

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 5)

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 20 November 2023:

Can you take on notice, then, a time line of activities and key decision points in the procurement process from Defence's perspective? I'm particularly trying to understand that there was a political decision taken at some point to bring it all forward by three years.

The Department of Defence has provided the following answer to Mr Hill's question:

### Hunter class frigate procurement timeline

Date	Activity
Jun 2014	Initial Pass. The Future Frigate project is entered into the Defence Capability Plan.
2014/2015	RAND Study. Australia's Naval Shipbuilding Enterprise – Preparing for the 21 <sup>st</sup> Century.
Aug 2015	Prime Minister Abbott and Defence Minister Andrews released 'The Government's plan for a strong and sustainable naval shipbuilding industry', which announced: <ul style="list-style-type: none"> <li>• a continuous build of surface warships in Australia (including the build of Navy's Future Frigates and Offshore Patrol Vessels);</li> <li>• bringing forward the Future Frigate project 2020 (three years earlier than scheduled to save over 500 jobs); and</li> <li>• over the next 20 years government will invest over \$89 billion in ships and submarines for the Navy.</li> </ul>
Aug/Sep 2015	RAND Analysis of Alternatives. Initial phase—market survey and analysis to identify relevant ship designs. RAND Corporation was commissioned to conduct a global analysis of suitably mature frigate designs considered to be capable of delivering the desired capability within the Government's accelerated timeframes. Defence identified seven shipbuilders for further analysis (BAE Systems (UK), DCNS (France-now Naval Group), Fincantieri (Italy), Huntington Ingalls (USA), Navantia (Spain), Odense Maritime Technology (Denmark) and Thyssen Krupp Marine Systems (Germany)).
Nov 2015	RAND Analysis of Alternatives. Second phase – data collection, modelling and evaluation of the seven shipbuilders selected from the initial phase. Conducted in collaboration with Defence Science and Technology Group.

Date	Activity
Nov 2015	<p>Interim Pass. National Security Committee (NSC) agreed to the essential criteria, which were:</p> <ul style="list-style-type: none"> <li>• be buildable in Australia within program budget and starting in 2020;</li> <li>• meet Navy’s capability requirements;</li> <li>• be able to accommodate communications and combat management systems compatible with Navy’s surface fleet, and comply with applicable Australian legislative and regulatory requirements;</li> <li>• be based on a steel hull; and</li> <li>• be supportable in Australia for operation and sustainment.</li> </ul>
Jan 2016	<p>RAND Analysis of Alternatives. Final report issued.</p>
Feb 2016	<p>Chief of Navy presented a paper to Defence Capability and Investment Committee advising Defence’s assessment was that four of the seven designs were viable – Italian FREMM, Navantia’s Modified F-100, BAE’s Type 26 and the French FREMM.</p> <p>The Defence Capability and Investment Committee meeting records state that after discussion the Secretary of Defence agreed that the Italian FREMM, Navantia’s Modified F-100 and BAE’s Type 26 be recommended to Government for progression through the Sea 5000-1 Competitive Evaluation Process. Meeting records indicated that the Italian FREMM and Modified F-100 were considered the two most viable designs and either the Type 26 or the French FREMM should be progressed as the third option.</p>
Apr 2016	<p>First Pass. Government agreed to selection of shortlisted designers and reference ships:</p> <ul style="list-style-type: none"> <li>• BAE Systems – UK Type 26 Frigate</li> <li>• Fincantieri – FREMM ASW Frigate</li> <li>• Navantia – Redesigned F100 ASW Frigate</li> </ul>
Apr 2016	<p>The Government announced the Future Frigate Competitive Evaluation Process involving BAE Systems, Fincantieri and Navantia. Defence conducted risk reduction studies of reference ship designs with the designers to meet Australian requirements.</p>
Nov 2016	<p>NSC was advised that a 2020 construction commencement with the agreed changes (comprising the CEA Radar System, Integrated Communications System, Combat Management System, MH-60R Anti-Submarine Warfare Helicopter, Australian inventory of weapon systems and legislative requirements) may not be possible. The NSC was also advised that Defence would return by the end of 2016 with options to achieve the 2020 commencement of construction.</p>
Jan 2017	<p>NSC agreed that Defence would commence cutting steel with prototype blocks in 2020 (with construction of Ship one to commence within 24 months), advance the down selection of the Combat Management System to September 2017, begin the infrastructure program, and conduct continuous design work through to Second Pass.</p>
Mar 2017	<p>Post risk reduction studies a Request for Tender was issued to all three participants.</p>

