

Sent: Friday, 31 July 2015 4:25 PM

To: Committee, JSCFADT (REPS)

Subject: Joint Cth Senate Committee Inquiry into the Australian Defence Industry ASC Responses to Questions on Notice

Concerning questions on notice taken by ASC during the Joint Cth Senate Committee Inquiry into the Australian Defence Industry sitting at ASC, Osborne South Australia, Oct 2014:

1. *What impact on productivity occurred as a result of having to wait (...for an import permit)? If you realised that a part needed work, or needed work in Spain, that perhaps had not been forecast, did that create any material delays that you are aware of to productivity on either the air warfare destroyer or submarine FCDs?*
2. *What proportion of the things you send overseas are programmed—in that you know that, in two months time, you will be doing this activity in the project and therefore ... need to send something off at this date—and how many of them are reactive: something occurs; something is broken; and you need to get it away soon as you can?*

ASC provides the following responses to these questions:

	Response to Question 1	Response to Question 2
AWD Program	<p>While ASC experienced delays in importing goods early in the AWD program, 2 factors have addressed this:</p> <ol style="list-style-type: none"> 1. the general import licence recently issued to ASC by DECO; and 2. ASC seeks to obtain materials in advance of the installation date; and 3. Program schedule slippage caused by other factors (eg, required design changes), allows for re-assignment of work tasks, ensuring continuity of progress overall. 	<p>At this stage of the AWD Program, ASC estimates that 95% of procurements are planned at least 2 months in advance of the need date. The balance of reactive purchases is due to design changes or defect rectification activity. As we move into the test and activation phase of the Program planned purchasing will decrease and reactive increase. By Ship 3 test and activation, most purchasing will be reactive, with items requiring urgent replacement. ASC's strategy to manage this is to establish a spares pool and replenish it as used, reducing the urgency of procurements in support of defect rectification activity.</p>
CCS Program	<p>There have been no material schedule impacts in the CCSM sustainment program as a direct result of export controls.</p>	<p>The repetitive nature of submarine maintenance means that ASC is in almost all cases aware in advance of items to be exported for repair and plans accordingly, so ASC has not experienced material delays to maintenance activities resulting directly from export controls requirements, including where unexpected repairs have been required.</p>