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Statement of Corporate Intent

2024/25

Covering reporting period 2024/25 to 2027/28



Contents

1. Introduction	05
2. Key activities – Base business	11
3. Key activities – NPSCY	19
4. Operating environment	25
5. Performance and priorities	33
6. Capability	37
7. Risk management	43
8. Corporate social responsibility	47



Introduction

Aerial view of ONS on the Le Fevre Peninsula

Introduction

Australian Naval Infrastructure Pty Ltd (ANI or the Company) is a Commonwealth Company and a Government Business Enterprise (GBE), classified as a Public non-Financial Corporation (PnFC).

ANI's primary function is to support the Commonwealth's continuous naval shipbuilding program by being the owner, developer and manager of infrastructure and related facilities. ANI is tasked with providing access and efficiently and effectively managing the infrastructure in a manner that ensures an integrated and coordinated approach to delivery of the shipbuilding program.

In fulfilling these functions since 2017, ANI has:

- acquired land facilitating the expansion of the Osborne Naval Shipyard (ONS)
- designed and constructed a new shipyard for major surface combatants at ONS South (ONS-S) and refurbished existing shipyard facilities at ONS-S
- continued operation, maintenance and enhancement of the Common Use Infrastructure (CUI) at ONS-S
- consolidated and enhanced security arrangements across the ONS
- partially designed and constructed facilities for a new submarine construction yard, initially for the Attack class Program (ACP), which was subsequently cancelled following the AUKUS announcement, aspects of which are expected to be utilised for the Nuclear-Powered Submarine Construction Yard (NPSCY) referenced below
- undertaken a significant program of precinct-wide works to support existing and future infrastructure requirements, including utility relocations, development of carparking facilities, improvements to access in and out of the ONS and development of services infrastructure
- entered into commercial arrangements with Defence-selected shipbuilders, sustainment organisations and service providers for tenancies at the ONS
- supported Defence as it considers capability requirements for Henderson and the former Nuclear-Powered Submarine Taskforce as it considered the optimal pathway for Australia to acquire Nuclear-Powered Submarine (NPS) capability, and

- developed a head office for ANI's presence at the ONS.

More recently, ANI has been focussed on:

- working closely with the Australian Submarine Agency (ASA) to develop the infrastructure requirements for the new NPS construction yard (NPSCY)
- commencing design and enabling works for the NPSCY
- standing up an NPS integrated project team office in Adelaide to facilitate a collaborative environment for ANI to work with the ASA, design partners, the shipbuilder and other stakeholders in progressing the design and development of the NPSCY
- upgrading and expanding the capacity of facilities at the Common User Facility (CUF) including the wharf and shiplift to support the needs of the shipbuilding programs
- working closely with ASC Pty Ltd (ASC) to ensure the Collins class sustainment facility (CCSF) supports the life-of-type extension (LOTE) for the Collins Class submarines (CCSM)
- a continuing program of work to enhance security, particularly to support compliance with the requirements of the *Security of Critical Infrastructure Act 2018* (Cth) (SOCI Act), noting the ONS' designation as critical infrastructure
- working closely with the ASA to support social licence and adoption of the Australian nuclear mindset, and
- developing and expanding the organisation to support the significant increase in the size and complexity of ANI's activities.

These activities are discussed further in this Statement of Corporate Intent.

Shareholder Ministers

ANI's joint shareholders are the Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP and the Minister for Finance, Senator the Hon Katy Gallagher.

This Statement of Corporate Intent has been prepared in accordance with section 95(1) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) and Government Business Enterprise Resource Management Guide 126.

Context: Naval Shipbuilding Plan, Defence Strategic Review and AUKUS

The 2017 Naval Shipbuilding Plan highlighted infrastructure as a key enabler for continuous naval shipbuilding in Australia. Since inception, ANI has played a principal role as the owner, developer and manager of critical shipyard infrastructure at Osborne to support that endeavour.

In March 2023, the Government announced the optimal pathway for the acquisition of conventionally armed NPS capability, part of which involves building NPS at Osborne. This was reaffirmed in the 2024 National Defence Strategy.

In April 2023, the Defence Strategic Review (DSR) recommended the Government reaffirm its commitment to continuous naval shipbuilding through an updated National Naval Shipbuilding Enterprise Strategy and updated supporting Naval Shipbuilding and Sustainment Plan. It strongly supported the acquisition of conventionally-armed

NPS and confirmed the need to develop the requisite infrastructure for NPS construction and sustainment, which it said must be started immediately.

The 2024 Naval Shipbuilding and Sustainment Plan will set out the Government's approach to supporting the growth of a productive and resilient sovereign shipbuilding and sustainment industrial enterprise.

In February 2024, the Independent Analysis (IAR) of the Navy's Surface Combatant Fleet was released, which was an action arising from the DSR. Amongst other recommendations, the IAR supported the construction of six Hunter class Frigates (HCF) at Osborne, and a series of new surface combatants to be constructed at Henderson.

ANI has been working closely with the ASA to determine the infrastructure requirements for Osborne. Enabling works for the NPSCY were commenced in late 2023, and concept design is being progressed. Further details are outlined in Section 3.



Undocking OPV NUSHIP Eyre

ANI's purpose

ANI's role and objectives

ANI's purpose is defined in its Constitution as follows:

Primary object

To support the Commonwealth's continuous naval shipbuilding program through:

- acquiring, holding, managing and developing the infrastructure and related facilities used in connection with this program, and
- efficiently and effectively managing this infrastructure (including providing access) in a manner that ensures an integrated and coordinated approach to the delivery of all elements of this program.

Secondary object

To undertake commercial activities related to the primary object, while not compromising achievement of the primary object.

Strategic plan

ANI's vision, purpose and strategy for delivering on the above objectives is depicted in the following diagram, and is underpinned by ANI's governance framework, including the Statement of Expectations (SoE).

This Corporate Plan provides detailed commentary on achievements to date in respect of this strategy and key priorities in implementing this strategy.

Values

ANI's values, as depicted below, represent the way the ANI team behaves and operates in pursuing its objectives.



