

THE COALITION GOVERNMENT



NAVAL SHIPBUILDING PLAN

What is the Naval Shipbuilding Plan?

The Coalition Government is laying the foundations for an Australian-wide naval shipbuilding enterprise, ending the boom-bust cycle that has afflicted the Australian naval shipbuilding and sustainment industry. This will provide certainty to local businesses and shipbuilding workers.

Modernisation of our naval forces is a complex, national endeavour aimed at building and sustaining Australia's naval capabilities, creating economic growth through maximising Australian industry involvement, and securing Australian jobs for future generations.

The Naval Shipbuilding Plan outlines the Government's vision for the Australian naval shipbuilding enterprise and the significant investment required in coming decades.

The Coalition Government will invest:

- around \$90 billion in new naval ships and submarines;
- more than \$1 billion in modern shipyard infrastructure; and
- more than \$25 million in workforce growth and skilling initiatives to enable the delivery of these platforms.

Four key enablers are required to implement the Government's Naval Shipbuilding Plan:

- modern, innovative and secure naval shipbuilding infrastructure;
- workforce growth and development;
- a sustainable and cost-competitive Australian industrial base; and
- a national collaborative approach.

Success will see the realisation of the significant strategic, economic and employment advantages to Australia that a national naval shipbuilding and sustainment capability can bring.

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Capability

The Naval Shipbuilding Plan is centred around three build programs for submarines, major surface combatants and minor naval vessels, including:

- a rolling acquisition program for the new submarine fleet, at the Osborne Naval Shipyard in South Australia, with construction of 12 future submarines commencing around 2022-23;

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- a continuous build of major surface combatants, also at the Osborne Naval Shipyard, with construction of nine future frigates commencing in 2020; and
- a continuous build program for minor naval vessels, commencing with the Pacific Patrol Boat replacement project in 2017 at the Henderson Maritime Precinct in Western Australia, and the construction of 12 offshore patrol vessels, with the first two to be built at the Osborne Naval Shipyard commencing in 2018 and transferring to the Henderson Maritime Precinct at the start of the future frigate project.

These continuous build programs will see the greatest regeneration of our naval capabilities since the Second World War.

The Coalition Government's investment in these new capabilities will provide some of the most technologically advanced, potent and capable vessels ever delivered into the Australian Defence Force's arsenal. This investment will also support improved integration of

combat and supporting systems across Defence.

Enhanced naval capability will ensure protection of our maritime borders, secure our immediate northern approaches and proximate sea lines of communication, and enable us to project force in the maritime environment.

Delivery of an enhanced naval capability outlined in the 2016 Defence White Paper on time and on budget is important in Australia's increasingly complex strategic environment.

Modern Infrastructure

Constructing Australia's future maritime capability will require fit for purpose, technologically capable and productive shipyards.

The Naval Shipbuilding Plan highlights that a successful Australian naval shipbuilding enterprise will need modern, innovative and secure naval shipbuilding and sustainment infrastructure and construction processes.

New infrastructure is an investment in the future of the naval shipbuilding enterprise.

- Work on shipyard infrastructure for the

construction of major surface combatants at the Osborne Naval Shipyard will commence in the second half of 2017. The Government's investment of up to \$535 million for surface ship infrastructure will support commencement of construction of the future frigates in 2020.

- The current infrastructure at the Osborne Naval Shipyard is not suitable for construction of future submarines and will also require development to support submarine construction from around 2022-23.
- The Government announced on 20 February 2017 a \$100 million investment in naval-related industrial infrastructure and sustainment in Western Australia from 2017 to 2020, including the Henderson Maritime Precinct and HMAS Stirling (Fleet Base Weest). Defence is assessing the requirement for further infrastructure upgrades to support the continuous build program for minor naval vessels at the Henderson Maritime Precinct.
- Defence will finalise a master plan for shipyard infrastructure development at the Osborne Naval Shipyard and Henderson Maritime Precinct later in 2017.

Infrastructure development at the Osborne Naval Shipyard and Henderson Maritime Precinct will modernise submarine and ship construction systems and processes in Australia, an important step in improving shipyard productivity and reducing the cost of Australian build programs.

