

Submission to the Senate committee.

Thank you for this opportunity to address you today.

I am the General Manager of WSHA and speak to you from the perspective of a local enterprise of some 15 years experience in Australia primarily associated with Defence related projects. We currently employ 35 staff in two facilities, one here in SA, the other in WA.

Over this period we have had the pleasure of working closely with a range of Commonwealth and Industry representatives on both submarine and surface vessel related projects. However, our experience also covers over 10 years experience until 2001, working in the resources sector where we designed manufactured and commissioned large machines involved in the bulk handling of coal, iron ore.

We are proudly part of the Weir group, an international publicly listed company with revenues of 800 million pounds sterling and a workforce of around 9000. Interestingly, the Chief Executive of Weir is Mark Selway, who was Adelaide born and educated and still lives here, when he's in Australia anyway. As you will understand, Mark takes a very close interest in our Australian business and the outcome of your inquiry. Also, as shareholders of the UK based Devonport Management Limited, the UK based submarine support facility in

Plymouth, the Weir Group have a focus on long term submarine and platform support internationally.

The Company I run here is managed through Weir S&H Limited who are based in the UK at Bristol. The company is over a hundred years old, and has been involved in Defence work, initially in the UK and now internationally, for over the last 30 years. During this period they have worked on at least six major defence projects for a range of international customers, something quite unique in the Defence sector. In Bristol we have a staff of over 400 of whom around 50% are engineers or other technically qualified personnel. Currently in Bristol, WS&H are providing equipment to the Astute UK submarine programme, and have also been awarded a contract to provide WDE to the Spanish S80 submarine programme by Navantia. They are also the preferred supplier for a completely integrated waste system for the UK's latest 60,000 tonne aircraft carrier code named CVF.

Our involvement in Australia is based on the contract we were awarded back in 1986, by ASC, for the design manufacture and supply of the Collins Class torpedo tube and weapon discharge systems. Whilst this contract was important, what made it particularly interesting was the fact that over 70% of the work had to be carried out in Australia. Therefore, whilst the first boat set of equipment was manufactured in Bristol, and supplied to the Kockums facility in Malmo, all the other equipment was either manufactured or procured from Australia. To manage the work in Australia, WSHA was

established back in 1988. Seconded staff from Bristol were used in the first two years, but by a constant process of recruitment and business growth in Australia the business is now operated by an experienced local workforce. However, as you will see later, having the ability to 'reach back' into the resources in Bristol is an important capability in terms of the issues before the committee.

From such a background, and with the pedigree of our UK colleagues to draw from, you will not be surprised that we see our future in Australia focussed on the long term support of the Collins submarines, and a significant part in the design of its replacement, together with major input into design, procurement and though life support of associated platform systems for both the AWD and Amphibious ship programmes.

We also contend that we are suitably placed to be able to offer the committee our views in support of your inquiry.

WSHA are not shipbuilders, and it has been interesting to have had the opportunity to read the submissions from the various interested parties as part of this inquiry. However, leaving the construction in Australia vs overseas debate aside, it is clear that the consensus view is that Australia must maintain control of the range of marine systems

engineering capabilities and be able to support and enhance the vessels in country.

We also fully support this view, but see such a capability only being possible by leveraging the capabilities of shipbuilding primes who will have overall platform build, enhancement and support responsibilities, with the range of skills provided by established local enterprises who will provide the more detailed systems support and linkages to overseas equipment suppliers.

And whilst much has been written about such a model for the support of Combat Systems, the importance of retaining the same level of competence in-country for the range of platform systems is no less important if operational effectiveness and cost control of through life support is to be achieved.

By platform systems we mean: material replenishment at sea equipment, landing systems, fuel handling and filtration etc.

Like WSHA, there are a number of local local enterprises with specialist platform systems integration skills who could be contracted by the shipbuilding alliance or prime contractor to undertake the task of overall systems design and be fully responsible for the procurement, commissioning and support of those systems through life.

As an experienced platform systems integrator, we contend that there is a role for local enterprises with equivalent expertise to provide this important service in Australia. This belief is based on our successful involvement with the Collins project, which followed this very model, that is, close involvement in the early stages of design, an Australian based company, comprehensive in country manufacture, procurement and testing, linkages with overseas equipment designers through licensing agreements, complemented by a through life support network situated close to Outer Harbour and HMAS Stirling. We are also the first company to be contracted by ASC to provide a comprehensive package of through life support and thus strengthen our ability to plan our future strategically.

The same model can work in support of shipbuilding projects, and will enhance our ability, in Australia, to ensure world best practice ship construction, upgrade and through life support can be achieved.

To be able to support the programs successfully, a role for local systems integrators must be found from the outset of the design and development phase of each project.

Consider some of the advantages

- Engaging local enterprises as specific Systems Integrators mitigates a level of commercial and technical risk as they will be contractually obligated to design, manufacture, test and support these systems through life.
- Given that sufficient clarity can be provided, there is no reason why such a contract couldn't be taken at a fixed price. However, such local enterprises must demonstrate they have the substance to accept these risks (for example knowledge, expertise and financial backing).
- They will develop the detailed specifications for their particular sub systems and undertake the range of competitive tendering exercises internationally
- They will provide early detailed cost modelling and procurement strategies (based on their expert knowledge of the subject system) to assist the prime contractors with schedule and budget estimates.
- They will develop the relationships with overseas suppliers of systems and equipments. These relationships will relate to transfer of IP, for design purposes and in country assembly and

test, together with licence agreements for the long term support to be carried out in country.

- Detailed interface information will be developed in a form which will allow the designer and or ship builder to produce the ship in modules, as is the modern practice.
- Suitable local enterprises will have facilities for the assembly and test of equipment in Australia, and provide warehousing such that a just in time approach to delivery can be provided. Additionally, their will be infrastructure developed to ensure that equipment can be support long term in Australia.
- Many of these local enterprises will be part of major international groups with extensive project experience. Not only does this provide high degrees of reach back, it also provides access to additional system experts and other technical staff who can be utilised strategically to offset some of the problems that may occur during high periods of demand for labour in Australia.
- But most of all, local enterprises will be acutely aware of the cost of support and their on going obligations in that area, and will develop designs and structure their business focussed on this aspect.

Using existing local enterprises of this type will reduce cost and risk while ensuring transfer of technology to allow competitive through

life support, whilst adding significantly to Australia's technical capacity and overall self reliance.