

## Senate Economics Reference Committee

Future of Australia's naval shipbuilding industry – 20 June 2017

### ANSWER TO QUESTION ON NOTICE

Department of Defence

**Topic:** Naval Shipbuilding Plan

**Question reference number:** 3

**Senator:** The Committee

**Type of question:** provided in writing

**Date set by the committee for the return of answer:** 14 July 2017

#### **Question:**

The Naval shipbuilding plan was released on the 16 May 2017. How regularly will the plan be updated? Why is it a naval shipbuilding plan, rather than a national shipbuilding plan, focusing on more than just naval ships? Why was the SEA 1652 RAN replacement replenishment ships program not mentioned in the plan? On 5 May 2017, the Minister for Defence Industry announced that two Cape Class Patrol Boats had been received by the Navy. What was the project SEA number for these boats? Why was this project not included in the naval shipbuilding plan?

- a) Is it related to the Cape class Patrol Boats ordered by the Department of Immigration and Border Protection in 2013?

#### **Answer:**

*How regularly will the plan be updated?*

Given the scope, scale and complexity of the Naval Shipbuilding Plan, it will be reviewed periodically to reflect Government strategy and decisions with regards to naval shipbuilding activities.

The Plan will be managed as a 'live' document in order to capture future government planning, to demonstrate the impact of industrial reforms, to measure progress towards improving shipyard productivity, and to track the performance of the shipbuilding enterprise's partners in industry, education and training and skilling against international competitiveness and benchmarks.

To provide transparency and accountability, the Government will review the Plan and provide regular updates on its implementation, including through national security statements and naval shipbuilding updates, to Parliament.

*Why is it a naval shipbuilding plan, rather than a national shipbuilding plan, focusing on more than just naval ships?*

The Naval Shipbuilding Plan provides the Government's vision for the Australian naval shipbuilding enterprise, and details the investment that Government will make in delivering on its commitment to that enterprise. The Plan outlines the strategy to deliver future naval capabilities as outlined in the 2016 Defence White Paper, with a focus on the enablers that must be delivered early to ensure the Plan's success.

This version of the Naval Shipbuilding Plan considers naval and other national patrol vessels, but is not focused on the commercial maritime industries or other unique ship requirements.

*Why was the SEA 1652 RAN replacement replenishment ships program not mentioned in the plan?*

The 2016 Defence White Paper provides details of all naval investments over the coming decade. The Naval Shipbuilding Plan is a strategy to deliver an integrated national enterprise to build and sustain a sovereign naval shipbuilding and sustainment capability in Australia. The Plan focuses on the three continuous build programs for minor naval vessels, major surface combatants and submarines, and the key enablers to deliver a national enterprise. The Plan has not focused on specialised or orphan ships requirements outside of these three programs.

The scope of Project SEA1654 Phase 3 is to replace both HMA Ships *Success* and *Sirius* with a single class of Auxiliary Oiler Replenishment Ship (to be built offshore in Spain) to sustain deployed maritime forces. Government Second Pass approval was granted in April 2016, with Acquisition and Support Contracts signed with Navantia on 5 May 2016. As per the Government's announcement of 6 May 2016, the decision to build these vessels offshore was driven by cost, capability and schedule considerations.

*On 5 May 2017, the Minister for Defence Industry announced that two Cape Class Patrol Boats had been received by the Navy. What was the project SEA number for these boats?*

There was no SEA project number associated with the Cape Class Patrol Boats as the vessels are leased from Australian Border Force.

*Why was this project not included in the naval shipbuilding plan?*

This project was not included in the Naval Shipbuilding Plan because it is a specialised procurement to fill an immediate capability gap. The Naval Shipbuilding Plan describes a strategy that is centred on the naval shipbuilding enterprise and the delivery of the three continuous build programs, in a generations-long national enterprise.

*a) Is it related to the Cape class Patrol Boats ordered by the Department of Immigration and Border Protection in 2013?*

On 5 May 2017 the Minister for Defence Industry issued a media release announcing the acceptance by Defence of the first of the additional leased *Cape* Class Patrol Boats (*Cape Fourcroy*), and noted the impending delivery of the second (*Cape Inscription*).

Navy commenced a temporary loan of two in-service Cape Class Patrol Boats (*Cape Byron* and *Cape Nelson*) from the Australian Border Force in July and September 2015. This short-term supplementation solution was agreed to ensure no gap in Navy's border protection capability during transition from *Armidale* Class to the offshore patrol vessels.