

Project Management Plan

Australian Submarine Supplier Qualification Pilot Program

AUSSQ-PMP-001

Issue: 6

Document Approvals

Issue	Date	Author	Checker	Approver	Description of Change
1	7/3/2025	s47F			s47G
2	16/3/2025	s47F	s47F	s47F	s47G
3	31/3/2025	s47F	s47F	s47F	s47G
4	14/10/2025	s47F	s47F	s47F s47F	s47G
5	6/11/2025	s47F	s47F	s47F	s47G
6	7/11/2025	s47F	s47F	s47F	Final version

Document Distribution

Name	Role / Position
s47F	s47F
s47F	s47F
s47F	s47F
s47F r	s47F
s47F	s47F
s47F	s47F

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1. Introduction

1.1. Background

This Project Management Plan (PMP) details the scope, approach, and arrangements of how the Australian Submarine Supplier Qualification (AUSSQ) Pilot Program (Program) will be delivered. This PMP is a live document which will continue to evolve after initial approval. As such, sections in this document will continue to be reviewed, updated and reissued to the client as the Project progresses and additional Work Packages are added to the contract scope.

This Program will have the dual outcome of uplifting the Australian Defence Industrial Base as a necessary enabler to the AUKUS Optimal Pathway while increasing United States (US) supply chain resiliency s47G

[Redacted]

s47G

[Redacted]

[Redacted]

[Redacted]

[Redacted]

This PMP is owned by the H&B AUSSQ Senior Project Manager and shall be subject to approval by H&B Defence Chief Operating Officer or HII Australia AUSSQ Program Director. Once approved, it shall be maintained until the end of the contract. This will act as the primary document as supplied to ASA.

This PMP has been updated following activation of the Costed Option of Work Package 3 & 4.

1.2. Post Work Package 3 & 4

The AUSSQ Program achieved the contract targets in Work Package 1 & 2 and has commenced delivery under the activated Work Package 3 & 4. To ensure continuity of service to the Australian supply chain candidates and the resources across HII Australia, H&B Defence and NNS, additional funding and target commitments are required to be agreed. The target for agreeing ongoing contractual coverage is to execute a contract change no later than 8 weeks prior to the completion of Work Package 3 & 4 Validation Services set at 23rd March 2026. HII & H&B reserve our right to commence demobilisation activities in the event on-going continuity of the AUSSQ team is not provided prior to the completion of Work Package 3 & 4.

HII & H&B offer a provisional plan of action and milestone (POAM) outlined in the table below and reflected in the CMS. Activity 4 includes a reserve option for Work Package 5 to 7 as a risk mitigator to the risk of demobilisation. All parties will work collaboratively in support of these activities – and make no commitment to providing approvals/ decisions by these specific dates. Following the approval of the PMP – the parties will manage updates to the below timeline through an Annex to the PMP.

#	Activity	Complete by
1	s47G [Redacted]	s47G [Redacted]
2	s47G [Redacted]	s47G [Redacted]
3	s47G [Redacted]	s47G [Redacted]



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Plan

#	Activity	Complete by
4	s47G [REDACTED]	s47G [REDACTED]
5	s47G [REDACTED]	s47G [REDACTED]
6	s47G [REDACTED]	s47G [REDACTED]
7	s47G [REDACTED]	s47G [REDACTED]

2. Program Aims, Objectives and Targets

2.1. Contract Aims and Objectives

The overall aim of the AUSSQ Program is to streamline and accelerate the qualification of Australian suppliers and products into US Submarine Industrial Base (SIB) and / or Maritime Industrial Base (MIB).

The specific objective is to get Australian suppliers qualified into the NNS supply chain and enable them to compete for supply opportunities across both submarine and aircraft carrier programs.

2.2. Contract Targets

The below table are the Targets for Supplier uplift inclusive of Work Package 1 to 4

#	Service	Description	Target
1	s47G	s47G	s47G
2	s47G	s47G	s47G
3	s47G	s47G	s47G

Following execution of Work Package 3 & 4, the above contract targets are set for the s47G

s47G

s47G

Product Qualification - HII & H&B to-date have s47G

For Qualification activities – HII & H&B will endeavour to support Suppliers through the necessary steps identified through the AUSSQ process. Achievement of Qualification targets are not solely be within HII & H&B’s control – there is reliance on Supplier engagement and willingness, and Australian and US governments for funding support and timely export approvals. HII & H&B will provide ASA with expert advice on barriers and enablers that Governments can influence.

HII & H&B will keep ASA informed of progression towards these targets through s47G

3. Project Scope & Execution Strategy

3.1. Work Packages

The following Work Packages are currently active within the AUSSQ scope of work:

Work Package No.	Product Category
s47G	

The subsequent phases of the contract are intended to include the following Work Packages:

Work Package No.	Product Category
s47G	

s47G

3.2. Mobilisation and Planning

To support mobilisation of Work Package 3 & 4 - the following primary activities have been identified to enable execution of Supplier Validation Services.

#	Key mobilisation activities	Completion
s47G		

3.3. Supplier Selection

An expression of interest platform has been established to capture and enable preliminary assessment of suitable suppliers for each work package. The EOI process has been stood up to capture Supplier interest across all Work Packages. It will remain open for the duration of the contract to inform the ongoing feed of suppliers for future packages.

The EOI platform will be hosted on the Industry Capability Network (ICN) Gateway and include a minimum criterion for registration and assessment for inclusion in a specific work package.