ANI as a GBE

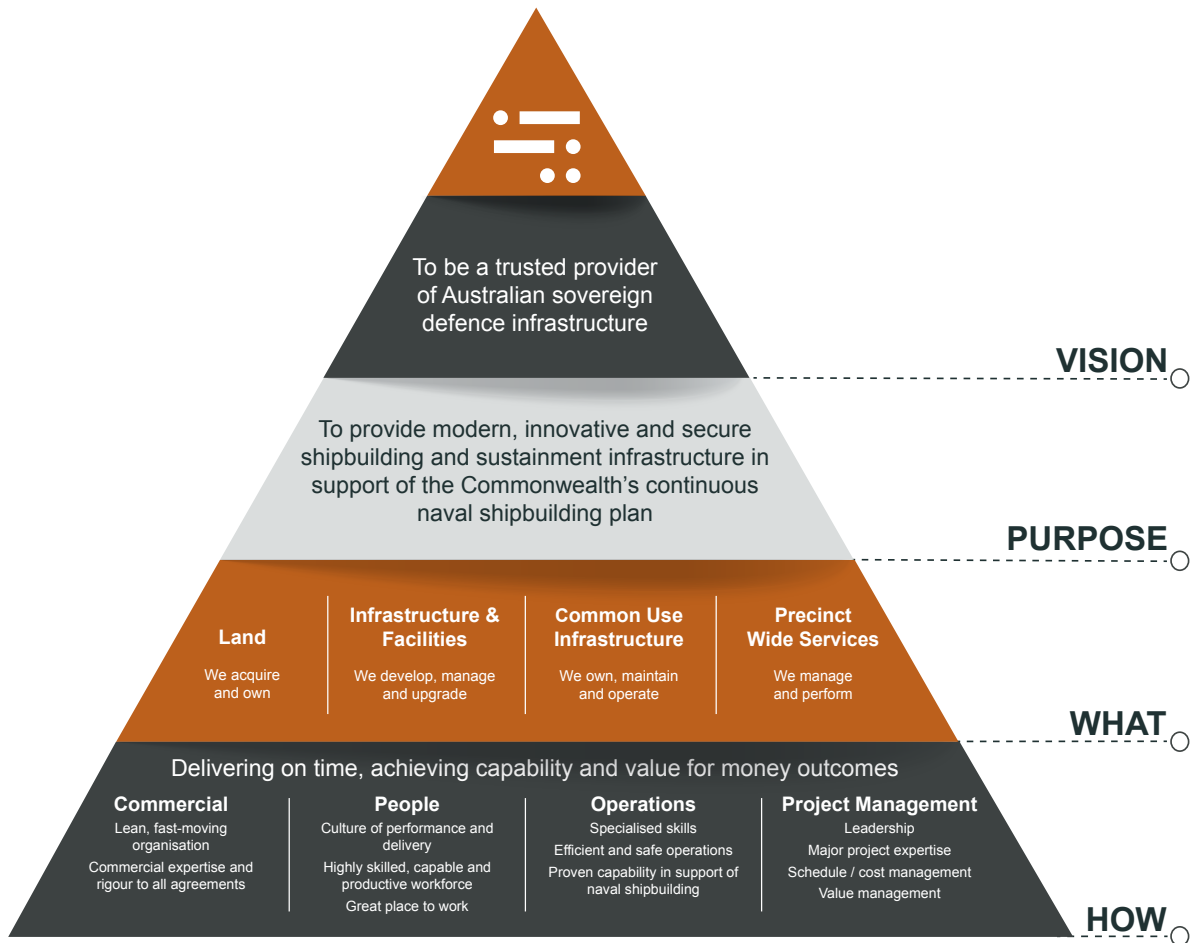
ANI is prescribed as a GBE, reflecting the following key characteristics:

- significant business undertakings at arm's length from the Government
- operates in an established private sector market (infrastructure development and providing facilities for shipbuilding and sustainment)
- a strong focus on generating commercial returns

- an independent board to enable the Company to make commercial decisions about its operations, and
- staffed by appropriately experienced and skilled employees.

Community service obligations

ANI does not operate under any specific community service obligations.



Launch of OPV2 NUSHIP Eyre



2

Key activities – Base business

Aerial view of ONS facilities

Owner of infrastructure

In order to deliver on its primary object as outlined in Section 2, ANI is the owner of extensive landholdings and facilities in the ONS precinct, including:

- the surface shipyards at ONS-S
- a training facility adjacent to the shipyard at ONS-S
- ANI's head office at ONS-S
- the CUF at ONS-S
- three existing buildings at ONS-N (which will be integrated into the NPSCY)
- the Combat Systems Physical Integration Facility (CSPIF) at ONS-N (originally built for the former Attack Class SCY and will now be integrated into the NPSCY)

- vacant land and partially improved land at ONS-N (including the former Attack class submarine construction yard and additional land intended for developing the NPSCY)
- existing CCSM sustainment facility (CCSF) at ONS-N, and
- surrounding land for carparking and services.

The footprint of the above landholdings is depicted in the diagram below.

Refer also to Section 4 which contains a diagram depicting the additional land that has been transferred to ANI in FY23/24 for the NPSCY.

Figure 2.1 Current ONS footprint



Development of infrastructure

Precinct projects

In FY23/24, ANI continued to deliver various projects supporting the efficient functioning of the ONS, a number of which are ongoing.

Having completed construction of the western carpark and associated pedestrian bridge into the shipyard in FY22/23, the entrance works on Victoria Road which were undertaken by the South Australian Department of Infrastructure and Transport were finalised. This allows for handover and licencing of those areas to tenants.

Upgrades to the Veitch Road entrance were completed in FY23/24, providing for controlled access to ONS-S, with turning lanes, a vehicle rejection point, a security hut and boom gates.

Upgrades to the southern entrance to the shipyard at ONS-S on Mersey Road are ongoing. Design was progressed to 60% ahead of commencing procurement of a construction contractor.

Marine works

Delivery of a major package of marine works has commenced at the CUF following an early contractor involvement (ECI) phase to finalise design and progress procurement of long lead items. ANI has engaged McConnell Dowell to deliver this work which includes:

- extending the existing wharf to accommodate two major combatant vessels alongside
- shiplift upgrades and modifications to increase the lifting capacity to support the Hunter Class Frigate Program (HCFP) and accommodate movement of vessels on and off the shiplift using self-propelled modular transporters (SPMTs)
- upgrades of the eastern dry berth, and
- maintenance dredging of the shiplift pocket.

The timing of this work was co-ordinated to commence following the launch of the second Offshore Patrol Vessel (OPV) and in consultation with Defence's Naval Construction Branch (NCB) and shipbuilders in order to minimise impact on programs, and to ensure the works are completed ahead of the arrival of the Hobart class Air Warfare Destroyers at Osborne for planned upgrades.

ONS-S shipyard

Outfitting support facility - Building 22C

In September 2023 ANI entered into a design and construction contract with Sarah Defence (Sarah) to undertake development of a new outfitting support facility, known as Building 22C, which is annexed to the western end of the existing Building 22. The building comprises office, amenities, workshops and stores to support the consolidation of the ships and was designed in consultation with BAE Systems Maritime Australia (BAE) and NCB.

In parallel, ANI progressed the design of a series of access towers and platforms to provide functional access for ship consolidation within Building 22. This comprises nine internal access and utility towers providing safe and efficient access to the ships. Sarah will be responsible for the fabrication and installation of these towers under the above contract.

