

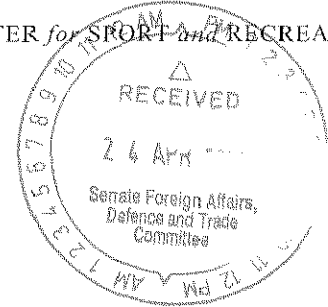


Tasmania

DEPUTY PREMIER

MINISTER for  
ECONOMIC DEVELOPMENT and RESOURCES

MINISTER for SPORT and RECREATION



Dr Kathleen Dermody  
The Secretary  
Senate Foreign Affairs, Defence and Trade References Committee  
Suite SG.57  
Parliament House  
CANBERRA ACT 2600

Dear Dr Dermody

The Tasmanian Government is pleased to provide the attached submission for the Senate Inquiry into Naval Shipbuilding in Australia.

The Tasmanian Government is confident that Australian industry has both the capacity and capability to build the Air Warfare Destroyer (AWD) and Landed Helicopter Deck (LHD) amphibious ships in-Australia to the desired schedule.

The Tasmanian shipbuilding industry has well-established capability and has developed a critical mass of supporting industries, including professional and trade training facilities. Shipbuilding is of strategic importance to Tasmania. It drives the development of advanced technologies that offer considerable advantages to other sectors. The economic benefits that a naval shipbuilding project could bring to Tasmania would be significant.

The Department of Economic Development has been assisting Tasmanian industry, including both traditional and non-traditional shipbuilders, in readiness to bid for contracts for the AWD and LHD projects. The Tasmania Maritime Network together with an established cluster of innovative maritime light and heavy engineering companies as well as major fabrication companies have a workforce of some 1,800 skilled labour force that offer maritime products and services of exceptional quality both within Australia and internationally.

Thank you for the opportunity to contribute to the Senate inquiry.

Yours sincerely

Bryan Green  
Minister

# **INQUIRY INTO NAVAL SHIPBUILDING IN AUSTRALIA**

## **TASMANIAN GOVERNMENT SUBMISSION**

The Tasmanian Government is pleased to present this submission to the Senate Inquiry into Naval Shipbuilding and wishes to emphasise the following issues:

The State Government is confident that the Australian maritime sector, together with the non-traditional ship building sectors, has the skills and capacity to fabricate the Air Warfare Destroyer (AWD) and Landed Helicopter Deck (LHD) projects concurrently.

The Tasmanian Government is concerned that economic benefits and skills retention in Australia be given full consideration in decisions regarding the manufacture and build of the LHDs.

It is apparent that the two amphibious warship projects will have a significant impact on Australian shipbuilding capacity. For the projects to be successfully built in Australia industry capability will need to be sourced from all over the country, and additional capability from non-traditional ship fabricators will also be required.

### **TASMANIAN INDUSTRY SKILLS CAPABILITY**

The Tasmanian Government and Tasmanian industry believe that the State has the capability to produce modules for both projects and is ready to participate in these projects of national significance.

Tasmania has about 1800 skilled personnel potentially available to manufacture component parts for the AWD and LHDs. This skilled workforce is stable and focussed; residing in Tasmania's regional centres and with a proven track record of meeting industry schedules during heavy industrial shutdowns; meeting shipbuilding delivery deadlines and providing programmed maintenance to large mineral and food processors. Utilisation of this type of capability throughout regional Australia would ease pressure on prime contractors to deliver on these key defence projects.

The Tasmanian Government has an objective to gain more defence-related work for the State. A number of strategies have been adopted including facilitating relationships between Tasmanian industry and defence prime contractors, and ensuring that Tasmania is represented at national defence fora.

The Department of Economic Development has worked closely with Tasmanian industry to develop strategies to achieve a position where it is able to bid for the manufacture of modules for both the AWD and LHD projects.

### **TASMANIAN SHIPBUILDING CAPABILITY**

With six and a half thousand kilometres of coast line and the strategic gateway to Antarctica, Tasmania has a long history of maritime industry.

The Tasmania Maritime Network (TMN) contains a number of highly skilled companies with expertise in marine manufacture and fit out, such as the INCAT high speed catamarans, large car ferries and the Spirit of Tasmania I, II and III (Appendix 1). Members of the TMN are often engaged in defence projects both to Australian and overseas Navies and military projects world wide.

These companies have been identified in the Tasmanian Defence Industry Brochure (Attachment A). Tasmania has an active AIDN (Australian Industry Defence Network) membership. The membership includes the majority of companies from the TMN and other leading companies with defence industry capability as well as the Australian Maritime College. In addition to these capabilities a number of niche manufacturers are able to provide products/services directly to prime contractors or tiered suppliers. The following products can be delivered:

- ship evacuation systems
- marine antenna systems
- windlasses, winches and capstans
- surge protection equipment and
- hydraulic systems.

## **AMPHIBIOUS SHIP PROJECT**

There is significant interest in this project and it has been established that Tasmanian industry clearly has the capability to produce a number of modules for the project. In order to maximise potential opportunities for Tasmanian industry, the following key stakeholders have combined to form a strategic working party:

- Tasmanian Manufacturing Industry Council
- Tasmania Maritime Network
- Department of Economic Development
- Australian Industry Defence Network (Tasmania) and
- Industry Capability Network Tasmania.

A potential lead contractor has been identified and a consortium established. The Tasmanian Government has agreed to provide logistical support.

