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HCF CS S2087 PROGRAM

Australian Industry Capability Plan

Public AIC Plan

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EXECUTIVE SUMMARY

BACKGROUND

The Commonwealth of Australia (CoA) requires the acquisition and delivery of the S2087 HCF Towed Array Sonar (TAS) system for the Hunter Class Frigate Combat System S2087 Program (HCF_CS_S2087P), referred to as S2087HCF, with Contract number - NSSG/SHIPS/Con32573/1.

S2087HCF is based on the Thales UK S2087 supplied for UK T26 Batch 2 Reference Ship Design (RSD).

The S2087 is a T26 pull through solution. It leverages the current sonar installed on Type 26 UK Frigates and adapts it to the HUNTER Class Frigate. The S2087 System consists of a passive Towed Array Sonar and an Active Variable Depth Sonar with associated Inboard processing, power and management software and hardware

There are some minor changes to the S2087 System as required by the CoA to meet the HUNTER Class Frigates specific interface (Australian Combat System Interface (AI)) and other requirements and some minor changes proposed by Thales to address obsolescence. Some of these development activities will occur at Thales sites in Australia.

Thales has a strong track record of successfully delivering Technology Transfer (TT) of military systems and services into Australia throughout our history covering design, manufacture and through-life support and has been tasked with the following scope.

Stage 1

- Manufacture of Long Lead Time Items for Ship Set 1;
- NRE, supply project documents, commence ILS design development, including training definition, software development in the UK and Australia, Janis workshops and requirement development;
- NRE, commence Transfer of Knowledge and Technology (ToKaT) and partial build in Australia of some components (FFR transducers);
- Commencement of facilities upgrades for future production.

Stage 2

- Mission and Support systems design reviews;
- Completion of HCF software development;
- Support system design development, including establishment of Reference Set and training development;
- Manufacture, installation & Commissioning for Ship Sets 1 to 3;
- Additional facilities upgrade for production and support;
- Janis system is progressively included

CONTRACT DURATION AND PRICE

- Anticipated Contract Duration: September 2023 - September 2034
- Contract Value: AUD 390,394,329 (including GST)
- ACE percentage: 29%

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SUBCONTRACTED WORK

For S2087 the Industry engagement activities were initiated in 2019 leading to a shortlist of potential suppliers with the capability and means to undertake work as part of an Australian based supply chain for HUNTER.

Following the final selection of the subsystems recommended as providing Value for Money for Technology Transfer and a detailed analysis of the Bills of Materials for these sub-systems, the following four key procurement Categories were identified for down selection of the suppliers for future Procurement RFT supplier panels:

- Precision Machined Parts (all Sub-systems)
- Castings (incorporating precision machining) (Towed Body)
- Composites (Glass Reinforced Plastics (GRP)) (Towed Body and Pressure Vessel for FFR endurance testing)
- Cable Assemblies (all Sub-systems)

These suppliers can be found in Table 1 below:

Table 1: Short List of Suppliers for Stage 1 & 2 Scope

Suppliers	Composites (GRP)	Casting (Machined)	Cable Assembly*	Machined Parts
		<u>TAL unable to obtain competitive pricing</u>	<u>Local manufacturers unable to source special connectors</u>	
	Airspeed Pty Ltd	Veem Pty Ltd	Land Air Sea & Space Pty Ltd	Nu Metric Manufacturing Pty Ltd (Axiom Precision Machining)
	RPC Technologies Pty Ltd	A.W. Bell Pty Ltd	Cablex Pty Ltd	Nupress Tooling Pty Ltd
	Penguin Composites Pty Ltd	Castech Solutions Pty Ltd		Quality Production Engineers Pty Ltd
	Matrix Composites and Engineering Ltd	Hosico Engineering Pty Ltd		Milspec Manufacturing Pty Ltd
	Aerobond Pty Ltd	The Dobbie Dico Meter Company (W.A.) Pty Ltd		CVW Engineering Pty Ltd

CREATION, ENHANCEMENT AND MAINTENANCE OF AUSTRALIAN INDUSTRIAL CAPABILITIES

Thales has established the following AIC Objectives:

