Statement of Corporate Intent
2013 - 2016
ASC Pty Ltd
GOVERNANCE

The Statement of Corporate Intent (SCI) represents the understanding between ASC and the Minister for Finance on our expected level of performance for the following three years.

In accordance with the *Commonwealth Authorities and Companies Act 1997* (CAC Act), ASC produces an Annual Report which is tabled in Parliament. ASC’s Corporate Plan is submitted to the Shareholder Minister each year. The Plan sets out the strategic direction of ASC for the following three years. Once the Plan is finalised an SCI, approved by the Minister for Finance, is tabled in the Parliament.

The SCI has been prepared in accordance with the requirements of the Government Business Enterprise Governance and Oversight Guidelines. The SCI details ASC’s corporate intent, business performance, financial and non-financial performance, and accountability.

All the shares issued in the capital of ASC are owned by the Minister for Finance on behalf of the Commonwealth.

The ASC Group is comprised as follows:

On 11 June 2004, ASC was proclaimed as a Government Business Enterprise under the CAC Act.
COMPANY PROFILE

ASC exists to serve the frontline of Australia’s naval defence capabilities.

Initially established in 1985 as Australian Submarine Corporation, ASC was subsequently chosen in 1987 as the prime contractor for the design, manufacture and delivery of the Royal Australian Navy’s (RAN) fleet of six Collins Class submarines.

At the conclusion of the Collins Class submarine build program in 2003, ASC commenced a Through Life Support Agreement (TLSA) with the Defence Materiel Organisation (DMO) for the ongoing repair, maintenance and design upgrades of the submarines. The TLSA was replaced with the In Service Support Contract (ISSC) signed with the DMO in mid-2012.

In 2005, ASC was awarded the role of Shipbuilder for the Hobart Class Air Warfare Destroyer (AWD) project. This program will see the most advanced and complex warships ever built in Australia being constructed at ASC’s state-of-the-art shipbuilding facility - ASC South - located at Osborne, South Australia.

Today, ASC has evolved into Australia’s largest specialised defence shipbuilding organisation, with naval design and engineering resources unparalleled within Australia’s defence industry.

We employ over 2,700 personnel and contractors across our three facilities in South Australia and Western Australia, including more than 380 engineering and technical specialists.

We continue to support the Australian Defence Force by maintaining open lines of communication with our customer, understanding our customer’s expectations and priorities, implementing productivity and efficiency improvements, and striving to deliver the best results for defence.
Vision
To be the leading designer, builder and maintainer of naval ships and submarines in Australia.

Mission
Our mission is to safely build and maintain Australia’s frontline naval ships and submarines to world class performance and quality standards.

Values and Behaviours
Strongly held corporate values are an important element of the strategic framework that underpins ASC. Our staff aspire to a set of values and exhibit corresponding behaviours which are the guiding principles that define how we conduct our business and what we stand for as a company.

SERVICE
• We take time to understand our customer’s business and needs.
• We ensure that all interactions add value to our customer relationships.
• We are customer service-oriented.

SAFETY
• We ensure our own safety and the safety of others.
• We are committed to the safe operability of the vessels we support.

LEADERSHIP
• We champion high performance, potential and talent.
• We look for opportunities to assist each other.
• We empower our people.
• We are visible in our management.
• We celebrate our successes.

INTEGRITY
• We honour our commitments.
• We are open, honest and trustworthy.
• We share unity and abide by team decisions.

RESULTS
• We are relentless in our pursuit of excellence.
• We are exemplary in all we do.
• We do not accept complacency.
• We take responsibility for our own performance.
• We act with urgency and pace.

INNOVATION
• We sponsor ideas for improvement.
• We constructively challenge for a better way.
• We embrace and lead change.
• We seek feedback.
BUSINESS OBJECTIVES

ASC is a specialised Australian defence shipbuilding and maintenance organisation, with naval design and engineering resources capable of executing the full spectrum of design, build and through life support work.

ASC is independent of major product suppliers and has access to critical intellectual property from the United States, Europe and key product suppliers.

Collins Class Submarine Sustainment

ASC’s core focus in the Collins Class Submarine program is to provide design, upgrade and maintenance services for the submarines, and to continually improve the efficiency of these services.

