to intangible assets	-	-	308	308
Amortisation	-	(796)	(993)	(1,789)
Closing net book amount	42,056	2,990	2,849	47,895

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(b) Intangible assets (continued)

	Work in progress $'000	Internally generated $'000	Computer software $'000	Total $'000
Year ended 30 June 2022				
Opening net book amount	5,735	-	-	5,735
Additions	21,535	-	2,673	24,208
Re-classification from property, plant and equipment to intangible assets	-	-	940	940
Amortisation	-	-	(79)	(79)
Closing net book amount	27,270	-	3,534	30,804

At 30 June 2023, the Group undertook an impairment assessment on the work in progress intangible asset in line with the requirements of the accounting standards. No impairment has been identified from the assessment performed. In addition, a reasonable change in assumptions would not result in an impairment.

(c) Right-of-use assets

	June 2023 $'000	June 2022 $'000
Land		
Cost	**30,769**	30,179
Accumulated depreciation	**(7,788)**	(5,759)
	22,981	24,420
Buildings		
Cost	**141,995**	127,540
Accumulated depreciation	**(51,618)**	(38,593)
	90,377	88,947
Other plant and equipment		
Cost	**3,145**	3,143
Accumulated depreciation	**(2,437)**	(2,037)
	708	1,106
Total right-of-use assets	**114,066**	114,473

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(c) Right-of-use assets (continued)

	Land $'000	Buildings $'000	Other plant and equipment $'000	Total $'000
Year ended 30 June 2023				
Opening net book amount	24,420	88,947	1,106	114,473
Additions	-	12,964	-	12,964
Remeasurement	589	3,119	-	3,708
Depreciation	(2,028)	(14,653)	(398)	(17,079)
Closing net book amount	22,981	90,377	708	114,066

	Land $'000	Buildings $'000	Other plant and equipment $'000	Total $'000
Year ended 30 June 2022				
Opening net book amount	25,830	96,825	1,228	123,883
Additions	520	5,202	550	6,272
Remeasurement	-	(510)	-	(510)
Depreciation	(1,930)	(12,570)	(672)	(15,172)
Closing net book amount	24,420	88,947	1,106	114,473

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(d) Employee benefit obligations

(i) Superannuation plan

The Group contributes to the ASC Superannuation Fund (Fund) that provides for a combination of accumulation and defined benefits. Employees contribute to the Fund at various percentages of their gross income. The Group also contributes to the Fund at varying contribution rates depending on the category of fund membership of each member. Members of the Fund are entitled to benefits on retirement, disability or death. The trustee of the Fund is Equity Trustees Limited. The administrator of the Fund is smartMonday.

The investment policies and strategies of the trustee of the Fund are to invest the assets of the Fund in a manner to ensure compliance with the *Superannuation Industry (Supervision) Act 1993* and any other legislation. The trustee has formulated and given effect to an investment strategy that recognises the whole of the Fund's circumstances, including the risk and potential return of investments in relation to the Fund's investment objectives.

The investment strategy has regard to the diversification of the Fund's investments, the liquidity of its investments, its expected cash flow requirements and ability of the Fund to discharge its existing and prospective liabilities. The risk management policies of the Fund permits the investment in externally managed investment funds and prohibits direct investment in debt and equity securities and derivative instruments. For the defined benefit category of memberships, members are provided with a benefit based upon their salary, years of service and accrual rate.

(ii) Defined benefit pension plans

The consolidated entity makes contributions to a defined benefit superannuation fund that provides defined benefits for employees on retirement. The fund provides defined benefits based on years of service and final average salary.

An actuarial assessment of the fund was completed during the financial year. The actuary concluded that the assets of the fund are sufficient to meet all benefits payable in the event of the fund's termination, or the voluntary or compulsory termination of employment of each employee of the Group.

