



WA DEFENCE STRATEGY

JOBS FOR THE FUTURE



A message from the Premier



Recent announcements by the Commonwealth Government regarding its naval vessels and Armoured Fighting Vehicle Acquisition programs have delivered some exciting news for Western Australian companies.

The local defence industry is well placed to benefit from the multi-billion dollar expenditure, not just in the shipbuilding and construction phase, but importantly in the ongoing maintenance and sustainment of the vessels.

Identified by the Commonwealth as one of two naval shipbuilding precincts in Australia, the Australian Marine Complex (AMC), at Henderson, has the infrastructure, capabilities and expertise to give businesses there, and around the State, a competitive advantage when bidding for work.

Already, up to 21 Pacific Patrol Boats will be built at Austal's shipyard in the AMC, and 10 Offshore Patrol Vessels (OPVs) are also expected to be built at the AMC from 2020.

This is in addition to the sustainment program, worth \$2 billion over eight years, for the Anzac Class Frigates with the majority of work to be undertaken at the AMC.

The Liberal National Government is committed to putting its weight behind the existing strength of the WA defence industry to ensure its capabilities are known to key decision makers in the multi-billion contract process.

The Government recognises the significant potential of this work to boost the local economy and create jobs. In November Commerce Minister Michael Mischin led a delegation to France and Germany to meet with the shortlisted designers for the OPVs and promote the WA defence industry's capabilities.

The Department of Commerce recently partnered with DCNS – the preferred international design partner for the future submarine program – to provide an overview to WA industry on opportunities that will be available to local businesses in the future submarine program. More than 200 people attended the seminar.

The State Government has recently announced the Industry Facilitation and Support Program Defence Round 2. This will provide financial assistance of up to \$25,000 to eligible small to medium-sized enterprises (SMEs) who are seeking to enhance their competitiveness to better enable them to participate in the naval shipbuilding and maintenance programs. Under Round 1, 16 SMEs shared in \$350,000 to assist them secure defence contract opportunities.

These are long lead programs and the work we are doing today to secure contracts will have long-term benefits for the State economy and will provide jobs for decades to come for our children and grandchildren.

Colin Barnett
Premier

Contents

WA Defence Strategy 2016	3
Opportunities for WA businesses	4
More jobs for West Australians	5
Training for the future	6
The WA advantage	7
What we have done for WA's defence industry	8

WA Defence Strategy 2016

Western Australia is home to a world-class naval shipbuilding, repair and maintenance and heavy engineering industry.

The State also boasts niche defence industry capabilities including aircraft maintenance, cyber security and ICT support for defence programs.

Over the last decade and a half Western Australia's defence sector has become one of the State's economic success stories. There are more than 180 defence related companies and up to 4,000 direct jobs.

The Australian Marine Complex (AMC) at Henderson (23 kilometres south of Perth) provides significant industry capability support for the Royal Australian Navy (RAN) based at Fleet Base West, Garden Island, and provides repair and maintenance to the COLLINS Class submarines and ANZAC Class frigates.

The State's competitive strength has been recognised after it was identified as one of only two national shipbuilding locations. Henderson has been confirmed as the nation's minor naval vessel hub.

With the announcement by the Federal Government of an \$89 billion package to build a new fleet of naval vessels in Australia over the next 20 years, WA is in a prime position to contribute to the project with:

- the majority of 12 Offshore Patrol Vessels (\$3 billion) to commence construction in WA in 2020, with the first two hulls starting construction in Adelaide in 2018, and then shifting to WA when the future frigate program commences construction in Adelaide. This program is expected to create more than 400 direct jobs;
- an expectation that WA industry will contribute to the build and sustainment programs of the \$30 billion Future Frigate program (commencing construction in Adelaide in 2020), and the \$50 billion Future Submarine program (commencing construction in Adelaide in mid-2020s); and
- WA-based Austal has been selected as the preferred tenderer to build up to 21 Pacific Patrol Boats (\$280 million) commencing construction in 2017, securing more than 120 direct jobs.

With its expertise already honed in the highly competitive oil and gas and resources sectors, WA industry is also perfectly placed to extend its capabilities into the Defence's army and air force programs.

This combination of existing infrastructure and capability will provide a significant opportunity for WA businesses to expand their operations and in turn, provide thousands of additional jobs for West Australians for decades to come.

Opportunities for WA businesses

Western Australia has about 180 companies with direct defence contracts, of which the majority are small to medium enterprises.

Defence contracts managed at the AMC are worth more than \$700 million and have created up to 4,000 jobs.