Haywards Group is Tasmania's leading heavy steel fabricator, with expertise in large scale projects ranging from wind turbine towers, ship loaders, and structural steel manufacture, to ship construction including project management and onsite installation. It has a skilled workforce of over 140 personnel and significant workshops, design office and corrosion management facilities in Northern Tasmania.

The Haywards Group has agreed, in principle, to become the lead contractor working to a prime contractor.

North West Bay Ships is a significant aluminium ship builder of international repute. The company has considerable project management skills in marine projects and has successfully manufactured for defence industries in the past. It has a current workforce of 124 highly skilled fabricators, the majority of whom are former steel fabricators and boilermakers.

North West Bay Ships Pty Ltd has agreed to support the Haywards Group with the necessary specialist maritime project management and additional marine manufacturing support.

In addition to the lead contractors, there are a number of specialist Tasmanian companies that have agreed to support the proposal. These include all significant Tasmanian heavy steel fabrication companies, duplex stainless foundries, CNC machine shops and toolmakers as well as members of the Tasmania Maritime Network (TMN). The TMN provides a focal point for these highly skilled and experienced companies to interact with actual shipbuilders. Directly or indirectly, these companies are often engaged in defence projects for both Australian and overseas navies and defence industry projects worldwide; details are attached (Appendix 2)

A number of related companies have also agreed to support the project. These range from precision engineering specialists, technical engineering service providers, and composite manufacturers together with electrical and air conditioning installation experts.

The working party has also investigated and identified suitable sites for final fabrication and shipping from Tasmania. The newly formed Tasmanian Ports Corporation, arising from the recent amalgamation of the three major ports, will be closely associated with any Tasmanian bid.

## **CONCLUSION**

Research has shown that for every dollar spent on new or retained manufacturing business output, benefits flow not only from increases in manufacturing activity, but also from Australian industries that provide inputs into manufacturing activity and from industries meeting the consumption demands resulting from more jobs, wages and salaries.

For every additional \$1.0 million of successful new or retained manufacturing business, the flow-on effects are significant throughout the economy. The following impacts of new and retained business in the Australian manufacturing sector have been identified:

- \$250,400 worth of tax revenue is generated
- \$789,000 worth of value-added is generated
- \$90,900 worth of welfare benefits is saved and
- 17 full-time jobs are created.

Source: Australian Economic Consultants Pty Ltd (AEC) 2004

These figures illustrate the impact that local manufacturing has on the economy. If the amphibious ships are built overseas, potential economic and social benefits will be lost.

The other major benefit arising from domestic manufacture of the amphibious ships is the opportunity for greater national skills development and retention. Building these large ships in Australia and utilising regional capability will have a major economic impact on related industry sectors.

The flow-on effect that large scale fabrication in Australia can bring to both regional and state economies must be fully appreciated by all levels of government.

## APPENDIX 1

## TASMANIAN SHIPBUILDING CAPABILITY

Sector	Companies	Capability	Skill Numbers
Heavy Engineering	5	General engineering Heavy onsite steel installation Heavy steel fabrication Project management	468
Marine Manufacture and fit out	15	Air conditioning Communication fit out Fire protection General engineering Hydraulics (RAN accredited) Marine fit out specialists Metal Protection Onsite installation Project management Ship building, small to large fabrication Specialist foundry	898
Technical Support Services	5	Engineering design Fatigue Predictions Hydrodynamic research Marine simulation/training Port Facilities Project Management Risk assessment Ship design Stress analysis	357
Precision Engineering	3	General engineering Powder coating Precision engineering Toolmaking	62
Total	28		1785

## APPENDIX 2

ADDITIONAL INFORMATION - SENATE INQUIRY INTO NAVAL SHIPBUILDING IN AUSTRALIA		
TASMANIAN COMPANIES SUPPLYING AUSTRALIAN AND OVERSEAS NAVIES		
COMPANY	GOODS/SERVICES	COUNTRY
Incat Australia	High Speed Catamarans	Royal Australian Navy US Navy
North West Bay Ships	Landing Barges	Royal Australian Navy
Moonraker	Marine Antennas	Royal Australian Navy New Zealand Navy US Navy and Coast Guard Royal Navy Malaysian Navy Indonesian Navy Republic of South Korea Singaporean Navy
Fiomarine	Marine Retrieval Buoys/Systems	Royal Australian Navy US Navy Singaporean Navy Navy of Japan Royal Navy (On trial)  French Navy (On trial) Spanish Navy Under Negotiation

Taylor Brothers	Ship Fitout and Repair	Royal Australian Navy New Zealand Navy US Navy
Delta Hydraulics	Hydraulic Cylinders and Steering Gear	Royal Australian Navy New Zealand Navy Singaporean Navy
APCO	Port Hole Hatches and Ride Glides	Royal Australian Navy US Navy
Liferaft Systems	Ship Evacuation Systems Mine Retrieval Systems	Royal Australian Navy New Zealand Navy US Navy Royal Dutch Navy French Navy
Australian Maritime College	Marine Training and Marine Services	Royal Australian Navy New Zealand Navy US Navy Malaysian Navy Indonesian Navy Republic of South Korea
Pivot Maritime	Virtual Reality Training	Royal Australian Navy US Navy



Muir Engineering	Windlasses and Winches	Royal Australian Navy New Zealand Navy US Navy Royal Dutch Navy Turkish Navy Vietnamese Navy Hong Kong Navy (Now China)
Whetstone	Communication Documentation Training	Royal Australian Navy
Riley Industrial Marine	Deck Cranes, Hydraulics and Maint'ce	Royal Australian Navy