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(d) Employee benefit obligations (continued)

Consolidated Statement of Financial Position

The amounts recognised in the *Consolidated Statement of Financial Position* and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation $'000	Fair value of plan assets $'000	Net amount $'000
1 July 2021	**(3,758)**	**4,183**	**425**
Current service cost	(76)	-	(76)
Interest (expense)/income	(22)	-	(22)
Expected return on plan assets	-	39	39
Total amount recognised in profit or loss	(98)	39	(59)
Remeasurements			
Gain/(loss) from change in financial assumptions	364	-	364
Experience gains/(losses)	10	120	130
Total amount recognised in other comprehensive income	374	120	494
Contributions:			
Employers	-	145	145
Payments from plan:			
Benefit payments	656	(656)	-
30 June 2022	**(2,826)**	**3,831**	**1,005**

	Present value of obligation $'000	Fair value of plan assets $'000	Net amount $'000
1 July 2022	**(2,826)**	**3,831**	**1,005**
Current service cost	(36)	-	(36)
Interest (expense)/income	(100)	-	(100)
Expected return on plan assets	-	142	142
Total amount recognised in profit or loss	(136)	142	6
Remeasurements			
Gain/(loss) from change in financial assumptions	69	-	69
Experience gains/(losses)	(374)	(66)	(440)
Total amount recognised in other comprehensive income	(305)	(66)	(371)
Contributions:			
Employers	-	34	34
Payments from plan:			
Benefit payments	920	(920)	-
30 June 2023	**(2,347)**	**3,021**	**674**

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(d) Employee benefit obligations (continued)

Contributions by the Group to the defined benefits plan are based on 10.5% of all defined members' salaries for the year ended 30 June 2023 (2022: 10%). Actuarial assessments are made at no more than three yearly intervals. The last such full assessment was made as at 1 July 2021 and the next triennial review will be on 1 July 2024.

The objective of the funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary has adopted a method of funding benefits known as the aggregate funding method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of members' salaries over their working lifetimes.

Using the funding method described above and particular actuarial assumptions as to the plan's future performance (as detailed in the sections below), the actuary recommended in the actuarial review as at 1 July 2021 that no additional contribution was required to be made by the Group to the Fund for employees who are members of the defined benefit plan. The recommendation of the actuary has been adopted by the Group.

Fair value of plan assets

The major categories of plan assets are as follows:

	30 June 2023			30 June 2022		
	Quoted $'000	**Un-quoted $'000**	**Total $'000**	Quoted $'000	Un-quoted $'000	Total $'000
Equity instruments	**1,208**	**-**	**1,208**	1,609	-	1,609
Debt instruments	**816**	**-**	**816**	1,226	-	1,226
Property	**181**	**-**	**181**	230	-	230
Other securities	**816**	**-**	**816**	766	-	766
Total	**3,021**	**-**	**3,021**	3,831	-	3,831

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(d) Employee benefit obligations (continued)

Risk exposure

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the long term.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
Inflation risks	The majority of the plan's defined benefit obligations are linked to salary inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Defined benefit liability maturity

The weighted average duration of the defined benefit obligation is four years (2022: four years). The expected maturity analysis of undiscounted defined benefit obligations is as follows:

	Less than a year $'000	Between 1 - 2 years $'000	Between 2 - 5 years $'000	Over 5 years $'000	Total $'000
30 June 2023					
Defined benefit obligation	**-**	**374**	**1,529**	**1,010**	**2,913**
30 June 2022					
Defined benefit obligation	-	2,533	224	538	3,295

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(d) Employee benefit obligations (continued)

Amounts recognised in profit or loss

The amounts recognised in profit or loss are as follows:	**June 2023 $'000**	June 2022 $'000
Current service cost	**(36)**	(76)
Interest cost	**(100)**	(22)
Expected return on plan assets	**142**	39
Total included in other expenses	**6**	(59)
Actual return on plan assets	**76**	159

Amounts recognised in other comprehensive income

	June 2023 $'000	June 2022 $'000
Actuarial gains/(losses) recognised in the year	**(371)**	494
Cumulative actuarial losses recognised in other comprehensive income	**(3,515)**	(3,144)

Notes to the consolidated financial statements

30 June 2023 *continued*

8 Non-financial assets and liabilities (continued)

(e) Provisions

	June 2023			June 2022		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits, including on costs	**55,087**	**7,544**	**62,631**	51,183	5,071	56,254
Self-insured workers compensation	**986**	**2,164**	**3,150**	920	2,100	3,020
	56,073	**9,708**	**65,781**	52,103	7,171	59,274

(i) Employee benefits, including on costs

The current portion includes all unconditional additional leave, annual leave and long service leave entitlements including on costs where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

The current portion includes the entire amount that the Group does not have an unconditional right to defer settlement.