Building 22C and installation of the access towers is expected to be complete by the end of 2024.

Additional blast and paint chamber - Building 18A

Building 18A is an additional blast and paint facility being developed adjacent to the existing blast and paint facility (Building 18) to increase capacity for the HCFP. ANI entered into a design and construct contract with Built Environs in November 2023, to deliver the facility, which is expected to be completed by the end of 2025.

Both of the above projects are infill developments within the operating shipyard requiring careful management and close collaboration with BAE to minimise disruption to shipyard operations and to maintain a safe working environment.

Maintenance workshop refurbishment - Building 5 modernisation

Building 5, a maintenance workshop, has been identified for refurbishment as part of plans to expand and modernise the shipyard in 2017. The intention is that refurbishment works will commence in early 2025 following the OPV Program vacating the building.

ONS-N CCSF

Security and building systems

A program of works has been progressed to upgrade systems at the CCSF necessary to prepare the site for implementation of the Naval Shipbuilding and Sustainment Identity Card (NSSIC) for compliance with the SOCI Act.

Blast and paint facility modernisation

ANI has worked closely with ASC to develop a proposed scope of work to refurbish and upgrade the blast and paint facilities at the CCSF. This work includes undertaking repairs to existing infrastructure,

replacement of infrastructure which is at the end of its useful life or does not meet current standards and upgrading facilities to meet ASC's future needs for the CCSM Program, including the LOTE project. Subject to endorsement by the CCSM Program and ASC, ANI anticipates approaching the market for a design and delivery contractor to undertake this work in FY24/25.

CCSF shiplift refurbishment

A program of refurbishment works in two phases has been established to ensure the CCSF shiplift's integrity and functionality for the longer term. The first phase involved rail refurbishments works and was completed in January 2024. The second phase

involves a more substantive program of works including systems upgrades, for which ANI has entered into an ECI contract with Pearlson Shiplift Corporation to undertake the necessary design and develop a cost estimate. Following this, it is expected that a contract will be entered into for execution of the works, to align with CCSM Program requirements.

Further CCSF refurbishment and upgrades

ANI continues to engage with ASC to understand requirements for general facility upgrades, noting the ageing nature of the CCSF facility. Ongoing discussions with ASC and the CCSM Program will inform future plans as requirements become clearer and business cases are matured.

Henderson

As outlined in the 2023/24 Statement of Corporate Intent, ANI was tasked by Defence to progress a background environmental monitoring program at Henderson, as a necessary preliminary step ahead of any future large vessel infrastructure development, which remains subject to future Government decisions.

This program, which commenced in early 2023, has included site monitoring and data collection across three main streams: ground and surface water, marine water quality, and hydrodynamic modelling and benthic mapping.



ONS-S Marine Works including shiplift upgrades

Modelling activities are due for completion in June 2024, with the exception of hydrodynamic modelling which requires project scope and layout definition for the proposed infrastructure to enable modelling of the potential environmental impact. Similarly, baseline sediment quality and reporting on field survey of the spring terrestrial vegetation is on hold pending definition of the project scope, layout and determination of construction methodologies.

To enable future marine geotechnical investigations, ANI has also undertaken preliminary studies including Aboriginal heritage and cultural assessments and Unexploded Ordnance studies.

ANI's future involvement at Henderson is subject to further Government decisions.



Top: Construction of additional blast and paint facility (Building 18A)
Bottom: Eastern dry berth development



3

Key activities – NPSCY

Aerial view of Le Fevre Peninsula including preferred NPSCY site at ONS-N

Following from the Government's announcement on 14 March 2023 regarding the optimal pathway for delivering Australia's NPS capability and Osborne being identified as the preferred location for development of the new NPSCY, ANI has continued to work closely with the ASA to determine infrastructure requirements, initiate design activities and progress enabling works activities paving the way for future development.

Land acquisition

Under the terms of a Project Deed between the Commonwealth and State of South Australia (State)

signed on 10 November 2023, it was agreed that certain parcels of Commonwealth owned land within South Australia would be transferred to the State in exchange for State owned land at Osborne to support the development of the NPSCY and a new Skills and Training Academy campus.

The final transfer of land to ANI was completed on 25 June 2024.

The footprint of this land is depicted below.

Figure 3.1 Land transferred from the State to ANI for the NPSCY and Skills and Training Academy



NPSCY infrastructure

Design progression

In 2023, ANI supported the ASA with infrastructure master planning for the NPSCY.

An artist's impression of the proposed layout is depicted below:



NPSCY site layout¹ (per the site Infrastructure Master Plan, version six (IMP6), current as at March 2024).

ANI also engaged AECOM to assist with a Siting and Site Evaluation Report, addressing the International Atomic Energy Agency (IAEA) criteria for nuclear facilities, to support the preparation of a siting licence application to the Australian Radiation Protection and Nuclear Safety Agency.

In March 2024, Kellogg Brown & Root (KBR) and an unincorporated joint venture comprising Aecom Australia Pty Ltd and Aurecon Australasia Pty Ltd (AAJV) were appointed as the design partners for the NPSCY. KBR will design the area of the NPSCY that will be used for steel processing and fabrication facilities and AAJV will progress the design for the rest of the NPSCY which will support outfitting, consolidation and commissioning of Australia's NPS.

Enabling works

ANI has developed a package of enabling works which includes development of the future carpark site as a laydown area, construction of a second pedestrian bridge over the rail corridor, design and construction of a grade separated road over the rail corridor, and above and in-ground utilities relocations.

Initial earthworks for development of the laydown area commenced as planned in December 2023 and were completed in May 2024.

A reference design for the grade separated road (Link Road) has been progressed.

Work has been undertaken on the former ACP development site at ONS-N to prepare the site for future use. This includes dismantling of the partially constructed Platform Land Based Test Facility and

¹ This layout reflects the current site design maturity of <5%.

the salvaging of steel. ANI is working closely with the ASA to re-use existing piling for the NPSCY where possible.

Skills and Training Academy

ANI is working with the ASA to develop detailed functional requirements to enable the progression of the design and construction of the proposed Skills and Training Academy campus at Osborne.

Regulatory and stakeholder environment

The regulatory and stakeholder environment is complex and evolving.

The NPSCY is subject to legislation and approvals from the Commonwealth and State governments.

The ASA, in close collaboration with ANI, is currently progressing a Strategic Assessment for the construction and operation of the NPSCY as defined under Part 10 of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act).

An EPBC Act approval for the carpark and Link Road was received in December 2023 and a second referral is to be prepared for approval of required utility relocations.