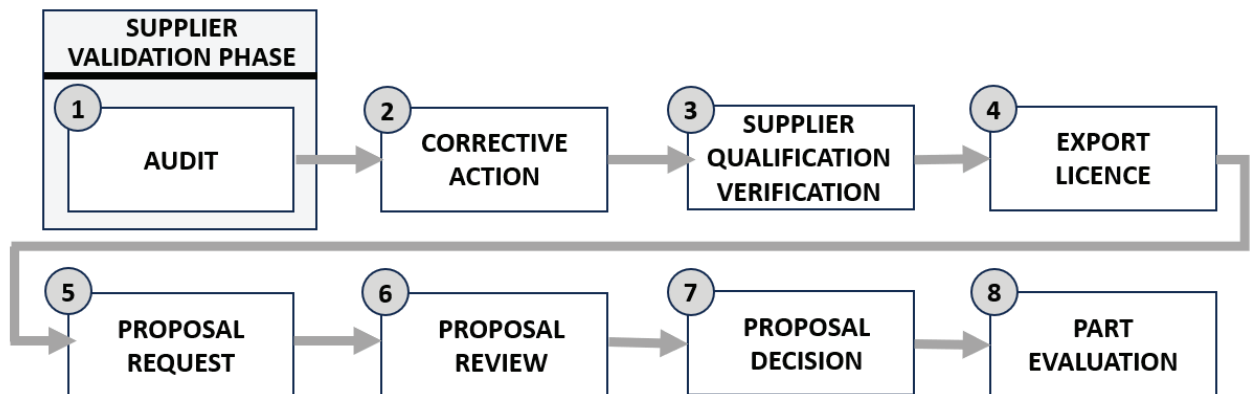
The down selection of suppliers from the EOI process will be submitted to the customer for approval, prior to being included in a work package.

H&B perform the following key activities prior to the recommendation of a Supplier into AUSSQ

- Review of Supplier EOIs;
- Down-select of Suppliers;
- In-person initial assessment visits;
- Development of assessment report;
- Coordination with relevant stakeholders – per the contract (i.e. ASC); and
- Review and report generation of recommended Suppliers

3.4. Supplier Validation Phase

Supplier Validation is the first step of a Supplier into the AUSSQ Program – as seen in the graphic below.



Step 1 – Supplier Validation

Step 1 - Audit involves the detailed assessment of the supplier manufacturing, quality, security, and Federal Acquisition Regulation/Defence Federal Acquisition Regulation compliance through s47G

s47G

Key activities within Step 1 are summarised as follows:

1. Supplier mobilisation;
2. Audit - preparation and conduct; and
3. Report - generation and submission

1. Supplier mobilisation

Once a Work Package is activated and Suppliers are approved from ASA. H&B will issue the Supplier a Welcome Letter providing the following enclosures:

- Non-disclosure agreement (NDA) – to sign and return
- Capability assessment criteria;
- Capability assessment agenda;
- Requested information for the capability assessment; and
- NNS Supplier onboarding information

Suppliers will be introduced to their assessment team and the H&B assigned Team Lead who will be the point of contact and responsible person for the Supplier Validation Phase.

2. Audit – preparation and conduct

The Supplier will prepare and provide the requested information to H&B s47G

s47G

s47G

3. Report – generation and submission

H&B will then s47G

Deliverables

s47G

Milestone No.	Description	Completion (ED +)
s47G		

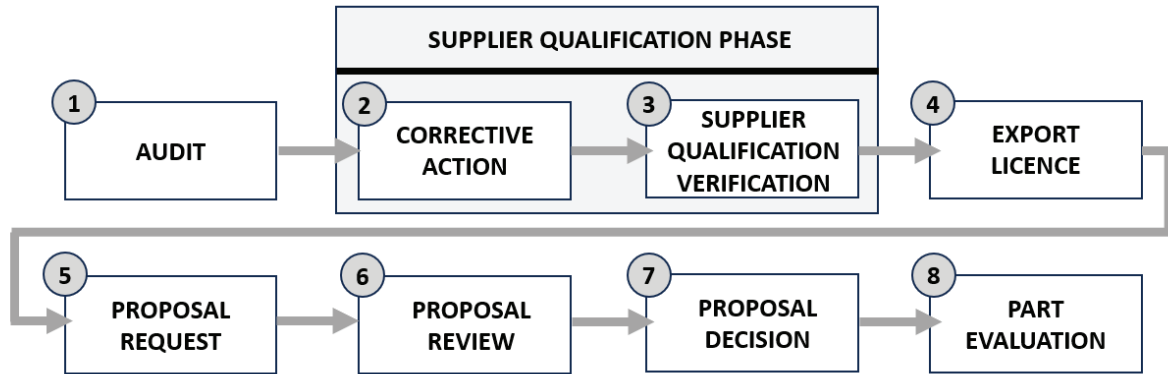
Work Package 4 milestones as follows:

Milestone No.	Description	Completion (ED +)
s47G		

s47G

3.5. Supplier Qualification Phase

The steps in the qualification process can be broken down as below:



Key activities within Supplier Qualification are summarised as follows

- Step 2 - Corrective action; and
- Step 3 - Supplier Qualification Verification
- Supporting information

Step 2 – Supplier Qualification - Corrective Action Support

Suppliers completing their corrective actions will follow two key stages:

1. Development of a Corrective Action Plan (CAP)
2. Execution of corrective actions

Suppliers will enter step 2 once they successfully complete step 1 – audit from the Validation phase. This will include Suppliers from Work Package 1 – 4.

1. Development of a CAP

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s47G

2. Execution of corrective actions

Once the CAP has been accepted by H&B, the Supplier will execute the required corrective actions and provide s47G updates on their progress towards completion.

Once the actions are completed and validated, the supplier will be ready to proceed into Step 3.

Step 3 – Supplier Qualification - Verification

Supplier Qualification - Verification is the where the AUSSQ team conducts a final assessment to confirm that a supplier meets the necessary standards for entry into the NNS supply chain.

s47G

[Redacted]

Following this, a Supplier Qualification Report will be supplied to ASA.

H&B have proposed an initial timeline informed based on information available at the time of this issue. s47G

[Redacted]

s47G

[Redacted]

s47G

[Redacted]

Supporting Information

Government grant requirements

Suppliers may identify a need for funding support to address uplift requirements in their CAP. As part of H&B's AUSSQ Industry and Government Engagement – H&B will support and advise Suppliers and collaborate with ASA as appropriate.