The non-current portion represents the present value of the estimated future cash outflows of long service leave where there is no probability that the Group could have to pay out the provision within the next 12 months.

Based on past experience, the Group does not expect all employees to take the full amount of current accrued leave or require payment within the next 12 months.

	June 2023 $'000	June 2022 $'000
Current leave obligations expected to be settled after 12 months	**38,629**	34,498

(ii) Self-insured workers compensation

The consolidated entity is self-insured for risks associated with workers compensation for all staff in SA. A provision is raised when an incident occurs that may give rise to a workers compensation claim. The current portion of the provision is expected to be settled in the next financial year. This estimate is based on historical claim information and any recent trends that may suggest future claims could differ from historical amounts.

(f) Recognised fair-value measurements

Fair value hierarchy

The Group has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying values for trade and other receivables, trade and other payables, advances and non-interest bearing liabilities approximate their fair values.

Notes to the consolidated financial statements

30 June 2023 *continued*

9 Equity

(a) Share capital

(i) Ordinary shares

Details	Number of shares (thousands)	$'000
Opening balance 1 July 2021		
Balance 30 June 2022	65,000	65,000
	65,000	65,000
Opening balance 1 July 2022	65,000	65,000
Balance 30 June 2023	**65,000**	**65,000**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. $65.0 million of shares issued as at 30 June 2023 (2022: $65.0 million) have been fully paid.

Notes to the consolidated financial statements

30 June 2023 *continued*

9 Equity (continued)

(b) Dividends

	June 2023 $000	June 2022 $000
Final dividend for the year ended 30 June 2022 of 3.2 cents (2021: 3.2 cents) per fully paid share, paid on 28 October 2022	**2,100**	2,100
Interim dividend for the year ended 30 June 2023 of 4.6 cents (2022: 15.5 cents) per fully paid share, paid on 28 April 2023	**3,000**	10,100
Total unfranked dividends	**5,100**	12,200

All dividends declared during the year were paid out of retained earnings.

On 31 August 2023, the directors declared an unfranked final dividend of 15.2 cents per fully paid share, totalling $9.9 million for the year ended 30 June 2023, to be paid by 30 October 2023. This is not recognised as a liability at year end.

Dividend franking account	June 2023 $'000	June 2022 $'000
Class C (30%) franking credits	**239,811**	224,847

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of the dividends recognised as a liability at year-end;
- franking credits that will arise from the receipt of dividends recognised as receivables at year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

Notes to the consolidated financial statements

30 June 2023 *continued*

10 Commitments

(a) Capital expenditure commitments

	June 2023 $'000	June 2022 $'000
Property, plant and equipment and intangible assets	**1,510**	3,683

(b) Non-cancellable leases

	June 2023 $'000	June 2022 $'000
Non-cancellable future short-term and low-value leases not provided for in the financial statements and payable:		
Within one year	**384**	161
Later than one year but not later than five years	**362**	71
Later than five years	**8**	-
	754	232

(c) Other commitments

The Group has commitments for expenditure in respect of contracts with subcontractors for the supply of constituent elements required under the Group's contracts with the CoA. The final amount of these commitments is not quantifiable. The timing of the Group's commitments for this expenditure is matched by a corresponding receivable from the CoA. These future receivables are expected to exceed the maximum value of the commitments for expenditure.

11 Contingent liabilities and contingent assets

The Group has arranged for the issuance of a bank guarantee in favour of Return to Work Corporation of South Australia for the purpose of self-insurance under the *Return to Work Regulations 2015*, a bank guarantee in favour of the DoD for the purpose of a performance security deed for the Training School contract, and bank guarantees in favour of lessors for leased facilities. The total value of the bank guarantees issued by the Group is $5.1 million (2022: $4.0 million). No liability has been recognised by the Group in relation to these guarantees. See note 3(b) for total available bank facilities.