ANI is also progressing relevant South Australian State approvals for the NPSCY under the *Planning, Development and Infrastructure Act 2016* (SA) and the *Environment Protection Act 1993* (SA).

The Australian Naval Nuclear Power Safety Bill 2023 (ANNPS Bill) was introduced into Parliament in November 2023 and is yet to be enacted. Once enacted, this will establish the regulatory framework by which ANI will be bound in developing the NPSCY. Ahead of the ANNPS Bill being enacted, ANI is progressing a licence application to prepare a site for a Prescribed Radiation Facility under the *Australian Radiation Protection and Nuclear Safety Act 1988* (Cth) (ARPANS Act) to enable early site works.

Establishment of IDO

ANI has established an IDO as the delivery arm for the NPSCY.

The purpose for ANI delivering via an IDO is four-fold:

- appropriately manage risk and transfer risk over time as the NPSCY is delivered
- provide ANI with end-to-end visibility over all aspects of the delivery of the NPSCY
- standardise and ensure consistency in project management and delivery management, and
- create a committed and readily available supply chain.

The scale and complexity of the NPSCY drives the need for a significant number of personnel, including those with specialised skillsets (for example, in nuclear engineering), and personnel with extensive industry experience, including in industrial design and construction.

ANI has developed its NPSCY staffing strategy, including the IDO organisational structure, and mapped out expected hiring requirements including planned use of consultants and contractors in the design phase. A significant amount of recruitment has been ongoing since September 2023.

Project office

To optimise the design effort, ANI has progressed the establishment of an integrated project team office to accommodate ANI's IDO personnel, ASA representatives, design partner personnel and other stakeholders in a collaborative environment.



Top: Aerial view of ONS

Bottom: Australian delegation including ANI representatives visiting BAES' Barrow-in-Furness shipyard in the UK



4

Operating environment

CUF shiplift upgrades underway



Preparing for OPV undocking

ANI's operating outlook and strategic environment is heavily influenced by several main factors, including:

- **Government policy:** informed by major Government announcements, including the March 2023 announcement of the optimal pathway for the acquisition of conventionally armed NPS capability, the April 2023 DSR outcomes and the February 2024 IAR of Navy's Surface Combatant Fleet.
- **Construction environment:** including pressures arising in the post-COVID era which are impacting the construction sector, primarily supply-side challenges, inflation which remains above the Reserve Bank's preferred range, and labour market capacity constraints.
- **Regulatory environment:** including planning and environmental approvals processes, and nuclear safety and security requirements which will become clearer following the anticipated formation of the Australian Naval Nuclear Power Safety Regulator (Regulator); and
- Collaboration with key stakeholders

The impact of these factors is set out below. ANI has considered potential challenges, opportunities and mitigations arising out of these key areas and has sought to incorporate the likely future implications into the corporate planning process.

Government policy – AUKUS

In September 2021, Australia, the United Kingdom (UK) and the United States (US) announced AUKUS – a new security partnership to promote a free and open Indo-Pacific that is secure and stable.

On 14 March 2023, the President of the US, the UK Prime Minister and the Australian Prime Minister stood together to announce Australia's pathway to achieve the first major initiative of AUKUS to support Australia acquiring conventionally armed NPS (SSNs).

The optimal pathway announcement noted that:

"The construction of SSN-AUKUS in Australia will be a whole of nation undertaking. Primary construction works will occur at Australia's future Submarine Construction Yard in Osborne, South Australia, to ensure it is ready for the SSN AUKUS build to commence by the end of the decade."

At its peak, developing the infrastructure at the Submarine Construction Yard will create up to 4,000 jobs."

In May 2023, the Government announced the establishment of the ASA from 1 July 2023, which will be responsible for the management and oversight of Australia's NPS program, and the establishment of the Regulator.

In March 2024, the Government announced Australia's Sovereign Submarine Build Partner and Sovereign Submarine Sustainment Partner. The Government selected ASC and BAE Systems to build Australia's SSN AUKUS submarines. The Government stated that:

"These world-leading companies will work closely together to establish the foundations of the complex project and will initially form a collaborative arrangement, which will lead to the establishment of a long-term incorporated joint venture within Australia."

The future implications for ANI arising from the AUKUS announcement are:

- ANI will be the developer and owner of the NPSCY at Osborne. This will be a significant undertaking for ANI, as the infrastructure will be extensive and technically complex, and the construction is expected to span more than a decade.
- ANI will need to work in a close partnership with the ASA, ASC, BAE Systems, the Regulator and other stakeholders including the AUKUS partners to ensure that the Osborne infrastructure design and construction is progressed in accordance with the required schedules, is fit for its intended purpose and meets or exceeds the highest standards of nuclear safety and security.

DSR and Independent Analysis of Navy's Surface Combatant Fleet (IAR)

The National Defence Statement 2023 (Statement)², released as Part A of the DSR on 24 April 2023, highlights the significant changes in Australia's strategic circumstances, stating that:

"Australia's region, the Indo-Pacific, faces increasing competition that operates on multiple levels – economic, military, strategic and diplomatic – all interwoven and all framed by an intense contest of values and narratives.

A large-scale conventional and non-conventional military build-up without strategic reassurance is contributing to the most challenging circumstances in our region for decades. Combined with rising tensions and reduced warning time for conflict, the risks of military escalation or miscalculation are rising."

In light of the changed strategic environment, the Government directed an independent analysis to assess the Royal Australian Navy's surface combatant fleet capability to ensure its size, structure and composition complemented the capabilities of the forthcoming conventionally armed NPS.

The independent analysis included an assessment of capability requirements, cost, workforce, schedule, risk and continuous Australian naval shipbuilding. It concurred with the DSR's findings that the current and planned surface combatant fleet is not appropriate for the strategic environment Australia faces, noting it is the oldest fleet Navy has operated in its history. It made clear that Australia needs a surface fleet of warships with greater capability in integrated air and missile defence, multi-domain strike and undersea warfare. These are the capabilities needed to support critical activities, including patrolling Australia's northern approaches, close escort and theatre sea lift missions.³

The IAR⁴ went on to say:

"The independent analysis emphasised immediate and timely action is necessary to remediate Navy's surface combatant capability and support Australia's continuous naval shipbuilding and sustainment industry."

The IAR⁵ confirmed the Government's commitment to continuous naval shipbuilding, stating:

"We agree with the DSR and Government, who have confirmed their commitment to continuous naval shipbuilding and determined that, as an essential foundation for sovereign capability and independence, this will be codified through an updated Naval Shipbuilding and Sustainment Plan. We consider that a published Shipbuilding Forecast that includes the type and number of vessels to be built, and the yard at which they will be built and upgraded, is a necessary artefact in addition to the Plan. This forecast would provide greater certainty to, and enhance the confidence of, the Australian shipbuilding industry and facilitate long-term investment in workforce and facilities."