Cyber Security Maturity Model (CMMC) 2.0

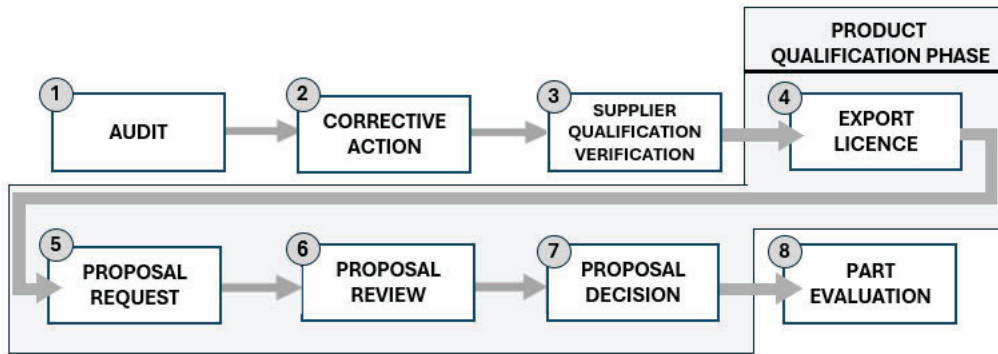
As part of the ongoing development and maturity of the AUSSQ Supplier Qualification process, a new requirement has been introduced to strengthen supplier accountability and risk management. Suppliers are now expected to obtain the Cybersecurity Maturity Model Certification (CMMC) 2.0 Level and require a POAM (Plan of Action and Milestones) as part of their corrective action development to address this. s47G

[Redacted]

This step ensures that suppliers are actively working toward meeting cybersecurity standards aligned with industry and government expectations. Suppliers must demonstrate progress toward achieving CMMC 2.0 Level certification by submitting their POAM documentation during the qualification process. s47G

[Redacted]

3.6. Product Qualification Phase



Key activities within Product Qualification are summarised as follows

- Step 4 – Export Licence
- Step 5 – Request for Quote (RFQ)
- Step 6 – RFQ Review
- Step 7 – RFQ Decision
- Step 8 – Part Evaluation (once PO is awarded)

Step 4 - Product Qualification – Export Licence

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s47G

s47G

Step 5 - Product Qualification – Request for Quote (RFQ)

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The AUSSQ team will also provide an opportunity for a technical review where the supplier can meet virtually with both procurement and technical teams to address inquiries.

This step may be supported by the attendance of an NNS technical resource who will be in-country to support the initial walk through of the RFQ requirements.

The AUSSQ team will also provide support to all approved Suppliers regardless of if they are responding to an active RFQ through general RFQ training.

Step 6 - Product Qualification – RFQ Review

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Step 7 - Product Qualification – RFQ Decision

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Step 8 - Product Qualification – Part Evaluation

The final step in the AUSSQ project is the provision of support to ensure that any contracts awarded are successfully delivered through all aspect of the manufacture, inspection, testing and shipping process.

This step is excluded from the AUSSQ contract targets as Part Evaluation will follow an individual timeline subject to details contained within a successful purchase order.

This support includes:

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- s47G [Redacted]

s47G [Redacted]

s47G [Redacted]

The completion of this Product Qualification step requires dedicated Supplier engagement and willingness to participate in all aspects of the program in order to meet contract target.

4. Project Reporting and Meetings – Customer facing

s47G
[Redacted]

4.1. Weekly reporting & communications

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[Redacted]

s47G
[Redacted]

s47G
[Redacted]

s47G
[Redacted]

4.2. Monthly Contract Status Reports & Progress Meetings

s47G
[Redacted]

s47G
[Redacted]

s47G
[Redacted]

4.3. Media Coordination and Communications Process

s47G
[Redacted]

s47G
[Redacted]

5. Project Management, Organisation, Project Controls and Performance Management

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6. Project Organisation

6.1. H&B organisation

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6.2. AUSSQ organisation

s47G

s47G

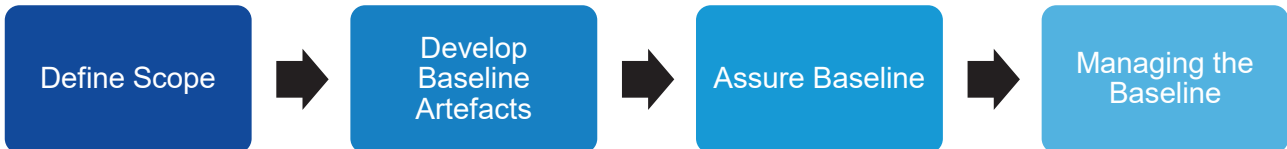
s47G

7. Integrated Project Controls & Performance Management

This section articulates H&B approach to Project Planning, Performance Management and Control.

Project Controls involves the setting, managing, maintaining and closure of a Baseline, and regular performance reporting.

Setting the baseline involves defining scope, developing baseline artifacts, assuring the baseline and publishing the baseline.



Defining Scope involves the following: -

- Identify the project scope and put in place the supporting work breakdown structure
- Establish, capture, and communicate the key parameters that form the Project’s scope boundary(s) such as key delivery milestones, interfaces, assumptions, and risks.
- Identify the Project Controls requirements needed to enable the project’s objectives to be met.
- Set where budgets will be apportioned, and costs collated.

Developing Baseline Artefacts involves the following

- Develop a Contract Work Breakdown Structure.
- Develop Basis of Estimate
- Develop Risk Register
- Develop logic linked, time phase, resource and budget loaded schedule.

Assuring Baseline involves the tasks needed to test the Project Controls deliverables and ensure they are robust and accurately support the Baseline development. The assurance comes from the conduct of an independent functional assessment of the baseline deliverables followed by recommendation or identification of actions for the project to address that resulted in revision of the baseline deliverables.

7.3. Project Risk Management

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s47G

s47G

7.4. Project Communications Management / Meetings

This section articulates H&B approach to Project Communications Management/ Meeting and our proposed approach for management internally. Please refer to section 4 for External considerations.