Skilled Workforce

The naval shipbuilding enterprise will support long-term, secure employment for Australian workers. The naval shipbuilding workforce is expected to grow to around 5200 workers by the mid to late 2020s, with more than double this number of workers in sustainment activities and throughout supply chains.

A skilled workforce is critical to the successful delivery of the enhanced naval capability outlined in the 2016 Defence White Paper.

The shipbuilding industry will also generate thousands of additional jobs with suppliers and sustainers.

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Australia's naval shipbuilding enterprise will need a highly capable, productive and skilled naval shipbuilding and sustainment workforce.

The Coalition Government announced on 24 March 2017 an initial investment of \$25 million to establish a Naval Shipbuilding College (the College) to be headquartered in South Australia, under a hub and spoke model, involving education and training providers across Australia.

The College will provide opportunities for providers across Australia to collaborate in the education and training of high quality candidates for future employment in the naval shipbuilding and sustainment industry.

It is expected the College will attract, train or retrain more than 1500 students across the country in its first few years of operation.

Defence and the Department of Education and Training will undertake a tender process in 2017 to identify a provider, or consortium of providers, to implement the College from early 2018, working closely with the selected builders of the offshore patrol vessels, future frigates and future submarines.

Australian Industry

A productive Australian naval shipbuilding and sustainment industry which is able to deliver affordable and achievable naval capability will be an enduring strategic asset for this nation.

The Government's vision to maximise Australian industry involvement in the naval shipbuilding enterprise will see Australian industry actively involved in domestic and global supply chains, and workforce development and skilling initiatives.

The Government's 2016 Defence Industry Policy Statement, together with the 2015 National Innovation and Science Agenda, will enhance the delivery of Defence capability through a stronger and more strategic, long-term partnership with industry, academia and research organisations – supporting innovation, cutting red tape and driving competitiveness and export potential for Australian businesses.

The Centre for Defence Industry Capability is at the heart of the new collaborative approach required to grow and sustain Australia's defence industrial base, including the naval shipbuilding industry, and will have a key role in driving the industry's long-term development and capacity.

Achieving the Government's vision for a sustainable national naval shipbuilding and sustainment capability will require a motivated, innovative, cost-competitive and sustainable Australian industrial base, underpinned initially through experienced international ship designers and both international and Australian builders who transfer these attributes to a growing Australian industry.

It will require stronger partnerships between industry and Government to ensure agile, flexible and incentivised commercial arrangements between Defence and its industry partners, and between industry and its supply chains, in order to co-create the

conditions for success.

Maximising Australian industry involvement in the continuous naval shipbuilding program will be driven through early and consistent engagement with Australian industry, and embedding industry into force design and all phases of Defence's capability life cycle for new naval capabilities.

A National Approach

The key to successful delivery and sustainment of our enhanced naval capabilities will be a coherent national approach formed through strategic partnerships based on a new level of collaboration with Australian defence industry, State and Territory governments, international partner governments, commercial partners, academia and science and technology research organisations.

Working together will require enhanced collaboration between stakeholders to ensure Australian industry has the capability, skills, capacity, and infrastructure to deliver and sustain the largest renewal of naval capability in Australia's history.

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Successful implementation of the Naval Shipbuilding Plan requires a concerted, timely and coordinated national effort to bring together the enabling elements such as naval shipbuilding and sustainment infrastructure, the naval shipbuilding and sustainment workforce and an Australian industrial base.

Implementation

Implementation of each stage of the Naval Shipbuilding Plan will need to be carefully managed to make it work, and a strategic approach is required for the governance, management and delivery of the national naval shipbuilding enterprise.

The independent Naval Shipbuilding Advisory Board, which has been established to provide expert advice to Government on all matters relating to the naval shipbuilding enterprise, will assist in identifying areas for further attention or adjustment by Government as the Naval Shipbuilding Plan is implemented.

Given the national scope and unprecedented scale of the Naval Shipbuilding Plan, it will be reviewed periodically to meet the pace of change and provide transparency and accountability throughout its delivery.