The IAR⁶ was clear in terms of the expected tasking for Osborne:

"To build the industrial capacity and capability necessary to deliver the future nuclear powered submarines, we recommend that Tier 1 vessels be built, maintained, upgraded and sustained at the shipyard in Osborne."

The specific recommendations of the IAR⁷, of relevance to the ONS, included Defence to:

- negotiate terms with BAE Systems to acquire one batch of six Hunter class frigates of the current design
- urgently undertake the planned Destroyer Capability Enhancement (DCE) program to significantly upgrade the Hobart class destroyer's Aegis Combat System, and
- accelerate a replacement Destroyer class to ensure continuous naval shipbuilding at the ONS, with requirements setting and design work to start by mid-2027.

The future implications for ANI arising from the DSR and subsequent IAR are:

- DSR⁸ reinforces the need for the AUKUS conventionally armed NPS. The implications for ANI are as discussed in the preceding section.

- The IAR clearly reaffirms the Government's commitment to continuous naval shipbuilding, which strengthens ANI's position as the long-term owner, developer and operator of strategic shipbuilding infrastructure.
- The commitment to the build of six Hunter class frigates and the DCE upgrade, and the intention to commence planning for the destroyer replacement will underpin ANI's infrastructure utilisation at ONS-S for many decades.

Construction environment

Whilst global uncertainty persists, compounded by challenges like persistent inflation, geopolitical tensions (such as Russia's invasion of Ukraine and the Hamas-Israel conflict), adjustments in China's property sector, and the effects of tightened global monetary policies, the global growth trajectory is expected to slow over the next few years. This decline is largely due to enduring inflation and higher interest rates affecting economic activity worldwide.

The Australian economy faces similar challenges, with higher interest rates and inflation impacting households and businesses. Despite inflation remaining above target, it has declined as anticipated since its peak in 2022. This downward trend is expected to continue due to eased supply constraints and reduced domestic activity pressures.

The RBA noted in its Statement on Monetary Policy (May 2024) that:

"Recent data confirm that inflation continues to moderate but more gradually than expected. Services inflation has peaked but remains high. Domestic cost pressures remain elevated and conditions in the labour market have eased by less than anticipated. Taken together, this information suggests that the labour market is tighter than previously thought."



Pedestrian bridge over rail corridor joining the western carpark to the ONS-S shipyard

² Statement page 5

³ IAR page 3

⁴ IAR page 4

⁵ IAR page 11

⁶ IAR page 11

⁷ IAR page 8

⁸ DSR Clause 8.20

According to Rider Levett Bucknall's 4th Quarter 2023 Australia Report, the outlook for the domestic construction industry is broadly positive, however the industry also faces a number of specific challenges, including:⁹

- The Australian economy is expected to grow at a moderate pace in the coming years, which will provide support for the construction industry.
- Commonwealth and State Governments have committed to significant infrastructure spending in the coming years, particularly in areas like transportation, renewable energy, and social infrastructure.
- The construction industry is facing a significant shortage of skilled workers. This is driving up wages and making it difficult for companies to find and retain talent. This is due to factors such as an ageing workforce, inadequate training programs, and competition from other industries.
- Material and labour costs are expected to continue to rise due to global supply chain disruptions, inflation, and increased competition for resources. This will put pressure on project budgets and industry profitability.

These conditions will continue to create challenges for ANI in terms of project costs and the availability of human capital to deliver significant projects at Osborne within the forecast period.

The future implications for ANI include:

- cost and schedule performance across ANI's project portfolio will need to be carefully managed
- contracting strategies, particularly for the NPSCY mega-project will need to consider potential mitigants for regional and national supply chain and labour market constraints
- adequate escalation and contingency allowances will need to be incorporated into project budgets and schedules, and
- ANI will need to ensure that it remains an 'employer of choice' through providing a competitive employee value proposition including attractive remuneration packages and a positive workplace culture with strong values and leadership.

Regulatory environment

ANI will need to work closely to ensure that the future facilities to support the conventionally armed NPS construction are designed and operated in accordance with the required standards.

The implications for ANI include:

- the need for a very thorough and comprehensive Environmental Impact Statement process that provides rigour and transparency in decision making
- the need to ensure that the nuclear safety and security ecosystem that exists within ANI and key stakeholder organisations is sufficiently resourced and informed to meet or exceed all the nuclear requirements mandated by the Regulator, and
- the need to develop a 'nuclear mindset' across the ANI organisation, together with all relevant partner and support organisations.

Collaboration with key stakeholders

ANI's collaboration with key stakeholders within the ASA, Defence and with its Shareholder departments will be critical to ensuring that ANI continues to meet the Government's needs in terms of the provision of key enabling infrastructure at Osborne.

The success of the NPSCY in terms of creating a world-class submarine yard which facilitates the efficient, timely and cost-effective build of SSN AUKUS will depend on the formation and maintenance of positive and collaborative relationships with a wide group of stakeholders. This includes, but is not limited to, the ASA, ANI's Shareholder departments, the ASC/BAE Systems joint venture, the Regulator, the State Government, US and UK AUKUS partners, ANI's design and construction partners, the local council, and the community.



Marine Works wharf extension

⁹ RLB Construction Market Intelligence Australia Report Fourth Quarter 2023



5

Performance and priorities

ANI Operations team with OPV NUSHIP Eyre

Overview

ANI is a Commonwealth owned, commercial landlord that owns, develops and manages large scale infrastructure at the ONS.

In fulfilling its primary object as landlord, ANI enters into access agreements with Defence selected shipbuilders and service providers to provide access to the facilities they require to meet their program requirements in accordance with Defence's Infrastructure Master Schedule.

ANI owns and operates the CUI, providing services to support the shipbuilding programs including provision of hardstand and wharf space, docking and undocking of vessels and block movements.

As part of ANI's precinct approach to management of the infrastructure at the ONS, ANI has responsibility for precinct security, maintenance and landscaping of entrances and carparking areas which sit outside of the shipyard perimeter fence and is implementing a range of other initiatives enabling precinct wide synergies and efficiencies to be realised.

ANI's role as the developer of infrastructure is reflected in the various infrastructure projects currently underway and outlined in Sections 2 and 3.

Performance

In conjunction with Shareholders, ANI will identify key priorities for each of its key business areas and for its projects.

ANI continues to measure and report to Shareholder on its performance against the achievement of key milestones and priorities. Areas reported against include safety, operations and facilities management and project deliverables.

Financial objectives

Shareholder returns

ANI will earn commercial returns sufficient to justify the long-term retention of assets in the business. It is expected that ANI will delivery positive returns to Shareholders over the long-term.