Date	Activity
May 2017	2017 Naval Shipbuilding Plan flagged the Future Frigate project as more than \$35 billion out-turned.  Received risk reduction studies deliverables.
Aug 2017	Request for Tender closed and tender evaluation commenced.  Tender Evaluation Plan signed on 7 August 2017 (day tender closed), stating the Government would consider Value For Money (VFM).
Sep 2017	NSC agreed to a combat management system (CMS) enterprise, which combines the US Navy's Aegis CMS with an Australian interface for use across the major surface combatant fleet, including the Future Frigate.
Oct 2017	Government announced the mandated combat management system Aegis for the Hunter Frigate with a Saab Australia-developed Australian Interface.
Nov 2017	Additional risk reduction design studies and offer definition improvement activity commenced with the three tenderers.
Dec 2017	Source Evaluation Report of tenders signed by the delegate on 13 December 2017.
Feb 2018	Risk reduction design studies and offer definition improvement activity responses received from the tenderers.
Mar 2018	Investment Committee held on 2 March 2018. Noted assessed cost and scheduled risks and levels of compliance against requirements for the tendered design and agreed to present BAE's Type 26 as the preferred option.
Mar 2018	Defence Committee held on 15 March 2018. Considered summary information on tendered offers and draft advice to the Government which recommended BAE's Type 26 as the preferred tenderer.
Apr 2018	Source Evaluation Report supplement signed.
May 2018	Secretaries Committee on National Security considered draft cabinet submission.
Jun 2018	Second Pass. Government provides approval of BAE Systems Australia using their Type 26 design as the basis for the Future Frigates. Government approved funding for the Design and Productionisation phase only.
Dec 2018	Ownership of ASC Shipbuilding transferred to BAE Systems Australia as a subsidiary. The Commonwealth retains a sovereign share in ASC Shipbuilding and the right to transfer ownership of ASC Shipbuilding back to itself or another company at a specified future time.
Dec 2018	Head contract signed with ASC Shipbuilding on 14 December 2018.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 6)

Senator the Honourable Linda Reynolds asked the Department of Defence the following question, upon notice, on 20 November 2023:

In relation to the minimum design standards, could you take on notice and provide us with some more information about that process and those considerations. *[If you take the Hunter, for example, and what we've done with the DDGs, we could argue that we've got a much better understanding of what our capability designs are. We know that we're going to be using the CEA radar; we know that we've got Aegis. A lot of these systems now are more defined. Is that a consideration that will go into some of the lessons learnt and also make this process a little easier? We do actually know it's fifth generation and which advanced systems and interoperability requirements we've now got. That will change as the technology changes, but are we in a materially different circumstance now than we were five or six years ago? Yes, we can take that on notice. There's some work that Navy has done to develop our own naval classification standards. While, internally, we haven't yet run them by industry—and I think they need that lens—we can provide, I suppose, an early look at what they look like. I wouldn't want them to be branded as the answer at the moment, because, again, we haven't worked with industry and done some of the work with the class societies around that, but we can provide you what I would say—]*  
Just an intent summary, I think, would be fine.

The Department of Defence has provided the following answer to Senator Reynold's question:

The Australian Naval Classification (ANC) Framework was recently launched at Indo-Pacific Conference 2023. The ANC Framework was developed to determine the contemporary rule set that will apply for the design and construction of Australian Defence vessels.

It updates and refines international and Australian standards and legislation into a single set of Australian Defence vessel design rules. This will support innovation and provide a blueprint for the classification of Australia's Defence vessels. The rules will apply to all future Defence maritime capabilities purchased off the shelf or designed and constructed in Australia and overseas. Industry will continue to play a key role in assuring the seaworthiness of Defence vessels under the ANC Framework.

Naval Classification requirements are substantially broader in scope than civilian vessel classification. The materiel regulations and rules for the safe and environmentally attuned design, construction, and maintenance of Australian Defence vessels, also consider fitness for stated Defence purposes. They not only include equivalent civilian ship safety and environmental considerations, but also requirements relating to Defence capability. This enables Defence to satisfy their mission tasking, recognising that they may suffer damage through routine circumstances and potentially as a result of conflict.