

On 10 November 2005, the Senate referred the following matter to the Senate Foreign Affairs, Defence and Trade References Committee for inquiry and report by the last sitting day of 2006:

That the Committee inquire into and report upon the scope and opportunity for naval shipbuilding in Australia and in particular:

- (a) the capacity of the Australian industrial base to construct large Naval vessels over the long term and on a sustainable basis;
- (b) the comparative economic productivity of the Australian shipbuilding industrial base and associated activity with other shipbuilding nations;
- (c) the comparative economic costs of maintaining, repairing and refitting large naval vessels throughout their useful lives when constructed in Australia vice overseas;
- (d) the broader economic development and associated benefits accrued from undertaking the construction of large naval vessels

- “Large” requires defining, but in the event that it refers to ships in excess of 100m in length we advise that Australia has limited capacity to construct these ships from existing facilities. However, large Naval projects should be performed in Australia for the long term benefit of a technically competent shipbuilding industry.
- Large ships could reasonably be constructed from improved facilities at either of Brisbane, Sydney, Melbourne, Adelaide or Perth/Fremantle.
- Australian industry is substantially behind the leading “Large” shipbuilding yards in Japan and Korea which benefit from massive investment in automated process for construction of “large” steel ships. However, Australia still leads the productivity race in respect of Aluminium construction.
- Shipbuilding will always be a competitive market and whilst governments (other than Australia) around the world continue to prop up their respective industries, maintaining a competent skills base within Australia has never been so important.
- Large shipbuilding projects generate downstream skills creation and enhancement. Long term maintenance of these ships ensures that skills are maintained and passed on to both trade and technical personnel for a minimum of 20 years after the delivery of a ship.
- Construction of ships offshore removes the ability to grow and maintain acceptable skill levels in our community from a shipbuilding and engineering viewpoint.

- AIMTEK (Formerly NQEA Australia) has recently ceased shipbuilding activities from its Cairns based workshops. The company does however, maintain a competent ship design and support team from administrative, technical and trade viewpoints, based loosely around the support of Australian made Naval and commercial ships and the company's export design services.
- Tenure of knowledge from Australian made vessels ensures that our future in maritime services is secured.
- It is recommended that Australia continue to procure Australian made ships for the benefit of its future skills base and that any economic matters be treated under the banner of training to maintain our independence.