Some of these projects include:

- \$143.7 million for ANZAC frigate sustainment contracted to NSM Australia;
- \$152.4 million for COLLINS Class submarine sustainment;
- BAE Systems' \$50 million contract to modify and maintain the platforms of the ANZAC frigates;
- ASP Defence Support Services' \$15.6 million contract for the sustainment of HMAS Sirius;
- Thales Underwater Systems' \$4.5 million contract to maintain and provide technical support for the MU90 Light Weight Torpedo; and
- BAE Systems and SAAB's \$380 million contract to upgrade the ANZAC frigate Anti-Ship Missile Defence & Combat Management Systems.

Western Australia has the infrastructure, capability and expertise to participate in future naval defence shipbuilding and submarine programs – our industry is innovative and our workshops are ready.

To support WA businesses in securing defence contracts, the State Government has extended to the defence sector its Industry Facilitation and Support Program (IFSP), providing up to \$25,000 in matched funding for small to medium-sized businesses (SMEs) to improve their competitiveness and engagement.

Since 2011, nine rounds of the program have resulted in \$4.4 million being committed to 257 SMEs across WA, including 171 regional businesses. This investment has resulted in more than \$314 million in contract awards and 571 new employment opportunities and 66 apprenticeships.

WA's defence-related businesses also have internationally competitive skills and capabilities, honed across broad industries such as oil and gas, mining, and marine sectors, offering innovative practices and niche capabilities to navy, army and air force programs.

With a number of world class research, science and technology organisations based in the State it has the necessary facilities and infrastructure to provide SMEs with opportunities to innovate, advance their products and services and become internationally competitive.

More jobs for West Australians

The announcement that Western Australia will play a major role in the nation's future shipbuilding program is due to the recognition of our capability, expertise, and efficiency in a highly competitive and demanding industry.

This capability is not limited to one company or industry sector. Businesses at the Australian Marine Complex have honed their skills and innovative practices across diverse industry sectors including defence, oil and gas, marine and mining.

Western Australia is set to benefit for decades to come from this initial build program in the Offshore Patrol Vessel (OPV) and Pacific Patrol Boat (PPB) programs and also continued benefits with the future upgrades and sustainment that will be required to support these and other future vessels.

WA's current share of the program includes:

- Austal to build up to 21 Pacific Patrol Boats at a value of \$280 million and starting in 2017.
- Building 10 of the 12 Offshore Patrol Vessels (OPV) worth \$3 billion and starting in 2020.

These programs will drive economic growth.

In the first instance, more than 500 high-skilled jobs will be created for the build, integration, and testing phases.

The work presents a significant opportunity for the State, and the heavy engineering, fabrication, shipbuilding and manufacturing companies located here.

A further 1,500 indirect jobs are expected to flow to a range of industries required for outfitting and commissioning the vessels.

WA is also in a strong position to contribute to the build and sustainment work in support of the \$30 billion Future Frigate and \$50 billion Future Submarine programs commencing in Adelaide from 2020 and mid-2020's respectively.

The State Government is actively promoting local industry capabilities to contribute to the build program along with our capacity to expand our current maintenance and sustainment role to become the Navy's West Coast maintenance hub.

This would mean decades of work for our children and grandchildren.

Training for the future

Private and public sectors in WA have invested heavily to build the State's workforce capability in naval shipbuilding, repair and maintenance, upgrade and through-life sustainment.

Strong stakeholder engagement leveraged off the Australian Marine Complex (AMC) has assisted in developing a skilled workforce in shipbuilding and maintenance to provide the State with an internationally competitive and innovative local defence industry.

The State Government has a long-standing commitment to defence and maritime training through South Metropolitan TAFE. This includes the contract for the Australian Submarine Corporation (ASC) Pty Ltd's COLLINS Class Submarine Combat Systems and Platform Engineering training.

It also provides specialist courses to the Royal Australian Navy for electrical systems, hull maintenance, propulsion and diesel maintenance, instrumentation and control systems.

Investment in Western Australia's training facilities, staff and learning resources during the recent expansion in the resources sector has provided a solid base to support the further development of the State's defence industries.

The current upgrade of facilities for applied engineering, instrumentation and electrical courses at the Australian Centre for Energy and Process Training (ACEPT) in Munster valued at \$12.6 million is a key example of the Government's commitment to world class training for the resources and defence industries.

South Metropolitan TAFE is also positioned well to meet the future needs of WA's defence industry. It is already working with the ASC Pty Ltd on the potential future training requirements for the Collins Class Submarines.

Leveraging its current capabilities and its position within the AMC, South Metropolitan TAFE, with support from other TAFE colleges, is ready to upscale its operations to accommodate WA's share of the future shipbuilding program.