Funding

The Government has provided equity injections to ANI to facilitate the development and construction of infrastructure at the ONS precinct. Funding of the NPSCY is expected to be provided on a staged basis as the infrastructure requirements for the yard are developed.

Charging arrangements

In determining appropriate commercial charging arrangements with its shipyard tenants, ANI will balance its need to generate sufficient returns to meet Shareholder expectations, with the need to ensure value for money for the Commonwealth in terms of the arrangements with shipyard users participating in the Naval Shipbuilding and Sustainment Plan.

ANI's access charge revenues are expected to be sufficient to fund:

- ANI's operating costs
- The sustaining capital expenditure associated with maintaining the shipyards to an appropriate standard
- An appropriate amount of capital expenditure associated with facility upgrades or improvements, and
- ANI's return on capital employed.



Building 22C under construction



6

Capability

ONS-S Marine Works wharf extension

Procurement approach

As a GBE, ANI is not obligated to comply with the Commonwealth Procurement Rules, however achieving value for money which is critical in ensuring public resources are used in the most efficient and effective, ethical and economic manner is core to ANI's approach to procurement. In pursuit of continuous improvement, ANI has reviewed and updated its procurement policy and procurement and contract management procedures to ensure the procurement policy principles are achieved.

Policy Statement

ANI is committed to meeting its accountability, transparency and oversight obligations in relation to its procurement, consistent with the PGPA Act and the PGPA Rule. ANI applies its own procurement principles when undertaking procurement activities to ensure it meets these obligations and implements best practice in its procurement approach.

Procurement principles

Value for money: Delivering value for money is critical to the way ANI conducts its business and manages key business relationships, including when undertaking procurement activities. ANI pursues value for money on a whole of life basis.

Probity and accountability: ANI is committed to transparency, efficiency, ethical processes and decision making, and to encouraging competition (where practicable) in its procurement activity.

Proper process and risk management: ANI will select an appropriate method of procurement, having regard to the nature of the goods and services being procured, the expenditure and risk profile, and the objectives of the procurement.

Local procurement: ANI aims to achieve high levels of Australian content in procurement and in major infrastructure projects will encourage contractors to pursue opportunities for local industry participation, including indigenous owned businesses and indigenous employment.

Procurement and contract management procedure

ANI has adopted a 'best practice' approach to carrying out its procurement activities to ensure that the procurement principles are fully considered

during the planning, performing of procurement activities, and contract management.

The Procurement and Contract Management Procedure has been developed so that it is flexible enough to cater for a wide range of projects, from low-value and low-risk requirements to complex and high-cost activities, and agile enough to respond to the urgency required and strategic risk involved.

Precinct management and services

Solar panel installation

In FY23/24, ANI embarked on a project to install solar panels on key buildings within the ONS. This will result in significant cost savings to ANI and tenants for electricity supply to those buildings. Tenants will realise these savings through lower electricity consumption charges which are passed through to them at cost under tenancy agreements.

High voltage (HV) maintenance

ANI manages the maintenance and repairs of the HV infrastructure across the shipyard at ONS South, the CUF and the CSPIF.

Carpark maintenance and landscaping

With the exception of the CCSF carparking area which is maintained by ASC as part of its tenancy, ANI maintains all carparking areas in the precinct, including pavements, line marking and landscaping of areas outside of the shipyard perimeter fence.

The western carpark which was completed in FY22/23 is now operational and being used in part by BAE for its shipyard workforce and partially by Defence's construction contractor, Hansen Yuncken, while it develops Defence's new building at Lot 101 Victoria Road.

Building management systems

In 2020, a new building management system (BMS) was installed in the shipyard at ONS-S. In order for ANI to generate usage reports for individual buildings within the shipyard, ANI is currently in the process of adding billing functionality to that system, which will entail having all electrical, gas and water meters connected. This information will be able to be used to provide an understanding of the environmental impact of each building, as well as the benefits of installing the solar systems referred to above.

ANI is also in the process of designing a new BMS for the CCSF including the same functionality.

Capital and structural work

For the CUI, and as landlord under ANI's shipyard tenancy arrangements, ANI retains responsibility for capital and structural work. This includes repair or replacement of infrastructure at the end of its useful life, structural repairs caused by storm damage or other natural disaster or works of a capital or structural nature required for legal compliance.

Reliability engineering support and consultation with tenants

ANI's reliability engineers work closely with shipbuilding tenants to investigate any equipment faults and defects. They also play a liaison role and provide support to ANI's project teams during the design phase of minor projects to share lessons learnt and to provide insight on operational needs to ensure that project outcomes will meet the needs of the Programs.

The facilities team is currently developing an asset assurance program to audit the shipyard maintenance compliance. This will be an annual process to review the shipyard maintenance with the tenant to identify any gaps or improvement opportunities with the maintenance programs.

Precinct guarding services

In addition to the facilities management activities listed above, ANI is responsible for security guarding services across the precinct, on behalf of itself and its tenants. ANI manages the contractual relationship with the security service provider, with each tenant providing day-to-day instruction to guards in relation to their individual site requirements and security procedures.



Western carpark and pedestrian bridge supporting ONS-S shipyard



Shiplift platform lift

Utilities supply

ANI contracts with various utility providers to supply gas and electricity to the precinct to achieve economies of scale and therefore more competitive pricing than would be achievable if tenants did this individually. The costs of utilities are passed through to tenants at cost in accordance with their tenancy agreements.

ICT security

ANI has invested in its ICT security commensurate with the requirements in Defence's Information Security Manual.

ANI completed its Information Security Registered Assessors Program (IRAP) reassessment in FY23/24, and the ANI network was determined to continue to remain suitable to hold secure information at the appropriate security classification.

Physical security

ANI is committed to providing a secure shipyard for the national naval shipbuilding enterprise. In FY23/24:

- the National Naval Shipbuilding Identity Assurance program was enacted requiring all personnel with unescorted access to the ONS to undergo screening through the AUSCHECK system irrespective of their security clearance status
- access control systems at the CCSF were updated to align with the rest of the ONS
- obsolete security cameras were replaced
- the scope of the security guarding contract was enhanced to allow for better monitoring, detection and response, and
- an upgrade of the electronic access control system (EACS) commenced to allow for integration of all alarms on site including fire, building management system, access control and other alarm systems.

Asset management

ANI has recently undertaken an evaluation of its asset management system to determine its maturity relative to ISO 55000, the international standard for managing assets, and is now developing a roadmap to achieve this certification.



Risk Management

Preparing for CUF shiplift upgrades

Risk management is central to ANI's ability to successfully meet the objectives as outlined in this Statement of Corporate Intent. ANI's Board and management are committed to a robust Risk Management Framework that enables proactive identification, assessment, and management of all risks.