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1. identify and pursue opportunities to maximise the participation of Australian Entities in the performance of the Contract.
2. facilitate the creation, enhancement and/or maintenance of Industry Capabilities within Australia and New Zealand to satisfy the Contract requirements, achieve the ADF Capability Objectives, and support government's and Defence's goals for Australian Industry, as set out in Defence industry policy; and
3. ensure that Australian Industry has the necessary technology, IP rights, TD, know-how and know-why to participate in future development and sustainment work in relation to the Materiel System
4. to obtain value for money for the Commonwealth on a whole-of-life basis in relation to the Supplies in accordance with the Commonwealth Procurement Rules (CPRs), including through minimising Life Cycle Cost for the Materiel System as required by the Contract;
5. to obtain for the Contractor as a commercial entity a reasonable return on its investment when it performs the Contract efficiently and successfully, being a return that appropriately reflects properly managed risks assumed by the Contractor in the performance of the Contract;
6. for the Commonwealth to have sufficient and appropriate rights to use (including to sublicense) TD, Software and Contract Material throughout the Mission System's Life-of-Type, including for acquisition, support and disposal of the Mission System;
7. to maximise opportunities for competitive Australian and New Zealand industries including by facilitating, developing and enhancing their skills, knowledge, systems and technology capabilities

The strategy to achieve the AIC Objectives has been created and defined using the input and guidance from multiple internal and external stakeholders, including BAESMA, CoA, Australian Suppliers, AIDN, Supply Nation, Thales UK (TUK) and Thales DMS France (TDMSF) amongst others.

The outcome will be an enhanced Australian Industry Capability to support and sustain the S2087 Sonar on the HUNTER Class Frigates. Utilising an optimised mix of existing and new skill sets both within Thales Australia and Australian SME's by locally competing packages of work currently sourced from the European Supply Chain.

To increase the Australian skills and procure the jigs and tools to grow a sovereign capability and deliver ANZ Industry Capabilities. Our goal is to maximise AIC within the limits of "Value for Money" and Export Constraints, throughout the HCF CSP program and post program, during the life of the HUNTER Class Frigate and to build upon existing local extensive sustainment knowledge and capability for other Sonar systems currently in service in the RAN.

With a design originating in Europe, Thales has built its AIC strategy around a Technology Transfer regime to maximise Australian Industry Capability and content, where it makes sense from a value for money point of view and to ensure a sovereign sustainment capability is established for the S2087 system on HUNTER.

This will involve significant local Supply Chain engagement and competition on packages of work currently sourced from the European Supply Chain for the Towed Body and Towed Array Sonars,

With this Technology Transfer, Thales' goal is to have an Australian Industry that is capable of:

- Manufacturing key components and assembling and testing all major offboard Sub-systems of S2087 in Australia with the potential to take advantage of synergies with the General Purpose Frigate sonar manufacturing activities should the CAPTAS 2 VDS be selected for SEA3000. Furthermore, to generate potential export opportunities and be part of the global supply chain for CAPTAS /S2087 related sub-systems. Example – the recent collaboration between Thales Australia and Thales UK related to Global Combat Ship opportunities.
- Modifying/Optimising S2087 software to answer Australian specific requirements, at a minimum the Australian Interface to the Combat Management System.
- Installing, Setting to Work and Acceptance of the sonar

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- Sustaining (i.e. training, repairing and maintaining) the S2087 in Australia for the duration of its life with the potential to also take advantage of synergies with ANZAC Class Sustainment activities

FUTURE WORK OPPORTUNITIES

Due to the nature of the S2087 system supply for HUNTER, essentially being a build to print project, with limited development, there are expected to be very few opportunities for innovation in regard to the system supply, installation and commissioning. However, there is likely to be integration design work regarding the integration of the new capability (JANIS/APT), which once defined may be included. Moreover, the new interface between the sonar and the combat system and additional software applications such as TrackSim and Signature Builder are being introduced. Also, once the program moves towards the support phase, there may be opportunities for innovation in regard to the design and execution of the in-service support systems and logistics to maximise the efficiency and delivery of the support service.

Table 2: Opportunity for Australian Industry

CWBS (MGT-120) Level 3 Element	Description of the goods/services for which the source of supply is still to be determined	Opportunities for the participation of Australian Industry	Description of opportunity, or rationale for no opportunity
2.2.3	GRP Composite Fairings	Manufacture of the GRP Fairings for the Towed Body by Australian Composites suppliers short listed in Table 1 Pressure Vessell for FFR endurance testing	Opportunity to manufacture up to 4 different GRP parts throughout the sustainment phase and Batch 2

MARKET ENGAGEMENT

Thales shall engage with Australian SME's by issuing RFTs for suitable machined, fabricated, shelf life limited and COTs parts for the FFR Transducers, Towed Body Assembly, TBCA, TACA, VIM, DMF, Rope Tail and Pinger Assemblies and associated jigs and tools to be assembled in Australia.

For Industry to register their interest and make representation of their companies' abilities, innovations and demonstrate value you can provide for future work opportunities contact:

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