The Group has provided an indemnity to the CoA in relation to ASC AWD Shipbuilder Pty Ltd's obligations under the ASC MSO. The termination of the indemnity has been extended to December 2025.

No losses are expected in relation to these guarantee arrangements.

Notes to the consolidated financial statements

30 June 2023 *continued*

12 Registered charges

The CoA holds a fixed charge over the moveable manufacturing plant and equipment owned by the Company in relation to the ISSC.

The CoA also holds a fixed and floating charge over all assets owned by ASC AWD Shipbuilder Pty Ltd in connection with the MSO.

The above charges are held against default of the contracts. There are currently no amounts owing to the CoA in relation to these charges. Below are the carrying amounts of assets over which the above charges are held:

	June 2023 $'000	June 2022 $'000
Current		
Trade receivables	**80**	225
Other receivables	**-**	35
Total current assets pledged as security	**80**	260
Non-current		
Property, plant and equipment	**15,623**	14,061
Total assets pledged as security	**15,703**	14,321

13 Economic dependency

During the years ended 30 June 2023 and 30 June 2022, the majority of the Group's revenues from contracts with customers were related to contracts with the CoA for the CCSM ISSC, LOTE project and acting as the CoA's transition partner to deliver the SSTP.

14 Events occurring after the reporting period

Between the end of the financial year and the date of this report, no matters have arisen including any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to significantly affect its operations, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the consolidated financial statements

30 June 2023 *continued*

15 Related party transactions

(a) Key management personnel compensation

The key management personnel compensation included in personnel expenses is as follows:

	June 2023 $	June 2022 $
Short-term employee benefits	**3,430,966**	3,281,040
Post-employment benefits	**186,393**	193,820
Other long-term benefits	**304,704**	297,753
Termination benefits	**-**	380,153
	3,922,063	4,152,766

There were 14 key management personnel during the current financial year (2022: 13).

(b) Loans to key management personnel

No loans were made available to key management personnel during the financial year (2022: nil).

(c) Other key management personnel transactions with the consolidated entity

There have been no transactions with key management personnel during the finanial year (2022: nil).

(d) Subsidiaries

Interests in subsidiaries are set out in note 16.

(e) Directors

The following were directors of ASC Pty Ltd during the entire financial year up to the date of this report, unless otherwise noted:

Bruce James Carter

Geoffrey Roland Rohrsheim

Dr Janis Louise Cocking (appointed 24 January 2023)

Julie Anne Cooper (ceased 12 December 2022)

Dr Rosalind Vivienne Dubs

Denise Carol Goldsworthy

Joycelyn Cheryl Morton (ceased 31 March 2023)

Loretta Anne Reynolds

Paul John Rizzo (ceased 14 December 2022)

Alice Morrice Williams (appointed 18 April 2023)

Stuart Paul Whiley

Notes to the consolidated financial statements

30 June 2023 *continued*

15 Related party transactions (continued)

(f) Other related parties

Australian Government ministers

There have been no transactions with any Australian Government ministers during the financial year (2022: nil).

Shareholders

In performing its contracts, the Group has transacted on normal commercial terms and conditions with its shareholder, the CoA and its related entities.

The CoA is the ultimate parent entity.

(g) Transactions with other related parties

During the year, the amounts received or receivable by the consolidated entity from the CoA for various projects was $731.1 million (2022: $531.3 million).

Certain expenditure incurred by the Group on behalf of the shareholder has been recharged and will be settled in accordance with normal commercial terms and conditions.

(h) Balances with shareholders

The gross amounts receivable from the shareholders in relation to these transactions totalled $177.9 million (2022: $130.0 million).