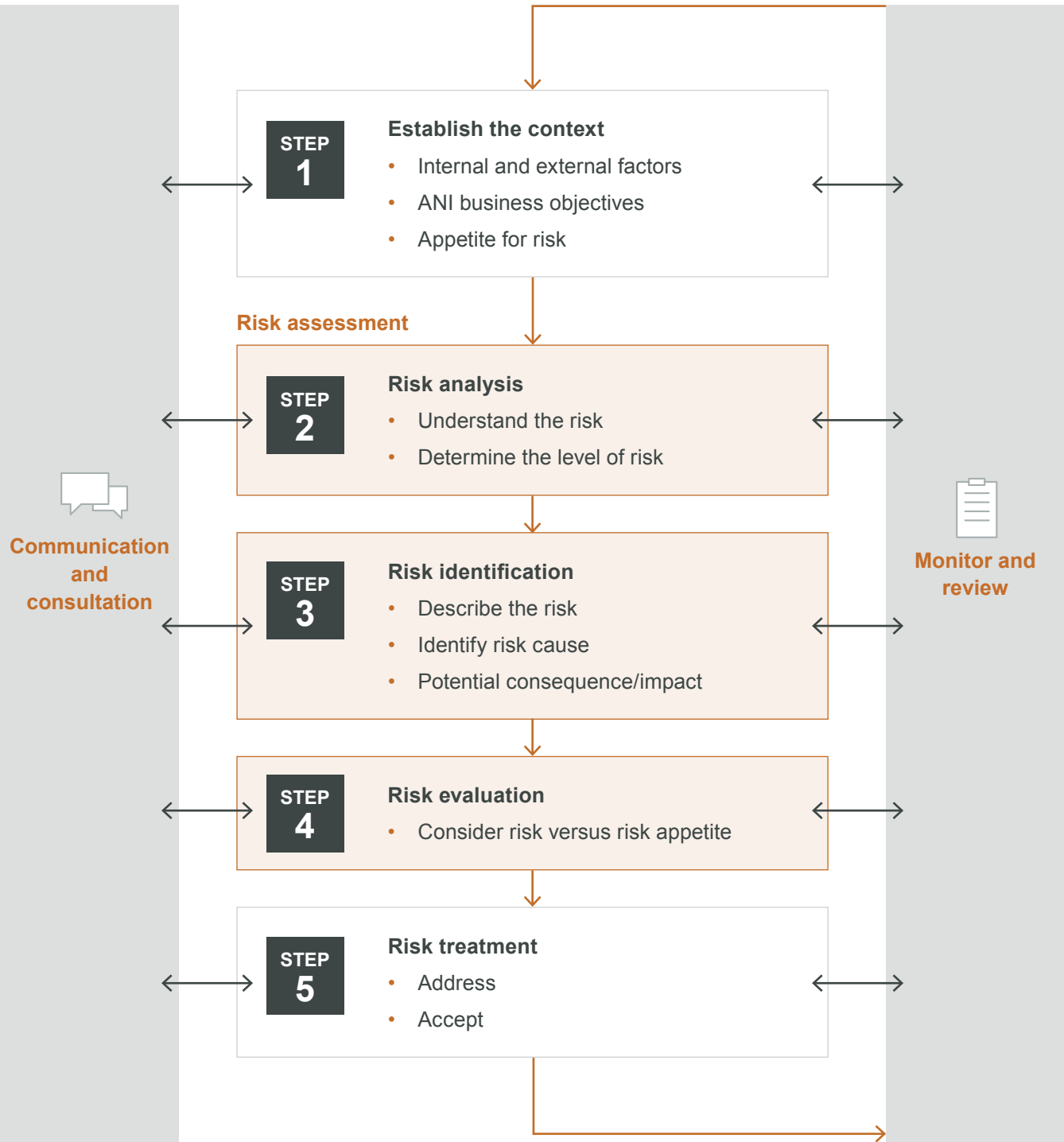
ANI maintains a material business risks and risk appetite register to capture and document risks and controls as well as their ratings. This register is periodically reviewed and monitored by the Audit and Risk Committee of the Board as part of the overall Risk Governance Framework.

From a project perspective, the relevant project teams maintain specific project risk registers which are regularly reviewed and updated. In addition, an operations risk register is maintained by the operations team.

The following diagram is reproduced from the risk management standards and provides a general overview of the risk management methodology for ANI.



Shiplift control room





8

Corporate social responsibility

ANI Operations team with the City of Adelaide Clipper Ship

People and culture

ANI's workforce has grown considerably in FY23/24, and is continuing to grow, changing the dynamic of the organisation from its origins as a small, lean team with broad roles, to a more diverse and larger team, with greater breadth and depth. Through this growth, there has been a focus on efforts to further develop and maintain ANI's positive culture and strengthen the links between organisational values and results.

Diversity

ANI continues to value and grow the diversity of its team – in age, gender, nationality, cultural backgrounds and experiences.

Gender diversity remains a focus. Females represent 50% of the Executive team, and 32% in total. Age diversity ranges from 23 to 63, with an average age of 47. Cultural diversity is broad with representation from more than 10 different countries. Recent recruitment has seen an increase in diversity of experiences from across industries and working environments.

Engagement survey

Since mid-2022, ANI has undertaken an annual staff engagement survey. In 2022 and 2023, an engagement score of 82% was achieved, compared to the benchmark score for Australian organisations of a similar size to ANI of 76%.

The 2024 engagement survey was undertaken in June 2024. This year saw an 88% participation rate and an engagement score of 89%.

Flexible working arrangements

FY23/24 saw the permanent implementation of ANI's compressed working arrangements for full-time staff in the form of a 9-day fortnight, following a trial in FY22/23. In practice, this means that instead of working a 75 hour fortnight over 10 days (7.5 hour days), staff work longer hours (8.33 hours) over 9 days and have one rostered day off per fortnight. The engagement survey referred to above reinforced how positively this initiative has been received by existing staff, and it has also proved beneficial in attracting new staff.

Working from home arrangements continue, allowing flexibility to manage work/life balance. ANI's policy allows for up to a maximum of two days per week working from home, noting that for those who utilise

it, the average is currently one day per week. Part-time working arrangements also continue to be offered where it meets the needs of the business and the individual.

Recruitment

Labour market pressures and skill shortages in the infrastructure sector present a significant challenge for ANI as it seeks to grow its team. ANI is fortunate to be delivering one of the most exciting projects in South Australia, such that skilled people are actively seeking out opportunities to work with ANI.

Recruitment activity continues apace to support the development of the ANI team designing, building and operating the ONS, with the NPSCY project being the major focus.

