

1. Senator Kim CARR: So have you done any economic analysis of the importance of naval shipbuilding to Victoria?

Ms van ROODEN: Not in recent times.

Senator Kim CARR: When was the last time you did do it?

Ms van ROODEN: I would have to check the records. I do not have that information.

Senator Kim CARR: Would it be a matter of some years?

Ms van ROODEN: I really cannot answer that question. I would have to check the records.

Senator EDWARDS: For what purpose?

Ms van ROODEN: As I said, I would have to check the records.

CHAIR: Would you be able to take that on notice?

Ms van ROODEN: Sure

Reference: Hansard page 14/15

RESPONSE

As outlined in the Victorian Government's evidence tendered to the Senate Economics References Committee hearing into the *Future of Australia's naval shipbuilding industry* of 13 October 2014 and the Government's subsequent written submission to Part 2 of the inquiry of 31 October 2014, the economic contribution and importance of naval shipbuilding to Victoria incorporates:

- estimated revenue from defence maritime activities in Victoria of around \$500 million in 2012-13, or a quarter of Victoria's total defence industry revenue¹
- the direct employment of 1000 Victorians at the BAE Systems' facility at Williamstown
- the estimated employment of 900 Victorians in highly skilled jobs in the local supply chain for BAE Systems at Williamstown
- BAE Systems' support for a supply chain of 89 companies across Australia, with 50 per cent of those suppliers being SMEs located in Victoria
- BAE Systems' commitment of \$154 million with Australian suppliers between 2011 and 2013, \$77 million of which was committed with Victorian SMEs.

In the period 2005 to 2010, the Victorian Government commissioned four independent reports specific to naval shipbuilding work in Australia that includes analysis on the economics of naval shipbuilding.

The Victorian Government has supported studies and industry consultation on opportunities for the State from future maritime projects, such as the Future Submarine (SEA 1000) and Future Frigate (SEA 5000) programs.

¹ Australian Industry and Defence Network – Victoria (AIDN-Vic) *Results from the survey of economic activity in Victoria's defence industry in FY12/13 on behalf of the Victorian Government*, September 2014

2. **Senator EDWARDS:** Are you in a position to quantify what level of financial assistance in dollar terms over the last five years that you have committed as a state government to BAE and indeed the supply chain of the sector? (page 17)
- Senator EDWARDS:** I just want to know how much of Victorian taxpayers' money has gone to supporting businesses and the like of BAE and the supply chain – how much your government has put into this sector? What subsidy have you provided to the industry and participants in the industry over the years to get it to where it is functioning today?
- Ms van ROODEN:** In terms of investment to support the infrastructure investment, as I have already stated, that information is commercial in confidence. In terms of the BAE supply chain, I don't have that answer but I am happy to see if I can take that element on notice and whether we can provide the information to the committee.
- Senator EDWARDS:** On notice is fine – that is also commercial in confidence though isn't it?
- Ms van ROODEN:** It might depend on what it is, because some grants to companies, as you might be aware, are public information and they are released in the department's annual report.

Reference: Hansard page 17

RESPONSE

Successive Victorian Governments have provided significant assistance to support capital infrastructure improvements to the Williamstown dockyard to support the ANZAC Class Frigate project, and the Air Warfare Destroyer (AWD) and Landing Helicopter Dock (LHD) ship projects delivery from this facility. As discussed, the details of this assistance are commercial-in-confidence.

3. **Senator Kim CARR:** Can you tell us the year in which this investment was made to support the Williamstown dockyard?

Ms van ROODEN: It would have to be in the last few years. I am happy to see if I can find out the year and provide that information.

Reference: Hansard page 17

RESPONSE

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4. **Senator KETTER:** Given the importance of the shipbuilding industry to the economy of Victoria – I am not a Victoria – I would have thought that this is something that the Victorian Government should be fighting pretty hard to retain and support. I have looked at your submission and I can see what appears to be mild disappointment about the decision of the Commonwealth government in respect of supply ships. Do you have a response to that?

Ms van ROODEN: No I cannot really respond to that. As you can see, it is a letter from the minister and I have no further comment to make other than to repeat what I said earlier – that is, that the government, various ministers and the Premier have consistently raised the issue of naval shipbuilding with members of the federal government.

Senator XENOPHON: The former government as well?

Ms van ROODEN: I would have to check the timing but yes, I think so.

Senator XENOPHON: Can you take that on notice please?

Reference: Hansard page 17

RESPONSE

There has been on-going advocacy from successive Victorian Governments to successive Federal Governments in support of naval shipbuilding.