Communications are a key facet of meeting customer expectations. s47G

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7.1. Learning from Experience (LfE)

HII & H&B will conduct regular LfE sessions throughout the Program to identify improvement and enhancement opportunities in our on-going execution of AUSSQ. Where applicable – these will be provided to ASA in support of on-going and future delivery options for AUSSQ beyond the Pilot Program.

These sessions will occur during the mid-way point of a current Work Package.

Identified LfE:

- Since the commencement of AUSSQ – through the EOI process and our Industry Engagement, there is a high industry interest for the Work Package 1, 2 & 4 Product Categories. s47G



8. Subcontract Management

This section articulates H&B approach to Subcontract Management.

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9. Security Management

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s47G

References

Ref. Nos.	Reference	Title
1	AUSSQ-PCF-001-1	AUSSQ Project Categorisation Form
2	AUSSQ-RIS-001-2	AUSSQ Risk Register
3	AUSSQ-PRO-001-3	AUSSQ Contract Management Schedule

Special Terms, Definitions & Abbreviations

Term	Terms, Definitions & Abbreviations
AUSSQ	Australian Submarine Supplier Qualification Pilot Program
BMS	Business Management System
CAP	Corrective Action Plan
CMMC	Cybersecurity Maturity Model Certification
CMS	Contract Management Schedule
COO	Chief Operating Officer
CWBS	Contract Work Breakdown Structure
DISP	Defence Industry Security Program
EOI	Expression of Interest
HII	Huntington Ingalls Industries
ICN	Industry Capability Network
IFS	Industrial and Financial System
MD	Managing Director
MIB	Maritime Industrial Base
NNS	Newport News Shipbuilding
PIAAP	Project Integrated Assurance and Approvals Plan
PM	Project Management
PMP	Project Management Plan
RASCI	Responsibility, Accountability, Supportive, Consulted and Informed
RFP	Request for Proposal
SA	South Australia
SCUP	Supplier Capability Uplift Program
SEA	Safety, Engineering and Assurance
SIB	Submarine Industrial Base



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Plan

Term	Terms, Definitions & Abbreviations
SME	Subject Matter Expert
s47G	
US	United States
TAA	Technical Assistance Agreement
T&M	Time and Materials
VCS	Virginia Class Submarine
WA	Western Australia
WP	Work Package



FOR: Minister for Defence Industry **Action by:** 29 September 2025
INFO: Deputy Prime Minister **Reason for Action Date:** Due to contractual obligations.
CC: SEC, CDF, VCDF, ASSOCSEC, DEPSEC GOV, FASMECC, DG ASA, DDG P&P

AUSTRALIAN SUBMARINE SUPPLIER QUALIFICATION PILOT UPDATE

Key Issues:

The Australian Submarine Supplier Qualification (AUSSQ) Pilot is delivering successful outcomes at pace, with 22 companies now on the journey to become a supplier to HII's Newport News Shipbuilding. The contract for the pilot is structured in two parts, with the first executed in March 2025. The Australian Submarine Agency (ASA) is now entering into the second part (included in the contract as a costed option) at a cost of \$9.3 million in 2025-26. Finance officials have confirmed that costs are affordable and sufficiently mature to support funding release.

Recommendations:

Decision

That you:

- | | |
|---|-----------------------------|
| 1. Note that the ASA is contracting the remaining scope of the AUSSQ Pilot at a cost of \$9.3 million s47C [redacted] (MS25-000755 refers). | Noted/Please discuss |
| 2. Note s47C [redacted]. | Noted/Please discuss |
| 3. Note that if any funding shortfall is identified for activities under the approved industrial uplift funding envelope, then ASA will bring forward a proposal to Government, s47C [redacted]. | Noted/Please discuss |
| 4. Note the Financial Framework (Supplementary Powers) Amendment (Defence Measures No. 1) Regulations 2025 was signed by the Governor General on 21 August 2025 and registered on the Federal Register of Legislation. This brings the legislative authority risk for ASA industrial uplift expenditures to 'low'. | Noted/Please discuss |

Media Considerations:

While the funding envelope was announced in December 2024 and the AUSSQ contract announced in March 2025, the ASA anticipates there will be media interest on the expansion of these vendor qualification activities. We will work with your office to provide appropriate material to support any announcement.

Signature:

The Hon Pat Conroy MP
September 2025

Minister comments:

Cleared by: Ms Kate van Hilst
First Assistant Director-General SSN Construction
Australian Submarine Agency
15 September 2025

Primary Contact Officer:
Ms Kate van Hilst
First Assistant Director-General SSN Construction
Australian Submarine Agency
s22

Secondary Contact Officer:
Mr Jeremy Coghlan
Assistant Director-General Industrial Uplift
Australian Submarine Agency
s22

Sensitivity: No.

Financial Impacts: Yes.

1. s34(3)
2. In February 2025, the ASA advised of its intent to access funding of no more than \$20.0 million from the industrial uplift funding envelope to deliver the AUSSQ Pilot, Attachment A refers. The contract for the pilot was split into two parts, with the first work packages (1 and 2) commencing in March 2025 at a cost of \$9.7 million. These work packages have been delivered ahead of schedule and the ASA now intends to contract the remaining work packages (3 and 4) at a cost of \$9.3 million.
3. s22
4. In July 2025, you agreed to release \$206.3 million to fund Market Access initiatives under the FMS arrangement and to the s47C activities to extend the vendor qualification programs to encompass sustainment (DIVQ-S) and UK qualification activities (DIVQ-UK), Attachment B refers.
5. s47C
6. Following the contracting of AUSSQ work packages 3 and 4, \$24.1 million will remain for the above qualification activities.

Table 1 – Qualification program funding affordability.

	FY25/26 (\$m)	FY26/27 (\$m)	Total (\$m)
Remaining DEF1 Australian Industrial Uplift (MS25-000755)	\$17.1m	\$16.3m	\$33.4m
AUSSQ (Work Packages 3 & 4)	\$9.3m		\$9.3m
New Vendor Qualification Pilots	\$7.8m	\$16.3m	\$24.1m
Total (\$m)	\$17.1m	\$16.3m	\$33.4m

Systems/legislation/deregulation: Yes.

