

## QUESTIONS ON NOTICE

### AUSTRALIA'S SOVEREIGN NAVAL SHIPBUILDING CAPABILITY INQUIRY SENATE ECONOMICS REFERENCES COMMITTEE

Question on Notice	Answer
<p>Could you give us a timeline of when Naval Group Australia employee figures are going to peak? Start at the next year and show each financial year or calendar year figure.</p>	<p>2020: 250            2021: 300            2022: 450            2023: 675            2024: 900            2025: 1475            2026: 1650            2027: 1750            2028: 1850            2029: 2025            2030: 2075            2031: 2100            2032: 2100</p> <p>* Approximate figures based on the Naval Group Program Staff Skills Profile, January 2020. Numbers will mature as the design phase progresses.</p>
<p>Can you provide the committee with a copy of your submission and opening statement?</p>	<p>Yes.</p>
<p>When was the decision made to go down the pathway of not partnering with ASC? When did you decide that was not required?</p>	<p>During the Competitive Evaluation Process (CEP) the Commonwealth sought to select an international design and build partner. No decision was taken by Naval Group to not enter into a partnership with ASC. As part of the CEP process, options were presented and subsequently considered by the Commonwealth for the purposes of execution. Questions regarding this process are a matter for the Commonwealth.</p> <p>Naval Group has a strong working relationship with ASC, evidenced by the Framework Services Agreement signed in February 2019. This agreement details the terms and conditions through which Naval Group Australia and ASC will collaborate. We are collaborating in a number of areas including workforce and industry development.</p>

<p>You say that 50 per cent of the secondary equipment for the submarine will come from Australia as part of your commitment. Can you provide a list of all the equipment?</p>	<p>Secondary equipment is specifically designed for the Future Submarine Program, as opposed to the standard equipment that may be used by various warship programs. It has little impact on warship architecture, balances, arrangement and/or purchasing. A full list of secondary equipment will not be available until the completion of the basic design.</p>
<p>You're saying here the work will be done in Australia. Can you on notice lay out how you intend to achieve that (re the 60 per cent contract value)?</p>	<p>Naval Group is committed to maximizing Australian Industry Capability in every phase of the program: design, build and sustain.</p> <p>Sovereign control over the Attack Class and maximizing Australian industry involvement are contracted objectives in the Strategic Partnering Agreement and Naval Group remains focused on achieving these objectives. Australian suppliers are the first point of call and the preferred source in our procurement process.</p> <p>Naval Group will achieve a minimum of 60% of the Naval Group design and build contract value for 12 submarines. We will do this by building all 12 submarines in Australia and by working within a comprehensive Australian Industry Capability framework. Among other things, the framework includes:</p> <ul style="list-style-type: none"> <li>• Conducting detailed analysis of Australian industrial capabilities to prepare industry to be strong participants in the program and to lay the foundations for increased participation in through life support;</li> <li>• Collaborating with ASC to share industrial intelligence on the Australian supply chain in order to develop and influence our procurement strategies; and</li> <li>▪ Conducting ongoing engagement with industry, including regular industry briefings and engagement with Australian companies registered on the Industry Capability Network gateway.</li> </ul>

<p>How many people are involved in the submarine design? And what do you see as the mix of people, in terms of French nationals versus Australian nationals?</p>	<p>Currently, approximately 30 Australians and 330 French nationals are working on the submarine design. The mix of Australians will increase as Design Authority Engineers continue to move to France to support the program design.</p>
<p>So what percentage of Australian content do you have right now at 7pm on Monday 24 February?</p>	<p>The current percentage of Australian content across all current and prior contracts entered into by Naval Group is 20 per cent and this appropriately reflects the stage we are at with the program, with design currently being led from France.</p> <p>In the concept design stage, the focus was ensuring that Commonwealth requirements, such as range and endurance, could be met. The equipment related to these requirements was not available in Australia and therefore had to be sought from overseas.</p> <p>The level of Australian industry capability will grow as the program progresses and as we proceed to the submarine construction phase in Australia.</p>
<p>Could you please take on notice what the items in the hulls that are being fabricated in France for boat one that then will be fabricated on subsequent boats in Australia are?</p>	<p>Naval Group is working with the Commonwealth to ensure as many complex hull parts can be manufactured in Australia right from the outset.</p> <p>There may remain some complex parts that are technically challenging components and that require specialist processes, specialist operator and trade skills and specialist equipment.</p> <p>To minimize risk, we are ensuring Australian workers are trained in the manufacture of those parts for the first submarine as they are constructed in France and this then allows the same parts for the follow-on submarines to be manufactured in Australia by the same workers.</p> <p>These complex hull parts might include the soft patch, forward and aft elliptical bulkheads, pressure hull connecting pieces and the fresh air cupola.</p>
<p>How many Australians do you expect to work with these overseas companies to learn these new skills (with regard to shipyard contracts</p>	<p>Naval Group recently announced that Australian suppliers Berendsen Fluid Power and H.H Machine Tools Australia (H&amp;H) will partner with two</p>

<p>awarded for critical pieces of equipment)?</p>	<p>international companies to deliver and sustain the Medium Capacity Press, High Capacity Press and Large Capacity Milling Machines.</p> <p>These partnerships will result in the creation of an enduring Australian capability, not currently in existence. Both companies will be involved in the equipment's full life cycle, and be transferred the knowledge, skills, documentation and tools to ensure they become the in-country sustainment partners for the next 50 years.</p> <p>The partnership between Starrag and H&amp;H Machine Tools Australia to deliver the large capacity milling machine, will see approximately 16 Australians involved in the project:</p> <ul style="list-style-type: none"> <li>- Welding of precision hydrostatic machine beds – 4 personnel</li> <li>- Final assembly of machine beds – 4 personnel</li> <li>- Sub assembly – 2 personnel</li> <li>- Electrical installation – 2 personnel</li> <li>- Commissioning – 2 personnel</li> <li>- Design of machine components – 2 personnel</li> </ul> <p>Of the 16 personnel, some will need to be newly hired by H&amp;H Machine Tools Australia.</p> <p>The partnership between Pinette and Berendsen Fluid Power to deliver the high and medium capacity presses, will see approximately 40-50 Australians involved in the project. These Australians will be involved in the Hydraulic and Services work packages.</p>
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