

OFFICIAL

FUTURE SUBMARINE PROGRAM

ESTIMATED ACQUISITION COST - TIMELINE

| Date | Action |
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| 20 February 2015 | <p>The Government announced the Future Submarine Competitive Evaluation Process involving DCNS (now Naval Group) of France, TKMS of Germany, and the Government of Japan. Proposals were to include:</p> <ul style="list-style-type: none">• pre-concept designs;• options for design and build overseas, in Australia, and/or a hybrid approach;• rough order magnitude costs and schedule for each option; and• positions on key commercial issues (including intellectual property rights). |
| 4 August 2015 | <p>Prime Minister Abbott and Defence Minister Andrews released ‘The Government’s plan for a strong and sustainable naval shipbuilding industry’, which announced the Government would invest \$89 bn in ships and submarines over the next 20 years, and a continuous build of surface warships in Australia. It also announced:</p> <ul style="list-style-type: none">• bringing forward the Future Frigate programme to 2020 (three years earlier than scheduled);• bringing forward the Offshore Patrol Vessels by two years, with a continuous build following a Competitive Evaluation Process; and• the third major pillar of the Government’s naval shipbuilding plan would be based on the outcomes of the Competitive Evaluation Process for the future submarine. |
| 21 October 2015 | <p>Secretary Richardson and Deputy Secretary Baxter stated a projected Future Submarine Program acquisition cost of \$50 bn out-turned during Senate Estimates hearings.</p> <p>This projection was made in the context of the naval shipbuilding announcement of 4 August 2015 by the former Prime Minister, Mr Abbott, and Defence Minister, Mr Andrews.</p> <p>At the same hearing, officials also stated that the number of future submarines and costs were the subject of the Competitive Evaluation Process and the White Paper process.</p> <p>As of October 2015, the Future Submarine Competitive Evaluation Process remained underway, and Government was yet to formally determine future submarine fleet size and the build location.</p> |

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| 30 November 2015 | <p>Proposals from participants in the Competitive Evaluation Process provided to Defence.</p> <p>These proposals were for 8 submarines and included options (with estimated costs) to build in Australia, in the home-country of the participant (France, Germany or Japan), or a hybrid option.</p> |
| February 2016 | <p>The 2016 Defence White Paper released in February 2016 committed to the acquisition of a fleet of 12 regionally superior submarines.</p> <p>2016 Integrated Investment Program released at the same time stated an approximate investment value of <u>greater</u> than \$50 bn out-turned over the timeline 2018-2057. The provision within the classified Integrated Investment Program was \$78.9 bn was not release due to commercial sensitivities (noting Government was yet to consider outcomes of the Competitive Evaluation Process and decide the build location).</p> |
| 26 April 2016 | <p>Government announced that the 12 Future Submarines would be built in Adelaide. It also announced the selection of DCNS (now Naval Group) as our international partner subject to further discussions on commercial matters, and cited an investment of \$50 bn in the program.</p> <p>This followed consideration of the outcomes of the Competitive Evaluation Process, which were presented to Government after release of the 2016 Defence White Paper.</p> |
| 29 May 2018 | <p>During Senate Estimates hearings, Rear Admiral Sammut clarified that the Future Submarine Program estimated acquisition cost of \$50 bn was in 2016 constant dollars.</p> <p>In response to QoN 60 (Senator Patrick) following the hearings, Defence advised the that estimated acquisition cost extended beyond design and construction of the Future Submarine and included design and integration of the combat system, science and technology investment, the delivery of logistic support (documentation and initial sparing), and design and construction of the submarine yard and other land-based facilities.</p> <p>Defence officials have also stated on numerous occasions that the estimated acquisition cost also includes contingency.</p> |
| 11 February 2019 | Strategic Partnering Agreement signed with Naval Group. |
| 29 November 2019 | During Senate Estimates hearings, Rear Admiral Sammut stated that \$50 bn in 2016 constant dollars was around \$80 bn in out-turned dollars. |

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| 24 February 2020 | During SERC hearings, Naval Group committed to a level of Australian industry capability that will have the effect of at least 60 percent of Naval Group's contract value spent in Australia. |
| 4 March 2020 | <p>During Senate Estimates hearings, Mr Sammut stated that the estimated acquisition cost of \$50 bn in 2016 constant dollars had not changed.</p> <p>The Minister for Defence also stated that the figure of \$50 bn had not changed.</p> <p>This was confirmed in Defence's response to QoN 3 (Senator Wong) following the hearings, which also indicated that the out-turned figure was \$89.7 bn (MYEFO 2019-20).</p> |
| 3 June 2020 | Defence's response to QoN 3 (Mr Conroy) from the JCPAA hearing of 20 May 2020 explained that the out-turned estimated acquisition cost when Naval Group (then-DCNS) was selected was \$78.9bn. |
| 1 July 2020 | The 2020 Force Structure Plan released in July explained that the estimated acquisition cost remains \$50 bn in 2016 constant dollars, which is equivalent to \$89.7 bn in out-turned dollars (MYEFO 2019-20). |
| September 2020 | The response of the Department of Finance to SERC QoN 20 (Senator Gallacher) has been interpreted to mean that Defence was aware in <u>October 2015</u> that the out-turned cost for the Future Submarine Program was \$78.9 bn. This was not the case. The statement that the cost of the program in October 2015 was \$50 bn out-turned predated receipt of the proposals from participants in the Competitive Evaluation Process, and Government's decisions that 12 Future Submarines would be acquired and built in Australia. |