7.

s42

Consultation: Yes.

8. s22, Senior Advisor Submarines, Quad, AUKUS and Naval Shipbuilding, Department of the Prime Minister and Cabinet.
9. Ms Glenva Parker, Assistant Secretary Defence Branch, Government and Defence Division, Department of Finance.

Attachments:

- Attachment A MS25-000205 - Background Brief - Australian Submarine Supplier Qualification (AUSSQ) Pilot Program - Update
- Attachment B MS25-000755 - Action Brief - Request Access to Funding for Vendor Qualification

Background:

s34(3) approved a funding envelope to deliver industrial uplift initiatives

10. s34(3)

11. s47C

s47C


b. s47C

c. s47C

12. s34(3)

Australian Submarine Supplier Qualification (AUSSQ) Pilot

13. On 6 March 2025, the Government announced the launch of the AUSSQ Pilot following ASA's successful negotiation of a value for money contract with HII Australia at an initial cost of \$9.7 million. Funding was sourced from the AUD \$165.4 million (PBS 2025-26 Price Basis) envelope allocated for vendor and steel qualification activities following agreement between delegated officials within the ASA and the Department of Finance.
14. The AUSSQ Pilot was established for the purpose of driving Australian companies' access to US markets and increasing Australian industry's ability to contribute to US Virginia class submarine (VCS) sustainment, including uplifting Australian industry's capabilities in maintenance and build to support the future delivery of submarines to Australia. The successful uplift and delivery of Australia's NPS program is dependent on coordinated and evidenced-based decision-making and prioritisation of resources across the submarine enterprise, alongside guidance and support from trilateral partners to ensure effective government intervention and preventing misaligned or duplicative efforts. Australia's AUKUS Submarine Industry Strategy identified the barriers preventing industry from accessing US and UK markets and set the direction for what the ASA and its partners need to do to deliver the necessary industrial uplift.

- 
15. HII Australia was engaged to lead the delivery of the AUSSQ Pilot and contracted to deliver Work Package 1: Castings and Forgings and Work Package 2: Precision Machining. These outputs have been successfully delivered ahead of schedule.
 16. The contract also includes a costed option for Work Package 3: Air and Gas Flasks and Work Package 4: Fabricated Parts. The ASA is now executing this costed option, bringing the total cost of the contract to \$19 million.
 17. Twenty-two (22) companies are participating in the pilot and have completed their HII Supplier Training and Validation (STAV) processes which assess suppliers against HII NNS standards for manufacturing, quality and security. Of these, 8 companies have passed all requirements and are registered as qualified suppliers by HII's Newport News Shipbuilding (NNS), and 3 companies have received requests for quotation to supply into the HII NNS supply chain.
 18. Continuing the AUSSQ Pilot through work packages 3 and 4 will enable a further increase to the overall pace of Australian submarine supplier qualification and enable a broader base of Australian suppliers to enter the US HII NNS supply chain to compete for contracts in areas of high demand.

PROTECTED CABINET



Australian Government
Defence

Ministerial Background Brief

MS23-001626

FOR: Minister for Defence Industry

INFO: Deputy Prime Minister

CN ✓

FAS DIP

CC: SEC, CDF, VCDF, ASSOCSEC, FASMECC, FAS Subs, ~~FASIP, FAS DIP DIV~~

VENDOR PILOT QUALIFICATION PROGRAM

Key Issues:

The Defence Industry Vendor Qualification (DIVQ) pilot program will uplift the resilience of trilateral nuclear-powered submarine supply chains by increasing Australian industry participation. The DIVQ pilot will test and identify challenges to Australian industry participation in the US market and aim to reduce US-imposed vendor qualification times s33(a)(iii). The DIVQ pilot intake will invite s33(a) selected suppliers in Q4 2023 to join the pilot in early 2024. This pilot will inform and establish expectations for future program intake timeframes, and identify ongoing technology priorities for future Government investment decisions. The pilot was approved by Cabinet in the s34(3) (s34(3) refers) with a budget of AUD \$1.5 million; this Ministerial Submission is advising of the Australian Submarine Agency's intent to commence the pilot with invitations to suppliers in Q4 2023.

Media Considerations:

Minister comments:

Cleared by: s22
13 December 2023

VADM Jonathan Mead, AO
Director-General
Australian Submarine Agency
Phone: 02 9537 5969

Primary Contact Officer
Name: Kate van Hilst
Position: FADG SSN Construction
Phone: s22

Secondary Contact Officer
Name: Ruth Sparks
Position: A/ ADG Industrial Uplift
Phone: s22

PROTECTED CABINET

PROTECTED CABINET

Sensitivity: Yes

1. s33(a)(iii) [REDACTED]
2. s33(a)(iii) [REDACTED]
3. Anecdotally, Australian industry – particularly small to medium enterprises – perceive challenges to participation in global supply chains, s33(a)(iii) [REDACTED]
4. The South Australian State Government has indicated an intention to run a similar program domestically for South Australian based suppliers, in partnership with Huntington Ingalls Industries (HII).
5. The DIVQ pilot will be extended to a limited number of industry participants, who have an existing Expression of Interest submitted in the Industry Capability Network (ICN) portal, and/or been previously involved in qualification processes s33(a)(ii) [REDACTED]. Other industry players may challenge this decision. Future iterations of DIVQ will provide additional opportunities for broader industry to participate.
6. s33(a)(i) [REDACTED]
7. The ASA will work with the Department of Defence to monitor and minimise risks to the Collins class submarine program that may arise from the DIVQ supplier qualification process and contract engagement.

Financial Impacts: No (funding previously approved).

