



## Department of Defence Ministers

### **Joint Media Release – Prime Minister and Minister for Defence – The Government’s plan for a strong and sustainable naval shipbuilding industry**

4 August 2015

The Commonwealth Government is delivering a long-term plan for a strong and sustainable naval shipbuilding industry. Over the next 20 years the Government will invest over \$89 billion in ships and submarines for the Navy.

This critical investment will generate significant economic growth and sustain several thousand Australian jobs over decades. It is a key part of our commitment to a safe and secure Australia.

The Government will implement a continuous build of surface warships in Australia. This means that Australia’s shipbuilding workforce will build Navy’s Future Frigates and Offshore Patrol Vessels.

It’s the first time that any Australian government has committed to a permanent naval shipbuilding industry.

This strategy will transform Australia’s naval shipbuilding industry and put it onto a sustainable long-term path, giving the workforce certainty into the future.

The former government failed to commission a single naval warship from an Australian shipyard for the six years it was in office. This created the current shipbuilding ‘valley of death’. The Coalition Government’s plan will put an end to the boom-bust cycle that has afflicted the naval shipbuilding industry.

Today, the Government announces that it is:

- Bringing forward the Future Frigate programme (SEA 5000) to replace the ANZAC class frigates. As part of this decision, we will confirm a continuous onshore build programme to commence in 2020 – three years earlier than scheduled under Labor’s Defence Capability Plan. This decision will save over 500 hundred jobs and help reduce the risks associated with a ‘cold start’. The Future Frigates will be built in South Australia based on a Competitive Evaluation Process, which will begin in October 2015.
- Bringing forward construction of Offshore Patrol Vessels (SEA 1180) to replace the Armidale class patrol boats by two years, with a continuous onshore build commencing in 2018 following a Competitive Evaluation Process. This decision will maintain around 400 skilled jobs that would otherwise have been lost. It will also reduce the number of man-hours that would be wasted on the Future Frigate programme if the existing workforce was disbanded and reconstituted, setting it on a stronger path for earlier completion.

In the short term these two measures will sustain around 1,000 jobs that would otherwise have been lost. Once both programmes ramp up they will guarantee around 2,500 Australian shipbuilding jobs for decades.

The third major pillar of the Government’s naval shipbuilding plan will be based on the outcomes of the Competitive Evaluation Process (CEP) for Australia’s future submarine.

Overseen by an independent panel of experts, the CEP will ensure that capability, cost, schedule, and key strategic considerations – along with Australian industry involvement – are carefully and

methodically considered by the Department of Defence. There will be more submarines and more submarine-related jobs in Australia.

Addressing the serious cost overruns, delays and productivity problems affecting the Air Warfare Destroyer programme is essential to restore public confidence in Australian naval shipbuilding and ensure future projects deliver world-class capabilities for the Defence Force and value for taxpayers.

Following a forensic audit, and building on significant improvements made through the recent interim phase of reforms, the Government is acting decisively to reform the AWD programme. By the end of October 2015 substantial additional shipbuilding management expertise will be inserted into the AWD programme and an additional \$1.2 billion will be invested in the programme budget.

The Government will also undertake further reform of ASC to ensure Australian shipbuilding is best structured to support a continuous build programme and future naval projects are delivered on time and on budget.

To this end, the Government has commissioned a strategic review of ASC's shipbuilding capacity. The review will consider how best to implement long-term arrangements.

Recognising that the Adelaide shipyards and workforce are strategic national assets, the review will consider options to ensure they are structured to support the Government's commitment to naval shipbuilding. This will include discussions with the South Australian Government on the future of its Common User Facility at Techport, which forms an important part of the Adelaide shipyards.

The outcomes of the review will be considered in conjunction with future decisions on submarines and surface shipbuilding programmes.

The Coalition Government's historic investment in Navy capability will be a centrepiece of the fully-funded Defence White Paper that will be released later this year. It will set out the Government's plan to equip the Australian Defence Force to meet current and future challenges.

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