Notes to the consolidated financial statements

30 June 2023 *continued*

15 Related party transactions (continued)

(i) Advances from the CoA and its related parties

Government advances

	June 2023 $'000	June 2022 $'000
Government advances		
Balance 1 July	**59,412**	48,838
Advances repaid	**(32,000)**	(58,837)
Advances received	**32,000**	67,666
Interest charged	**-**	(1)
Advances reclassified due to milestone achievements	**(4,489)**	-
Advances receivable	**2,031**	1,746
Balance 30 June	**56,954**	59,412

Notes to the consolidated financial statements

30 June 2023 *continued*

16 Interests in other entities

Material subsidiaries

The Company's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Principal activities
		2023 %	2022 %	
ASC AWD Shipbuilder Pty Ltd	Australia	**100.0**	100.0	Operating under the MSO
ASC OPV Shipbuilder Pty Ltd	Australia	**100.0**	100.0	Subcontractor to Luerssen Australia, construction of two OPVs
ASC Modules Pty Ltd	Australia	**100.0**	100.0	Dormant
Deep Blue Tech Pty Ltd	Australia	**100.0**	100.0	Dormant

All subsidiaries have reporting dates of 30 June.

Notes to the consolidated financial statements

30 June 2023 *continued*

17 Parent entity financial information

(a) Summary financial information

The individual financial statements for ASC Pty Ltd (the Company or the parent entity) show the following aggregate amounts:

	June 2023 $'000	June 2022 $'000
Balance sheet		
Current assets	**367,253**	327,392
Non-current assets	**231,944**	203,861
Total assets	**599,197**	531,253
Current liabilities	**284,662**	232,941
Non-current liabilities	**113,750**	113,322
Total liabilities	**398,412**	346,263
Shareholders' equity		
Issued capital	**65,000**	65,000
Retained earnings	**135,785**	119,990
Net assets / total equity	**200,785**	184,990
Profit or loss for the year	**16,222**	38,140
Other comprehensive income/(loss)	**(260)**	346
Total comprehensive income/(loss)	**15,962**	38,486

The parent entity made a 100% provision against intercompany loans to its subsidiary, ASC AWD Shipbuilder Pty Ltd of $5.0 million (2022: $4.9 million).

(b) Guarantees entered into by the parent entity

The Company has arranged for the issuance of a bank guarantee in favour of Return to Work Corporation of South Australia for the purpose of self-insurance under the *Return to Work Regulations 2015*, a bank guarantee in favour of the DoD for the purpose of a performance security deed for the Training School contract, and bank guarantees in favour of lessors for leased facilities. The total value of the bank guarantees issued by the Company is $5.1 million (2022: $4.0 million). No liability has been recognised by the Company in relation to these guarantees, see note 3(b) for total available bank facilities.

(c) Financial support by the parent entity

The Company has committed to provide financial support to the following subsidiaries to enable them to pay their debts as and when they become due and payable:

- ASC OPV Shipbuilder Pty Ltd; and
- ASC AWD Shipbuilder Pty Ltd.

Notes to the consolidated financial statements

30 June 2023 *continued*

17 Parent entity financial information (continued)

(d) Contingent liabilities of the parent entity

For information about contingent liabilities and guarantees entered into by the parent entity, see notes 11 and 17(b).

(e) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2023, the parent entity had contractual commitments for the acquisition of property, plant and equipment and intangible assets totalling $1.5 million (2022: $3.7 million). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

18 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	June 2023 $'000	June 2022 $'000
Profit after income tax	**21,524**	20,293
Adjustment for		
Depreciation and amortisation	**25,954**	15,455
Interest received	**(5,247)**	(514)
Interest expense	**4,741**	4,657
Non-cash net pension asset expense	**34**	(86)
Loss allowance recognised	**(594)**	76
(Profit)/loss on sale of assets	**(252)**	(948)
Other	**690**	436
Net exchange differences	**(3)**	255
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(53,549)**	15,337
(Increase)/decrease in contract assets	**(6,758)**	7,672
(Increase)/decrease in other current assets	**(3,663)**	(240)
(Increase)/decrease in deferred tax assets	**(5,704)**	(7,144)
Increase/(decrease) in trade and other payables	**29,377**	(20,027)
Increase/(decrease) in contract liabilities	**19,587**	3,911
Increase/(decrease) in provisions	**6,507**	6,067
Increase/(decrease) in current tax liability	**(2,187)**	9,214
Net cash inflow/(outflow) from operating activities	**30,457**	54,414