Consultation: Yes:

8. Judy Denison, A/Assistant Secretary, Office of Defence Industry Support, CASG
9. Anthony Waymouth, Head of Defence, Advanced Manufacturing & Space, Austrade

Attachments:

- | | |
|---------------------|--|
| <u>Attachment A</u> | Industrial Base Engagement, Uplift, and Qualification Snapshot |
| <u>Attachment B</u> | s33(a)(ii) [REDACTED] |

PROTECTED CABINET

Background:

10. In advance of engaging Australia's Sovereign Submarine Partners (SSPs) for build and sustainment, the ASA is creating conditions for their success. For the industrial base, this includes understanding Australian industry capability and capacity, identifying areas for domestic and trilateral investment to enhance supply chain resilience, and taking necessary steps to support industrial base growth to de-risk the program.
11. An initiative to support Australian industry and achieve industrial uplift objectives is the proposed DIVQ pilot, which was approved in the s34(3) [REDACTED] s34(3) [REDACTED] refers). This pilot (summarised in Attachment A) has been developed in collaboration with US and UK government representatives to build trilateral supply chain resilience. The UK's 'Fit for Nuclear' initiative is an example of a more mature form of such a program.¹
12. The DIVQ pilot will initially prioritise Australian industry participation in the US supply chain. The pilot will inform and establish expectations for an expansion s33(a)(ii) [REDACTED], [REDACTED].
13. Vendor qualification processes are owned by US and UK shipbuilding primes, who set the criteria and standards for qualifying vendors into their submarine supply chains. Current timeframes for qualifying onshore US domestic suppliers is approximately 18-24 months. The DIVQ pilot aims to reduce these qualification timeframes to 12 months for Australian suppliers by testing three pathways to facilitate product qualification, create direct connections between Australian and US businesses and remove administrative barriers where possible. This is outlined in further detail below.
14. Qualifying the DIVQ pilot cohort will provide a basis of cost estimate for other long-term supply chain uplift objectives and inform future Government submissions relating to industrial investment. Future investment decisions will consider the needs and expectations of Australia's Sovereign Submarine Partners, once announced.

Selection of Companies and Technologies

15. Selection of suppliers for the DIVQ pilot (Attachment B) has focused on current producers of priority components or technology² which also have:
 - a. s33(a)(ii) [REDACTED]
 - b. s33(a)(ii) [REDACTED]
16. Suppliers will be invited to participate in the DIVQ pilot by the end of Q4 2023. Suppliers who choose to participate will be assessed against a number of suitability criteria to identify their existing capability and capacity. Any supplier that is not expected to successfully progress through the US vendor qualification process with minimal uplift will be removed from the DIVQ pilot and offered support through a variety of Commonwealth programs (for example Austrade's "Are you Ready" Program or support through Office of Defence Industry Support). These suppliers will have the opportunity to participate in future program rounds.
17. Sponsoring vendor qualification will be facilitated through:
 - a. existing FMS cases;

¹ 'Fit for Nuclear' Nuclear Advanced Manufacturing Research Centre <https://hvm.catapult.org.uk/centre/nuclear-amrc/>

² s33(a)(iii) [REDACTED]

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- b. business-to-business arrangements; or
 - c. a hybrid approach.
18. The focus of the DIVQ pilot will be to identify which of these three approaches enables Australian suppliers to reach full vendor qualification in the shortest timeframe, s33(a)(ii) s
Outcomes of the pilot will inform and establish expectations for future DIVQ program intakes, timeframes and government investment requirements.
19. Careful selection of suppliers and use of other Commonwealth assistance programs will maximise the coverage and outcomes of the DIVQ pilot.
20. Subject to assessment of the DIVQ pilot outcomes, a rolling program of vendor qualification (expanded to both US and UK supply chains) is anticipated. The ongoing program will continue to target components and technologies identified as priorities for uplifting trilateral supply chain resilience. Subject to funding approval, to be sought through the s34(3) -
the ongoing DIVQ program is anticipated to commence in 2024.

Process to Complete the DIVQ Pilot

21. The ASA will email the identified suppliers in Q4 2023 to invite them to participate in the DIVQ pilot program. This email will solicit relevant information to assess the suppliers' capability and capacity to:
- a. obtain the relevant licenses from the US to receive the technical data and product designs;
 - b. comply with the required security standards; and
 - c. manufacture the product.
22. The ASA will assess the suppliers who are likely to be successful, or only require minimal uplift, to progress into the pilot.
23. Once the DIVQ pilot commences, the ASA and US will jointly identify whether business-to-business arrangements, existing FMS cases, or a hybrid approach is most likely to facilitate an expedient and successful product qualification process on a case-by-case basis.
24. Suppliers will be allocated to the path assessed as most likely to result in a successful outcome for their product and capability.
25. For suppliers progressing through the DIVQ pilot under business-to-business arrangements, the ASA will provide support through:
- a. providing information on licensing, security standards and product testing; and
 - b. assessing uplift requirements on a case-by-case basis and directing suppliers to existing resources where appropriate.
26. For suppliers progressing through the DIVQ pilot under existing FMS cases or hybrid processes, the ASA will provide support through:
- a. providing information on licensing, security standards and product testing;
 - b. requesting product specifications and providing these to suppliers (once licensed);
 - c. providing funding to the supplier in order to produce and test the product;
 - d. assessing uplift requirements on a case-by-case basis and directing suppliers to existing resources where appropriate; and
 - e. providing the product to US counterparts, for inspection and product qualification.