5. **Senator Kim CARR:** Could you remind me of this, because you have the records. I was the minister for a good deal of this time. What was the date on which the Victorian Government initiated discussions with me about shipbuilding or automotive? What was the date you initiated that? My recollection of the conversations I had with the Victorian government were around initiatives I took. Perhaps you could correct me: has there been a change in policy over the last 12 months? Has the government become more proactive, and at what point did that occur?

Ms van ROODEN: I am happy to take that question on notice, Senator.

Reference: Hansard page 18

RESPONSE

The Victorian Coalition Government has promoted Victoria's capabilities to support major naval shipbuilding projects on an as required basis and where appropriate to do so. This approach is consistent with the policy of successive Victorian State Governments to continue this advocacy in the normal course of engagements with all levels of Government and industry.

The Office of the Hon David Hodgett MP, the Victorian Minister for Manufacturing has advised that:

- the Minister raised the Victorian Government's concerns about the future of naval shipbuilding with the Defence Minister, Minister for Defence Materiel and Minister for Industry and Innovation in June 2013
- the Office raised the matter of naval shipbuilding with Senator Carr's Office following his appointment as Minister for Innovation, Industry, Science and Research in 2013.

6. **Senator MADIGAN:** Are you able to give the committee any information on naval shipbuilding skills – on any proactive engagement with the shipbuilding industry to train people in the necessary skills, the young people coming through in trades?

Ms van ROODEN: I do not have that information on hand at present but I am happy to provide information to the committee on that. Obviously, the Victorian government has a very extensive program of support and investment in the vocational education and training system, and through that system we have supported the development of skills for the naval shipbuilding industry. But if you would like some specifics I will have to take that question on notice.

Senator MADIGAN: If you could also show us any information where you have collaborated with industry.

Ms van ROODEN: On the training question?

Senator MADIGAN: On what skill sets they need to equip people with so that we have a future for the shipbuilding industry.

Reference: Hansard page 18

RESPONSE

In the context of informed advocacy to secure the AWD project in Victoria, the Victorian Government commissioned the Allen Consulting Group's report *The Future of naval Shipbuilding in Australia: Choices and Strategies* of May 2005.

This report included a comparative analysis of different shipbuilding sites in Australia. The report concluded that Victoria has far lower risks delivering the AWD project and sustaining development of the related industry given its existing depth of skills and suppliers.

Victoria had a strong head-start towards supporting skills for the AWD and LHD programs as the existing staff at then Tenix's Williamstown facility had worked successfully on the ANZAC Project and were available to transfer across to the next naval shipbuilding project contracted.

The Marine Engineering Training and Research Centre (METRC) at Williamstown had successfully trained the ANZAC Project workforce at Williamstown, supported by the Commonwealth and Victorian Governments, with the Victorian TAFE system organising and accrediting an advanced Certificate and Associate Diploma program in Shipbuilding Technology. By 2005, the Victorian Government had provided some \$7.2 million for staff training through METRC.

Work was also undertaken at the outset of the AWD and LHD programs to link industry into the Commonwealth's Skilling Australia's Defence Industries (SADI) program, established to up-skill existing employees in the defence industry and to provide funding support to defence industry for training activities where a skills shortage in technical, trade or professional skills had been identified. Victoria works with other stakeholders such as the Australian Industry Group (AiG) and unions to grow apprenticeships and to make these programs attractive by using modular and flexible approaches to apprenticeship training, and by assisting apprentices into useful work quickly through strategic alliances between major shipbuilders.

In 2007, the Victorian Government further considered Australian industry's capacity to build the AWDs and LHDs, including a focus on the availability of sufficient skilled labour resources on a state-by-state basis. It was found that sufficient resources existed across the States, with Victoria placed strongly.

Victoria's net labour potential to support both the AWD and LHD projects was assessed as sufficient to meet the demands of both projects, given the existing supply of apprentices and trainees through Victoria's world-class Vocational Education and Training (VET) system, the existing supply of university graduates with degrees in engineering and management relevant to the shipbuilding industry, and the forecast growth of both these labour pools over the life of the AWD and LHD projects. Victoria continues to offer Australia's largest share of science, engineering and IT graduates, along with one the highest VET participation rates in the nation.

The Victorian Government continues to collaborate with industry on required skills and capabilities for future maritime projects, such as the Future Submarine (SEA 1000) and Future Frigates (SEA 5000) programs, through a variety of engagement mechanisms including the Government's current grant support for the Victorian Defence Alliance – Maritime and Submarine Networks coordinated through the Australian Industry Defence Network (AIDN).

These networks facilitate industry and Registered Training Organisation engagement and collaboration to research and deliver required capabilities and enabling skills, and identify gaps for defence SMEs looking to enter the maritime markets. Victorian Government utilises information arising out of these networks, in conjunction with other relevant expertise and advocacy actions, to progress the State's interests in securing and supporting future maritime projects within this State.