Undergraduates

ANI has historically offered a small number (three to four per year) of undergraduates the opportunity of a paid placement to gain work experience, usually over the summer holiday period. The FY23/24 year saw a period of high onboarding requirements for ongoing employees and as a result the annual undergraduate intake was reduced to one Mechanical Engineer. It is envisaged that once new employees settle into their roles the usual intake will resume.

Apprenticeships

In FY23/24, an existing employee underwent recognition of prior learning to complete a Certificate III in Engineering – Metal Fabrication. ANI is also hosting a Mechanical Apprentice through a local group training provider, MEGT.

Stakeholder and community engagement

Communications and engagement

ANI acknowledges its role as one of many interested stakeholders working and operating on the Le Fevre Peninsula and wants to ensure the local community is supported and prosperous for generations to come.

ANI is committed to providing ongoing avenues for engagement with the local community, and particularly to engage as early as possible with local government, community and industry to ensure their views and interests are appropriately considered in the planning phases for future developments.

Some ways in which ANI has been able to connect with the community include hosting community drop-in sessions and attending local interest group meetings. A community drop-in session held in June 2024 in relation to the link road development was well received by attendees. It is expected these sessions will continue throughout the NPSCY development. ANI has also assisted in co-ordinating school tours to give school students an insight into future career opportunities in and around the ONS.

ANI will continue to seek innovative and engaging ways to communicate with the local community and industry.

Reconciliation Action Plan (RAP)

ANI operates within the traditional lands of the Kaurna peoples and is committed to building stronger relationships with our local indigenous communities. The establishment of a Reconciliation Action Plan (RAP) is a key initiative in support of the national Closing the Gap movement.

In June 2023, ANI launched its first RAP, a 'Reflect' RAP, which provided the framework for ANI to contribute to the national reconciliation movement. In FY23/24, in line with the overall objectives of the RAP, progress has been made in the following areas:

- connections with local community groups
- ongoing review of documentation across the organisation
- exploring collaboration opportunities with tenants, existing and new contractors to support mutually beneficial outcomes, and
- integration of local history into the site literature.

ANI has commenced a review of the 2023 plan with a view to maturing ANI's systems, policies and processes to ensure they represent fair work practices and address the needs of First Nations businesses and individuals when applying to work with ANI.

Local content

ANI acknowledges that by sourcing goods and services locally, ANI is supporting local businesses, employment and local economic growth. ANI actively seeks out local suppliers and contractors where they are available and have the required capability. This approach supports the local economy and reduces

the environmental impact of transporting goods and equipment over longer distances.

When appropriate, ANI advertises supply opportunities on the Industry Capability Network (ICN). This has resulted in ANI awarding contracts to several South Australian companies. Recent examples include a contract for landscaping and landscape maintenance with LCS Landscapes, and construction contracts with Sarah Defence and McMahon Services.

Tender evaluations for the procurement of goods and services include 'local content' as a standard non-price weighted evaluation criterion, and all tenderers are asked to state how their engagement will support the local community.

Community support

ANI was pleased to be able to collaborate with industry peers to deliver the City of Adelaide clipper ship on her final journey home in June 2024.

ANI volunteered the use of some of our SPMTs and the services of our highly trained operators to move the City of Adelaide from its temporary barge in Port Adelaide to its new home at Seaport Village.

Although the journey was just over 300 metres, the planning and execution of the move was technically complex. The SPMTs had to be navigated around tight angled corners, avoiding existing infrastructure and then safely lower the ship onto the hardstand area.

The exercise was an exemplary team effort, working with multiple organisations and showcasing ANI's skills and commitment to preserving the State's rich naval heritage. A representative of the Board of the City of Adelaide Clipper Ship provided feedback to ANI's Operations Team on their efforts saying:

"The team worked efficiently and professionally in a highly disciplined manner which was equal to anything I have experienced in my 45 years of heavy lifting and heavy haulage. The operation went smoothly and exactly as planned."

Environment and sustainability

ANI takes its responsibilities for protection of the environment seriously, particularly having regard to the sensitive marine environs adjacent to the ONS. ANI aims for positive environmental sustainability across its operations, and actively supports and



Top: Aerial view of ANI head office including solar panel installation
Bottom: First Nations artwork specifically designed for the ONS has been applied to all firewater tanks in the precinct

participates in initiatives and programs that support positive environmental outcomes.

Environmental policy and approach

ANI is committed to minimising the impact of its operation on the environment and as outlined in ANI’s Environmental Policy, pursues the following objectives:

- to promote a strong and consistent environmental protective culture across the organisation, including with contractors, tenants and visitors
- through continual improvement, to develop system and processes to protect the environment and minimise, or where possible, eliminate ANI’s impact on the environment
- to comply with, or exceed, the requirements of ANI’s EPA licence and other relevant legislative requirements, and
- to ensure appropriate resources are available, training is undertaken and communication is provided to protect the environment as far as is reasonably practicable.

The implementation of ANI’s policy and the above objectives occurs through ANI’s Environmental Management Plan and ISO 14001 certification.

ANI continues to implement environmentally sustainable practices in the design, construction, operation and maintenance of the ONS and aims to reduce adverse whole-of-life social, environmental and economic impacts of its activities. Implementation of renewable energy, recycling and clean technology and implementing sustainable approaches and technology is considered during design, construction and ongoing operations. A recent example of this in practice is detailed below.

By implementing ANI’s Environment Management Plan, it is able to evaluate, manage and communicate environmental issues. The plan supports ANI’s work to minimise potential impact from construction and operational activities on the environment, including biodiversity, soil, water, air and waste.

Regulation

ANI’s activities in South Australia are subject to both Commonwealth and State environmental and development legislation.

The future NPSCY is subject to a strategic assessment in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* (Cth), and an impact assessed development application with the *Planning, Development and Infrastructure Act 2016* (SA). The strategic assessment process is being led by the ASA, including the public consultation process, with support from ANI.

ANI’s operations are subject to an EPA licence for maritime construction and for marina and boating facilities. Tenants of the ONS are subject to separate licences and permits for their own specific activities.

Compliance with applicable environmental regulations and site-specific environmental licence requirements continues, and there have been no environmental incidents in FY23/24 requiring notification by ANI to the regulator.

Solar installation

ANI is committed to reducing its carbon footprint and our overall energy consumption which in turn leads to reduced overhead costs.

Investing in clean technologies allows ANI greater insight, control, and flexibility in the way it procures and consumes energy. Recent implementation includes the installation of over 1,000 solar panels across four high use energy buildings at the ONS. This system is expected to generate 770kVA of power, which equates to approximately 730kW of instantaneous power. Based on an average of 5.6 peak hours of sunlight a day, expected generation, on average, is 1.5GWh of power per year across the four buildings. This effectively means that across the precinct, the facilities will be approximately 8% energy self-sufficient.



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