Our high level objectives include:
• Working closely with the Submarine Enterprise partners to improve submarine availability and value for money;
• Continuing implementation of a cultural and behavioural change process to improve performance and accountability; and
• Developing a comprehensive plan that integrates all enabling elements of the Collins Class Submarine program to sustainably deliver long term value for both the Enterprise and our Shareholder.

Air Warfare Destroyer Shipbuilding

ASC is well advanced in the construction of the air warfare destroyers with simultaneous AWD block building taking place in three shipyards across Australia (South Australia, New South Wales and Victoria) and in Spain. ASC has taken delivery of the final completed blocks from our subcontractors for Ship 01, which is in its consolidation phase.

Our high level objectives include:
• Meeting the shipbuilding requirements set by the Minister for Defence and delivering, as part of the AWD Alliance, three state-of-the-art AWDs to the RAN;
• Contributing to a high performing Alliance that is customer-oriented, productive and efficient; and
• Advancing the development of ASC production trade value streams to focus on achieving consolidation performance.

Future Opportunities

In order to achieve the vision and to ensure the maintenance and growth of shareholder value, ASC needs to secure new projects to replace the Hobart Class AWD work as the ships are progressively delivered at the end of the decade.

To sustain and grow our capability in advanced manufacturing, planning for future opportunities has commenced.

Given the long gestation time for large naval projects (5-10 years) work has already begun to develop the strategies and plans to achieve this as part of the ASC growth program.

Opportunities for future projects include:
• Combat Support Ships (Auxiliary Ships) – proposal for up to three ships to replace HMAS Success and HMAS Sirius;
• Lead role in the Through Life Support phase for the AWDs; and
• Lead role in the SEA 1000 Future Submarine project.

ASC recognises that successful delivery of our Collins Class submarine sustainment and Hobart Class destroyer construction commitments is fundamental if the company is to be considered for a role in any future projects.
FINANCIAL AND NON-FINANCIAL PERFORMANCE

Financial

The Collins Class submarine ISSC and the AWD project were the two primary sources of revenue for the 2012/13 and 2013/14 financial years.

The following shows ASC’s revenue and total assets for the financial year 2012/13 and projected outcomes for the financial year 2013/14:

<table>
<thead>
<tr>
<th>ASC Group Overview</th>
<th>Actual 2012/13 ($M)</th>
<th>Budget 2013/14 ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>920.6</td>
<td>915.5</td>
</tr>
<tr>
<td>Total Assets</td>
<td>619.6</td>
<td>578.2</td>
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</table>

Non-Financial

ASC is well-positioned to support the Commonwealth by bidding for and winning future naval programs having invested in world-class facilities, coupled with our highly-skilled and capable workforce.

ASC continues to work toward gaining greater efficiencies in the business and delivering value for money outcomes to the customer.

ASC remains focused on meeting its customer’s cost, schedule and quality expectations. It is through the achievement of exemplary performance for our customer that ASC will have the best opportunity to achieve sustainable growth in its core business, and thus ensure a viable and sustainable business.
The Board of ASC is accountable to the shareholder, the Minister for Finance and Deregulation, for the management of ASC’s business, overall strategy, governance and performance of the company.

The Board’s role includes:

- Providing strategic direction to the company by working with management to establish, monitor, develop and modify ASC’s strategy and performance objectives;
- Promoting significant business decisions;
- Approving the annual corporate plan;
- Establishing procedures for best practice corporate governance;
- Appointing and monitoring the performance of the Chief Executive Officer, and approving succession plans and senior management remuneration policies and practices;
- Overseeing the establishment of appropriate compliance frameworks and controls, and monitoring their operational effectiveness;
- Monitoring the integrity of internal control and reporting systems, and monitoring strategic risk management systems;
- Reviewing and approving statutory accounts and monitoring financial results;
- Approving decisions concerning the capital of the company, including capital restructures and dividend policy;
- Maintaining a positive and open relationship with our government shareholder;
- Reporting to and complying with directions given by the shareholder; and
- Assessing our own performance and responding to those findings.

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