Submission 47 - Navy League of Australia

The Navy League of Australia made submission 12 to the inquiry into the Future of Australia's naval shipbuilding industry in the 44th Parliament.

This document is intended as a supplementary submission to the original submission 12.

All submissions received in the 44th Parliament can be accessed via the following link:
http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Naval_shipbuilding/Submissions

NAVY LEAGUE of AUSTRALIA

Submission to Senate Economics References Committee

Inquiry into the Future of Australia`s naval shipbuilding industry

As far as practicable, we should build the ships the RAN needs in Australia.   In particular we should build our warships and submarines.   By doing so we will maximize the long term benefits of developing the industrial capability essential for the long term support and modification in service of such vessels.   We will maintain independence in support of our naval assets.

Apart from those organisations currently engaged in naval programmes Australia no longer has a significant shipbuilding industry.
Such commercial industry as does exist has been successful by developing specialized products and skills by seeking to be a world leader in their market place.   However, the industry faces stiff competition from offshore industry for skills and from overseas shipbuilders for orders.   The high Australian dollar and the high cost of doing business in Australia resulted in one of the leading shipbuilders, Austal, establishing a yard in the Philippines where they intend to build the bulk of their commercial orders.   Strategic Marine, another Australian shipbuilder, one of the few engaged in steel shipbuilding , extensively builds overseas in Vietnam, Singapore and Mexico.

Sustaining the capability of the current participants in naval shipbuilding is vital if we are to maintain the strategic industry capability they provide.

Continuous Production
The key to maintaining this capability is continuity of orders and a concentration on building those ships most relevant to this aim, warships and submarines.
In maintaining this capability we may have to pay a premium. However, this need not be so if the build programmes are of sufficient size to allow Australian industry to benefit from continuous production.   The ANZAC frigate programme of 10 ships, 8 for the RAN and 2 for the RNZN, is a good example.   Senators are no doubt

familiar with the report of the Rand Corporation "Australia`s Naval Shipbuilding Enterprise"

The next shipbuilding programme has the potential to provide long term security to our sovereign warship building capabilities provided that there is a continuous building programme.   A constant construction programme should be maintained with a warship launched approximately every two years.   To ensure continuity of work the number of ships, and the timing of their replacement, will have to be carefully planned.
A proposal for early decommissioning is set out later in this submission.

 The national industry capability and the GDP benefit to the nation of a continuous build programme cannot be overestimated.

Some Issues
 In advocating continuous shipbuilding the League acknowledges that there are issues that need be considered.

Political Risk
One potential problem for a continuous build programme is political risk.   A building programme that extends over decades and many political cycles is inevitably vulnerable to changes of policy.   To work continuous build will require long term cross party support.

Obsolesce
The idea of keeping a constant drum beat of warship production raises the question of class obsolesce.   How long can or should any one class of ship be held in production?   A constant build could keep a class of ship in a time warp, with the last being inferior to the by then existing threat.   The last ship is likely to be completed some 20 years after the first

Batching
One solution to the problem of class obsolesce could be batching, The Royal Navy batched the building of the Type 22 Broadsword class frigates and the Type 42 Sheffield class destroyers.

Ships are built in three batches of four ships each.   With each batch the technology was updated and the ships grew in size and capability.

This means that at least four ships are of truly contemporary standard at some time during the build.

Early Decommissioning

Another solution is to decommission ships early. Warships start to become expensive to own from about 18 to 23 years. Most navies undertake a mid-life upgrade. However, it can be argued that this is the best time to decommission a ship. Ideally it can be sold. If a sale can be arranged it potentially adds a customer to the logistics pool.

Decommissioning early is the practice of the Japanese Maritime Self Defense Force which never goes through the expensive endeavor of updating their submarines at mid life point. Instead they are decommissioned early to enable a new build submarine to take its place. Thus the fleet is always technologically new and the burdens on the submarine workforce remain constant.

Such a practice could be viable for Australia. Indeed, it might be necessary. For example, present planning is for a build of 9 Future Frigates.(SEA 5000) If in due course the RNZN adds 2 frigates, or the RAN opts for more than 9, this would extend the build to approximately 2042. At that point the first of the Air Warfare Destroyers (SEA 4000)will be 25 years old. Unless the Sea 4000 ships are decommissioned early, or more SEA 5000 ships (or their follow on) ordered, it will not be possible to maintain the drumbeat of continuous construction.

The Navy League of Australia believes:

* That a continuous build strategy should have full, long term bi-partisan support.

* That ships should be batch built.

* That the follow on to SEA 5000 should be a seamless transition involving the early retirement of the SEA 4000 capability