Notes to the consolidated financial statements

30 June 2023 *continued*

18 Cash flow information (continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Advances $'000	Lease liabilities $'000	Non-interest bearing liabilities $'000	Total $'000
Balance at 1 July 2021	48,838	128,289	134	177,261
Additions and remeasurement	-	5,762	-	5,762
Net financing cash flows	8,828	(13,715)	-	(4,886)
Non-cash changes:				
Advances receivable[1]	1,746	-	-	1,745
Balance at 30 June 2022	**59,412**	**120,336**	**134**	**179,882**
Balance at 1 July 2022	59,412	120,336	134	179,882
Additions and remeasurement	-	16,672	1	16,673
Net financing cash flows	-	(15,772)	-	(15,772)
Non-cash changes:				
Advances reclassified due to milestone achievements	(4,489)	-	-	(4,489)
Advances receivable[1]	2,031	-	-	2,031
Balance at 30 June 2023	56,954	121,236	135	178,325

[1] Non-cash changes include advances receivable, which will be presented as financing cash flows in the *Consolidated Statement of Cash Flows* when received.

19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group.

(i) Audit and other assurance services (ANAO)	**June 2023 $**	June 2022 $
Audit and review of financial statements	**377,005**	294,500

The ANAO has contracted PwC to provide audit services.

(ii) Other services provided by the auditor (ANAO)	**June 2023 $**	June 2022 $
Agreed upon procedures - remuneration services	**21,364**	21,000

The ANAO has contracted PwC to provide the agreed upon procedures.

(iii) Other services provided by PwC	**June 2023 $**	June 2022 $
Tax compliance and consulting services to expatriate employees	**-**	70,253
Transformation assurance services for the DTP	**141,047**	250,836
	141,047	321,089

Index of PGPA Requirements

This list of requirements has been prepared in accordance with Resource Management Guide 137 'Annual reports for Commonwealth companies', Department of Finance website as at 29 September 2023 (https://www.finance.gov.au/government/managing-commonwealth-resources/annual-reports-commonwealth-companies-rmg-137).

	Description	Page(s)
28E Contents of annual report		
(a)	The purposes of the company as included in the company's corporate plan for the reporting period.	5, 44
(aa)	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the reporting period.	12, 14, 15, 17, 18, 19, 20, 21, 22, 24, 25
(b)	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers.	5
(c)	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period.	32
(d)	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act.	n/a
(e)	Particulars of non compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act.	n/a
(f)	Information on each director of the company during the reporting period.	27, 28, 29
(g)	An outline of the organisational structure of the company (including any subsidiaries of the company).	26
(ga)	Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location	24
(h)	An outline of the location (whether or not in Australia) of major activities or facilities of the company.	15
(i)	Information in relation to the main corporate governance practices used by the company during the reporting period.	26, 31, 32, 34, 35, 36
(j)(k)	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than $10,000 (inclusive of GST): (a) the decision making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions.	36

(l)	Any significant activities or changes that affected the operations or structure of the company during the reporting period.	44, 45
Description		**Page(s)**
(m)	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company.	n/a
(n)	Particulars of any reports on the company given by: (a) the Auditor General, or (b) a Parliamentary Committee, or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner; or (e) the Australian Securities and Investments Commission.	47, 49, 50, 51
(o)	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report.	n/a
(oa)	Information about executive remuneration.	37, 38, 40
(ob)	The following information about the audit committee for the company:	
	(a) a direct electronic address of the charter determining the functions of the audit committee;	34
	(b) the name of each member of the audit committee;	32
	(c) the qualifications, knowledge, skills or experience of each member of the audit committee;	27, 28, 29
	(d) information about each member's attendance at meetings of the audit committee;	31
	(e) the remuneration of each member of the audit committee.	41

28F Disclosure requirements for government business enterprises		
1 (a)(i)	An assessment of significant changes in the company's overall financial structure and financial conditions.	44, 45
1 (a)(ii)	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition.	44, 45
1 (b)	Information on dividends paid or recommended.	45, 56
1 (c)	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations.	n/a
2	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise.	n/a