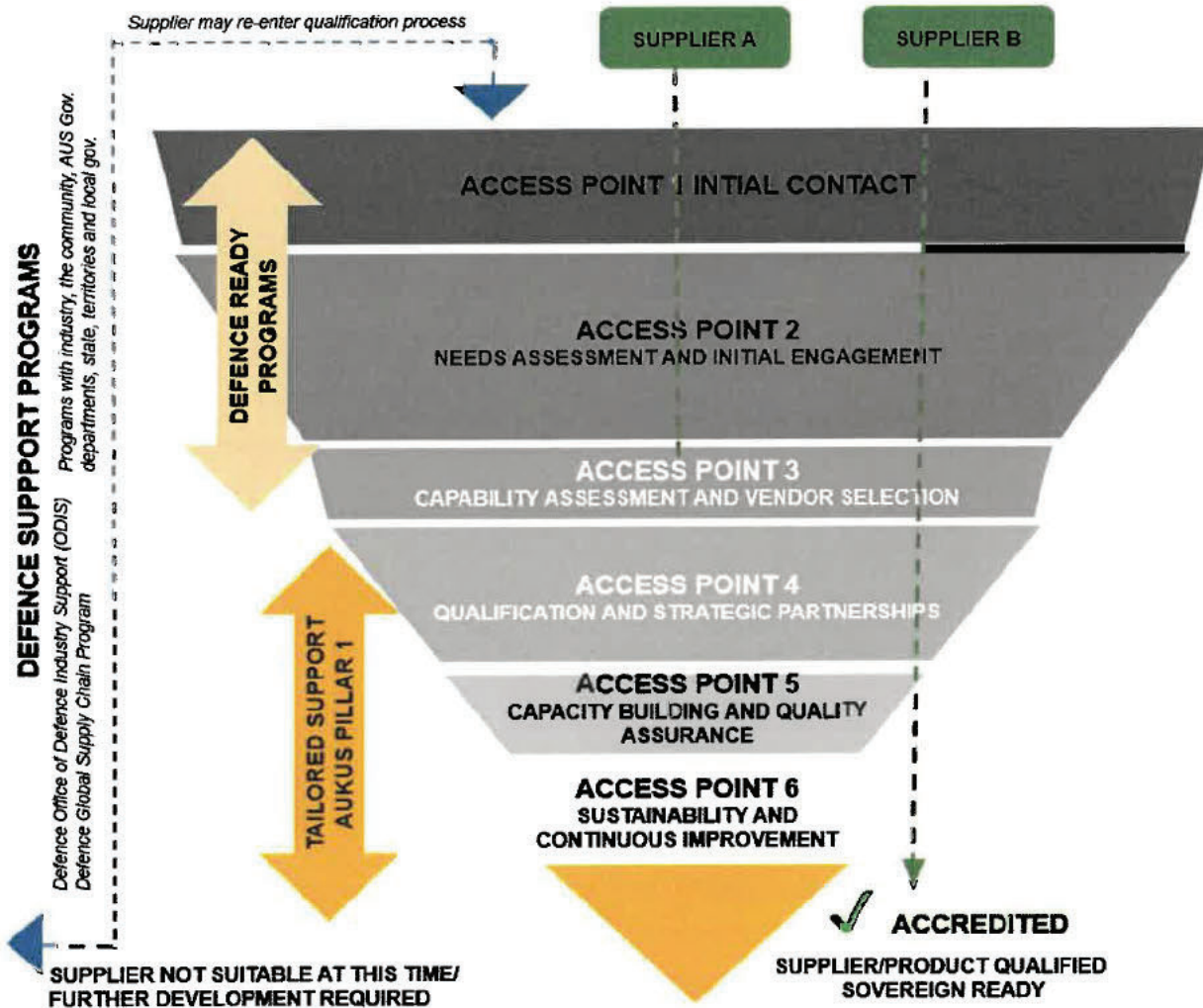
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27. At the end of this process, the ASA will assess the outcomes of each process. This will inform and establish expectations for future DIVQ program intakes, timeframes and government investment requirements

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INDUSTRIAL BASE ENGAGEMENT, UPLIFT & QUALIFICATION SNAPSHOT



This snapshot describes the access points for industry that enable industry participation in qualification programs such as the Defence Industry Vendor Qualification (DIVQ) pilot. Industrial uplift investment by Government may be targeted for each supplier at any part of this process, with appropriate existing investment programs to be applied where necessary. During the DIVQ pilot, the US will be engaged throughout the process and then, post-qualification, US and UK industry will be notified of the successfully qualified supplier. For future iterations of the industry qualification, both AUKUS partners will be engaged throughout the process.

Supplier qualification examples (see Supplier A and Supplier B in snapshot):

Supplier A – has completed Defence Ready Programs or otherwise demonstrates Defence business readiness but may not be immediately suitable for AUKUS product supply. At this stage, other Defence support programs are recommended to continue to develop Supplier A in order to access other supply chain opportunities.

Supplier B – successfully progresses through all stages of qualification and is accredited as ‘sovereign ready’. The supplier qualification process provides tailored support to achieve ‘sovereign ready’.

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Australian Government
Defence

Ministerial Background Brief

MS24-001769

FOR: Minister for Defence Industry and Capability Delivery
INFO: Deputy Prime Minister

CC: SEC, CDF, VCDF, ASSOCSEC, CN, DEPSEC NSS, DEPSEC CASG, FAS DIP, FAS MECC

AUSTRALIAN SUBMARINE AGENCY INDUSTRY UPLIFT ACTIVITIES – DEFENCE INDUSTRY VENDOR QUALIFICATION (DIVQ) PROGRAM – FIRST CONTRACTS SIGNED

Key Issues:

The DIVQ program was launched in January 2024 and seeks to remove barriers to enter trilateral submarine markets by facilitating qualification of Australian businesses and their products for U.S. and UK SSN programs (MS23-001626 and MS24-001287 refer). Under the program, the costs of participation of Australian suppliers and US prime shipbuilders are covered by the Australian Government. The first contracts between the ASA and DIVQ participants were signed on 29 October 2024 with HIFraser, and 8 November 2024 with s33(a)(i) for production of Standard US Navy Valves for the Virginia Class Submarine.

Media Considerations:

Since launch, the DIVQ program has been described in various public announcements, ASA fact sheets and in-person ASA industry events. Examples include a media release on announcement of the Sovereign Submarine Partners and entries on the ASA public webpage at: [Industry and workforce | Australian Submarine Agency \(asa.gov.au\)](#). Updates on DIVQ progress are of interest to industry and the broader public, and have the potential to contribute positively to the social licence for the nuclear-powered submarine program. A draft media release is at Attachment A with talking points at Attachment B.

