

Future Submarine Industry Skills Plan

Minister for Defence Stephen Smith and Minister for Defence Materiel Jason Clare today announced more details on the Future Submarine Industry Skills Plan.

The Future Submarine Project is the biggest and most complex Defence project Australia has ever embarked upon.

It will involve hundreds of companies and thousands of workers.

It will involve Federal and State Governments, Defence, industry, universities and the Australian public working together for generations to come.

The skills needed will include systems design, naval architecture, propulsion and combat system engineering, production engineering, project planning and control, production scheduling, material procurement, risk management, budget control, financial accounting, contract management, systems integration, and trade skills such as welder, boilermaker, and electrician.

In December the Minister for Defence and the Minister for Defence Materiel announced that the Defence Materiel Organisation would develop a Future Submarine Industry Skills Plan.

Today, the Government released details of how that work will be undertaken.

The Future Submarine Industry Skills Plan will identify what is required to build and sustain the skills required to successfully deliver Australia's Future Submarine capability.

The Plan will:

- Determine the type of skills required to successfully deliver the Future Submarine Project;
- Determine the size and profile of the workforce required to successfully deliver the Future Submarine Project;
- Determine the current capacity and capability of the Australian shipbuilding industry, in terms of skills and workforce;
- Determine the current productivity of the Australian shipbuilding industry and establish comparable international benchmarks;
- Analyse the naval shipbuilding projects currently in the Defence Capability Plan and calculate the effect these projects will have on growth of the capacity and capability of the

Australian shipbuilding industry;

- Analyse current education and training programs, including apprenticeships, and calculate the effect these programs will have on growth of the capacity and capability of the Australian shipbuilding industry;
- Propose alternate scenarios for sequencing Defence projects that will better deliver the capacity and capability required to successfully deliver the Future Submarine Project;
- Propose improvements to the education and training programs that will better deliver the capacity and capability required;
- Propose other actions required to deliver the capacity and capability, including industry productivity, required to successfully deliver the Future Submarine Project; and
- Propose a management arrangement within Defence, particularly the DMO, for the ongoing management of a sustainable naval shipbuilding program.

The plan will be developed by a team be led by the Chief Executive Officer of the Defence Materiel Organisation Mr Warren King.

It will be supported by an Expert Industry Panel headed by Mr David Mortimer, AO.

Mr Mortimer has over 40 years of business experience. He is the former Chairman of Leighton Holdings Ltd and the former CEO of TNT. He is the current Chairman Australia Post and Crescent Capital Partners.

Mr Mortimer is the Chair of the Defence Industry Innovation Board and is a Director of the Defence Strategic Reform Advisory Board. From 2004 to 2008 he was also Chairman of the Defence Procurement Advisory Board.

In 2008 Mr Mortimer was appointed by the Federal Government to conduct the Defence Procurement and Sustainment Review known as the Mortimer Review.

The Mortimer Review made 46 recommendations to improve the capability acquisition process, increase investment in Defence industry skills and incorporation of improved commercial practices into Defence procurement.

These recommendations along with those made as part of the Kinnaird Review in 2003 and reforms announced by the Government last year have made a significant impact of the Defence project approval process which last year saw a record 49 projects worth in excess of \$6 billion approved by the Gillard Government.

The Expert Industry Panel will include representatives of DMO, Navy, the Department of Industry, Innovation, Science, Research and Tertiary Education, Skills Australia, unions, the CEOs of the four principal Australian naval shipbuilding companies; ASC, Austal, BAE Systems and Forgacs Engineering and the CEOs of the principal naval systems integration companies: Lockheed Martin, Raytheon, Boeing, Thales, Saab Systems and BAE Systems.

This group will consult widely with State Governments, Australian industry, industry associations, universities and other academic organisations and think tanks to develop this plan.

The Panel will commence their work this month and the Plan will be presented to Government by the end of the year.

Media Contacts:

Minister Smith's Office (02) 6277 7800

Minister Clare's Office (02) 6277 7290

**STUDY INTO THE DEVELOPMENT OF SKILLS REQUIRED FOR
AUSTRALIA'S FUTURE SUBMARINE PROGRAM
TERMS OF REFERENCE**

1. AUTHORISATION

1.1. The Minister for Defence and Minister for Defence Materiel [others] have commissioned this study to develop a plan that will produce the skills across Defence and Australian industry required to successfully deliver the Future Submarine Project.