Glossary

AASB	Australian Accounting Standards Board
ACSM	Attack Class Submarine
ADF	Australian Defence Force
AIC	Australian Industry Content
ANAO	Australian National Audit Office
ANI	Australian Naval Infrastructure
AS	Standards Australia
ASA	Australian Submarine Agency
AWD	Air Warfare Destroyer
BASC	Business Assurance and Security Committee (ASC Board)
CASG	Capability Acquisition and Sustainment Group (Department of Defence)
CCSM	Collins Class Submarine
CoA	Commonwealth of Australia
DCF	Discounted Cash Flow
DoD	Department of Defence
DSR	Defence Strategic Review
DSTG	Defence Science and Technology Group
DTP	Digital Transformation Program
D&I	Diversity and Inclusion
EAC	Estimate at Completion
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECP	Early Careers Program
EV	Enterprise Value
FCD	Full-Cycle Docking
FoC	First of Class
FY	Financial Year (from 1 July to 30 June)
GBE	Government Business Enterprise
GST	Goods and Services Tax
HCFP	Hunter Class Frigate Program
HMAS	Her Majesty's Australian Ship
IASB	International Accounting Standards Board
ID	Intermediate Docking
IMP	Intermediate Maintenance Period
ISO	International Organization for Standardization
ISSC	In-service Support Contract
KMP	Key Management Personnel
KPI	Key Performance Indicator
LEAD	Leverage, Energise, Adapt and Defend
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual-plus
LMA	Lockheed Martin Australia
LOTE	Life of Type Extension
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MCD	Mid-Cycle Docking
MTI	Medically Treated Injury
MTIFR	Medically Treated Injury Frequency Rate
NAIDOC	National Aborigines and Islanders Day Observance Committee
NGA	Naval Group Australia
NPSTF	Nuclear Powered Submarine Task Force
NSSG	Naval Shipbuilding and Sustainment Group
NSW	New South Wales
OPV	Offshore Patrol Vessel
PAT	Profit After Tax
PBT	Profit Before Tax
PEM	Price Earnings Multiple
PP4	Performance Period Four of the In-service Support Contract (2020-24)
PSI	Platform System Integration
RAN	Royal Australian Navy
RIFR	Recordable Injury Frequency Rate
RTW	Return To Work
SA	South Australia
SAAS	Software as a Service
SCDG	Submarine Capability Development Group
SCR	Safety Critical Risk
SME	Subject Matter Expert
SRF-West	Submarine Rotational Force – West
SSN	Submersible Ship Nuclear
SSTP	Sovereign Shipbuilding Talent Pool
STEM	Science, Technology, Engineering and Maths
STI	Short Term Incentive
STSC	Submarine Training and Systems Centre
S&Q	Survey and Quote
TA-SM	Training Authority – Submarines
TCE	Target Cost Estimate
TFR	Total Fixed Remuneration
UK	United Kingdom
US	United States of America
WA	Western Australia
WACC	Weighted Average Cost of Capital
WHSE	Workplace Health, Safety and Environment

Corporate Directory

Directors

Bruce Carter
Chair

Geoff Rohrsheim
Deputy Chair

Stuart Whiley
Managing Director

Dr Rosalind Dubs

Loretta Reynolds

Denise Goldsworthy AO

Dr Janis Cocking PSM

Alice Williams

Company Secretary

Ivan Witt

Auditors

ANAO and PwC (agent for ANAO)