Minister Comments:

Cleared by: VADM Jonathan Mead, AO, RAN
s22 Director General
Australian Submarine Agency
s22
14 November 2024

Primary Contact Officer:

Ms Kate van Hilst
FADG SSN Construction
SSN Construction
s22

Secondary Contact Officer:

Mr Jeremy Coghlan
ADG Industrial Uplift
Industry Uplift Branch
s22

Sensitivity: Yes

1. Australia has previously announced its contribution of US\$3 billion to the uplift of the US submarine industrial base in order to lift US maintenance and production capacity for Virginia Class Submarines (VCS) to enable Australia's acquisition of three VCS in the early 2030s.

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2. The qualification of Australian suppliers through the DIVQ program also aims to add capacity to the US VCS build program, but the funding for DIVQ is additional to – and not connected with – Australia’s US\$3 billion contribution.
3. Australia has previously announced its contribution of £2.4 billion to the uplift of the UK submarine industrial base, to support Rolls Royce and Sheffield Forgemasters to meet the needs of the Australian build of SSN-AUKUS. The UK DIVQ program is in development with the UK Government.
4. Australian industry contribution to the Collins class submarine program has grown over many decades. There may be public perception that this capability is immediately transferrable to nuclear-powered submarine supply chains without capability uplift, or risk to Collins class operations. This may result in expectations that there are greater industry opportunities available, more immediately.
5. For trilateral resilience purposes, Australian contribution to US and UK supply chains is analogous to the model for the Joint Strike Fighter (JSF) program, where businesses supply into a global supply pool. Government and public scrutiny of costs and benefits realised for industry is likely to reference Australia’s significant investment made in JSF, with expectations of improved results.

Financial Impacts: Yes

6. Experience with programs such as JSF indicate that sustained Australian Government investment is required for enduring capability uplift. As qualification efforts for trilateral submarine programs are expanded and accelerated, it will become increasingly apparent that investment beyond that which has already been committed will be required on a significant scale.

Systems/legislation/deregulation: Yes

7. As experienced with JSF and other international programs, accelerating qualification of Australian suppliers for US and UK supply chains relies on their ability to access technical information subject to each nation’s export control legislation and regulation.
8. For potential AUKUS suppliers, this access can be provided through Government to Government arrangements, including third-party transfer under Foreign Military Sales agreements currently in place or export licence exemptions, or Business to Business under various regulatory mechanisms including Technical Assistance Agreements (TAAs) or Manufacturing Licence Agreements (MLAs).
9. Export Control related improvements to both of these pathways are being actively pursued by the Department of Defence, with the DIVQ program providing a current and salient example of impact of current restrictions.

Consultation: Yes

10. Mrs Kylie Wright, Assistant Secretary Defence Industry, Strategic Policy & Industry Group
11. Mr Michael Frith, Assistant Secretary Submarines, Naval Shipbuilding & Sustainment Group
12. Rebecca Camp, A/g Assistant Secretary Continuous Naval Shipbuilding, Naval Shipbuilding & Sustainment Group

Attachments:

- | | |
|--------------|----------------------------|
| Attachment A | Draft Media Release |
| Attachment B | DIVQ talking points |
| Attachment C | HI Fraser company details |
| Attachment D | Ms33(a)(i) company details |

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Background:

13. The Australian Submarine Agency (ASA) is working with AUKUS trilateral partners to support multiple pathways to accelerate Australian industry access and qualification for UK and US supply chains. The DIVQ is one such pathway, with objectives to increase trilateral industrial base resilience, support visiting submarines, and build capability for Australia's sovereign conventionally-armed, nuclear-powered submarines.
14. For US supply chains, the DIVQ program aims to have capable Australian suppliers qualified against *a range of* major Virginia class submarine product families (excluding nuclear propulsion and high investment components) by 2027. Products for qualification have been selected in partnership with the US, s33(a)(i)
15. The first two contracts for DIVQ activities have been executed with the following Australian companies:
 - a. HIFraser (facilities in NSW and WA); Attachment C provides further detail on the business, as supplied with its response to the ASA Request for Quotation (RFQ). The value of the contract is s33(a)(i).
 - b. s33(a)(i); Attachment D provides further detail on the business, as supplied with its response to the ASA Request for Quotation (RFQ). The value of the contract is s33(a)(i).
- An additional s33(a) businesses are progressing as part of the DIVQ first and second pilot waves (MB24-000631 refers).
16. Of note, these first DIVQ contracts support exercising of industry responsiveness to an emergent need. The contracts therefore uniquely cover both standard production of parts utilising routine manufacturing processes, and rapid delivery of a qualifiable prototype by end of 2024. In 2025, these prototypes and the standard parts will be subject to testing and inspection of objective quality evidence (OQE) by the ASA's In-Country Qualification Team (ICQT) comprised of US Shipbuilders (HII and EB) and ASC subject matter experts (MB24-000631 refers).
17. Post-qualification, the DIVQ program does not guarantee purchase orders for Australian businesses (MS24-001287 refers). However, all parties understand that ensuring qualified Australian suppliers receive such orders will be key to establishing social licence with the business community, driving down qualification costs for Government, while continuing to make a compelling national interest case for the scale of Government investment. The latter includes that Government's investment in qualifying Australian suppliers will deliver an economic benefit, ready Australian suppliers for the Australian build of SSN-AUKUS and ultimately strengthen confidence that the Australian built SSN-AUKUS will meet its schedule. In September 2024, US Government and shipbuilders committed to collaborating with the ASA to ensure a share of purchase orders for newly-qualified (under DIVQ) Australian vendors, in support of explicit trilateral resilience goals.
18. For UK supply chains, the ASA has been progressing analysis through the s47C (MS24-001105 refers). The results of this analysis are now informing selection of the UK components in focus for the DIVQ program. On this basis, in Q1 2025 the ASA will work with the MOD to commence initial waves of qualification for Australian suppliers to address UK submarine supply chain vulnerabilities. Inclusion of UK Primes in the In-Country Qualification Team, and determination of mechanisms to ensure UK orders for qualified Australian businesses will also be progressed from this time.

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