This will include enhanced capability to provide training and support for the building and sustainment of 10 Offshore Patrol Vessels and future maintenance work.

The Department of Training and Workforce Development is taking a strategic role working with the industry to help plan and position the State's training sector to assist the development of the defence workforce.

This will include the development of a strategic workforce development plan for the sector.

The development plan will be based on information currently being captured from industry, Commonwealth Government and other stakeholders, and labour market data analysed by the department, including data used in the development of the State Priority Occupation List. The list helps guide future training requirements for WA.

The WA advantage

Geography

Western Australia's strategic location on the Indian Ocean provides a key outpost in support of operations in Africa, Middle East, Europe and South East Asia.

HMAS Stirling is Australia's largest naval base and home to 12 Fleet units, including five of the Navy's eight ANZAC Class Frigates, all six COLLINS Class Submarines, fleet oiler HMAS Sirius, and clearance diving teams 4 and 7.

Infrastructure

The State Government's Australian Marine Complex – Common User Facility (AMC–CUF) at Henderson has been an outstanding success, providing infrastructure and facilities for the defence, oil and gas, marine and mining sectors, providing cost competitive infrastructure and facilities. It has delivered 417 major projects worth in excess of \$2.43 billion and generated 37,469 jobs.

The AMC–CUF has one of the world's most technologically advanced Floating Docks, which can lift vessels up to 12,000 tonnes; 40 hectares of common laydown, load-out and assembly area; a main fabrication hall with 200 tonne crane capacity; and a heavy-wide-load road system.

Established Industry

Nowhere else in Australia can you find an experienced shipbuilding industry with the likes of Australian Submarine Corporation (ASC), Austal, BAE Systems, Raytheon, SAAB and Thales in one location, directly opposite the nation's largest naval base, HMAS Stirling.

Western Australia is home to the largest, most modern steel fabrication industry in Australia. The reputation of WA fabricators is built on the skills of its workforce and a commitment to safety, quality, reliability and efficiency.

With an expected total market output of approximately 190,000 tonnes in 2016 there is capacity to increase output to more than 300,000 tonnes. The three largest local firms hold over 200,000 square metres of land and over 100,000 square metres of workshop space.

Technology

Perth has become the centre for technological advancement in the mining sector, through command and control centres using remote and automated systems to operate equipment more than 1,000 kilometres away.

WA also offers niche capabilities in data processing and analytics, marine science, cyber security, and information technology, supporting Department of Defence to deliver and maintain programs across the navy, army and air force.

With a number of world class research, science and technology organisations based in the State it has the necessary facilities and infrastructure to provide SMEs with opportunities to innovate, advance their products and services and become internationally competitive.

A collaborative approach

To position Western Australia as an integral part of the nation's future and current navy naval shipbuilding programs, and to ensure that thousands of new jobs are created for West Australians, the State Government has:

- worked closely with the WA Defence Council, which includes senior representatives from WA's shipbuilding, heavy engineering, fabrication and technical support industries, and the Australian Industry Defence Network (the peak industry association for small to medium sized businesses seeking work in the defence sector), to strongly advocate for the State's defence industry.
- established a Ministerial Working Group comprising the Ministers for Commerce, Innovation/State Development, Training and Workforce Development, and Lands to coordinate support to WA's marine/shipbuilding sector.
- organised and hosted a number of industry engagement days for ThyssenKrupp Marine Systems (Germany), Mitsubishi Heavy Industries (Japan) and DCNS (France) for the SEA1000 future submarine program.
- facilitated industry engagement for SEA1180 Offshore Patrol Vessel bidders.
- initiated the Defence Industry Facilitation and Support Program (IFSP) that provides financial support to SMEs to upgrade their skills and capabilities to play a role in the naval shipbuilding programs.
- developed 'Our Defence WAY' capability pack to showcase WA industry capability to participate in the naval shipbuilding programs.
- visited key shipbuilders and designers in Germany, the Netherlands and France, to promote WA's capability to take part in maintenance, upgrades and support for the upcoming Offshore Patrol Vessel and submarine projects, so that contract work is maximised for local WA companies.
- hosted an industry workshop with Department of Defence on the LAND 400 project, to inform WA industry on the program to acquire and support the next generation of Armoured Fighting Vehicles.
- hosted an industry workshop with Department of Defence on the SEA 5000 (Future Frigates) and SEA 1180 projects (OPVs).
- hosted an innovation seminar with DCNS that provided information on how WA industry could participate in the future submarine project's supply chain.