2. PURPOSE

2.1. The purpose of these Terms of Reference is to specify the scope of the study into the development of skills to successfully deliver the Future Submarine Project.

3. CONTEXT

3.1. The Future Submarine Project is a major national undertaking and is of a scale, complexity and duration never before experienced in Australia. About 2,000 workers will be directly employed in the construction of the submarines, while two or three thousand more will be working in the industry supply chain to support the project.

3.2. The skills needed will include systems design, naval architecture, propulsion and combat system engineering, production engineering, project planning and control, production scheduling, material procurement, risk management, budget control, financial accounting, contract management, systems integration, and trade skills such as welder, boilermaker, and electrician.

3.3. These skills will be generated from experience in designing and constructing other

warships for the Navy, as well as from the various education and training programs available to people in Defence and industry, including trade apprenticeships.

4. OBJECTIVES

4.1. The purpose of the study will be to design a unified plan for naval shipbuilding projects, education and training programs and other actions that will sustain and grow the competence and proficiency of the Australian shipbuilding industry so that it can successfully deliver the Future Submarine Project.

4.2. The broad objectives for this study are to:

- 4.2.1. determine the type of skills required to successfully deliver the Future Submarine Project;
- 4.2.2. determine the size and profile of the workforce required to successfully deliver the Future Submarine Project;
- 4.2.3. determine the current capacity and capability of the Australian shipbuilding industry, in terms of skills and workforce;
- 4.2.4. determine the current productivity of the Australian shipbuilding industry and establish comparable international benchmarks;
- 4.2.5. analyse the naval shipbuilding projects currently in the Defence Capability Plan and calculate the effect these projects will have on growth of the capacity and capability of the Australian shipbuilding industry;
- 4.2.6. analyse current education and training programs, including apprenticeships, and calculate the effect these programs will have on growth of the capacity and capability of the Australian shipbuilding industry;
- 4.2.7. propose alternate scenarios for sequencing Defence projects that will better deliver the capacity and capability required to successfully deliver the Future Submarine Project;
- 4.2.8. propose improvements to the education and training programs that will better deliver the capacity and capability required;
- 4.2.9. propose other actions required to deliver the capacity and capability, including industry productivity, required to successfully deliver the Future Submarine Project; and
- 4.2.10. propose and management arrangement within Defence, particularly the DMO, for the ongoing management of a sustainable naval shipbuilding program.

5. METHOD OF CONDUCT

5.1. The review will be managed by the CEO DMO and the review team led by General Manager Programs, DMO.

5.2. There will be an Expert Industry Panel Chaired by David Mortimer AO and comprise representatives of the DMO, Navy, DIISRTE, Skills Australia, unions, the CEOs of the four principal Australian naval shipbuilding companies; ASC, Austal, BAE Systems and Forgas Engineering and the CEOs of the principal naval systems integration companies: Lockheed Martin, Raytheon, Boeing, Thales, Saab Systems and BAE Systems.

5.3. The review will naturally consult widely, capturing input from all levels of the Australian shipbuilding industry including the manufacturing sector as well as platform and combat system designers. The review will engage with industry associations, unions, companies currently involved in shipbuilding as well as those that may wish to become involved in the shipbuilding industry.

5.4. The review will examine shipbuilding projects now underway and those described in the Defence Capability Plan (DCP). The naval shipbuilding projects in the DCP encompass landing craft, supply and support ships, offshore combatant vessels and frigates, along with the future submarines. Other future shipbuilding activity in Australia might include a major modification of existing ships and submarines to extend their service life. The naval shipbuilding program should be configured to grow industry's capability and capacity so that it can proficiently deliver the largest and most complex of all the upcoming projects, the Future Submarine Project.

5.5. The review will assess the need for skilled workers for the Future Submarine Project. Discussions will be held with various tertiary institutions on the development of courses to develop skills specific to shipbuilding. The review will also discuss with companies and vocational institutions the role of apprenticeships, temporary visas or skilled migration in boosting the number of skilled workers. An assessment will also be made of skills funding programs offered by Federal and State governments.

5.6. The review team will also involve companies with expertise in specific aspects of shipbuilding, such as productivity benchmarking, to assist in its analysis.

6. TIMING

6.1. The review will commence in May 2012, with work to establish the detailed scope of the tasking. Consultation with the interested parties, that is tertiary institutions, state governments and industry groups, will take place in June and July.

6.2. The review will present a report for Government consideration by the end of the year.