Bankers

Westpac Banking Corporation

ASC North

(Registered and head office)
694 Mersey Road North
Osborne SA 5017

Postal address:
GPO Box 2472
Adelaide SA 5001

Phone: +61 8 8348 7000

ASC West

20 Nautical Drive
Henderson WA 6166

Postal address:
GPO Box 599
Rockingham WA 6168

Phone: +61 8 9410 4100

Useful email contacts

Employment Opportunities
careers@asc.com.au

Media Queries
communications@asc.com.au

Supply Chain Queries
ASCsupplychain@asc.com.au

Other Queries
info@asc.com.au

ABN: 64 008 605 034
ACN: 008 605 034

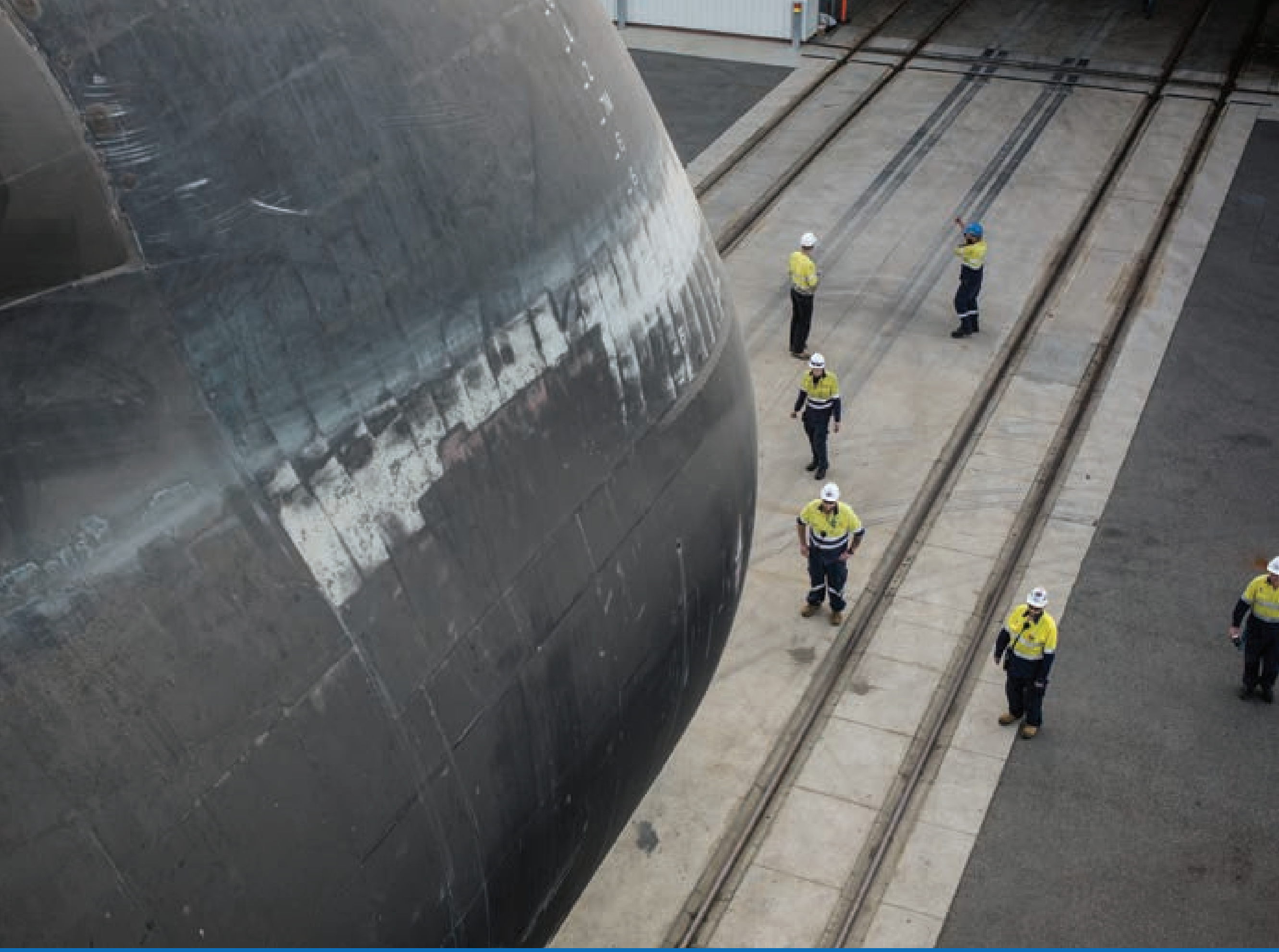
Website

asc.com.au

ASC's Annual Reports can be found at asc.com.au

Find ASC on

This page is intentionally left blank.



ASC Pty Ltd
ACN 008 605 034

Registered and Head Office
694 Mersey Road North, Osborne
South Australia 5017

T +61 8 8348 7000
F +61 8 8348 7001

W asc.com.au

Find and follow us on:

Facebook - LinkedIn - Instagram - YouTube