

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL ESTIMATES 2016-17

Finance Portfolio
28 February 2017

Department/Agency: ASC Pty Ltd
Outcome/Program: General
Topic: Air Warfare Destroyer

Senator: Xenophon

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Type of question: Written

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Number of pages: 1

Question:

Over the past few estimates we have been discussing Air Warfare Destroyer build efficiency – where ship two and three were substantially more efficient than ship one.

1. Please update these figures?
2. In this attributable to continuous shipbuilding across the three ships?
3. In the context of “lessons learned”, how much extra cost on the AWD project does ASC attribute to the cold start nature of the AWD program?
4. Is the failure to get another project into Techport in time to illuminate experience losses caused by retrenchments likely to add cost to the OPV and Future Frigate Program? And what would the cost quantum be?

Answer:

1. As at the end of February, Ship02 (*Brisbane*) had been constructed 38.3% more efficiently than Ship01 (*Hobart*) and Ship03 had been constructed 35.4% more efficiently than Ship02. Ship03 has been constructed 60.1% more efficiently than Ship01.
2. The improved productivity on the AWD program is a result of a range of factors that have been well documented since 2014, when the AWD program underwent significant reforms. Changes included new management that focused the entire shipbuilding workforce on supporting production, as well as additional human resources from the warship’s designer Navantia, among other reforms.

Continuous shipbuilding, in the form of ship-on-ship construction of air warfare destroyers since the program began, has led to an uninterrupted ‘learning curve’ which has, through the application of ‘lessons learnt’ on follow-on ships, improved efficiencies. The ‘learning curve’ is common to most major warship construction projects undertaken in Australia and internationally and generally means the later ships are delivered at a lower cost than the first.

3. It is not possible for ASC to estimate the additional cost, if any, to the Air Warfare Destroyer program attributable to a so-called ‘cold start’.
4. Questions relating to future costs of the OPV and Future Frigate Programs are a matter for the Department of Defence.