

Future Frigate haste means Anzac waste

MARK THOMSON

THE taxpayer is at risk of being hit hard as a result of a new naval shipbuilding plan proposed by the Defence Department.

In a document developed in consultation with Australian shipbuilders, the plan focuses on continuity of work for local firms without properly considering the costs of doing so. The government should look carefully before putting the plan into action.

Naval shipbuilding is undergoing a renaissance in Australia. Three air warfare destroyers are being built in Adelaide at a cost of \$8 billion and two 27,000-tonne amphibious vessels (cost of \$3bn) are being fitted out in Melbourne. Even larger projects are on the drawing board, including 12 submarines and eight Future Frigates, slated for next decade.

The new submarines will be the largest and most complex defence project undertaken in Australia. Costs are estimated at \$36bn.

Studies are under way to refine the scope of the project and chart a way ahead. One of the first to be completed is the Future Submarine Industry Skills Plan, released alongside the white paper.

Far from being restricted to traditional issues of skills, training and apprenticeships, it sets out a plan for Australian naval shipbuilding.

The 2009 plan to replace the navy's Armadale-class patrol boats with larger offshore combatant vessels is on the backburner.

Instead, the Armadale-class boats, heavily used in border protection, will be replaced early as a matter of necessity.

Given that West Australian fast-ferry builder Austal is building Cape-class patrol vessels for Customs, it's likely that the present production line will be used to deliver a modified version of these boats to the navy.

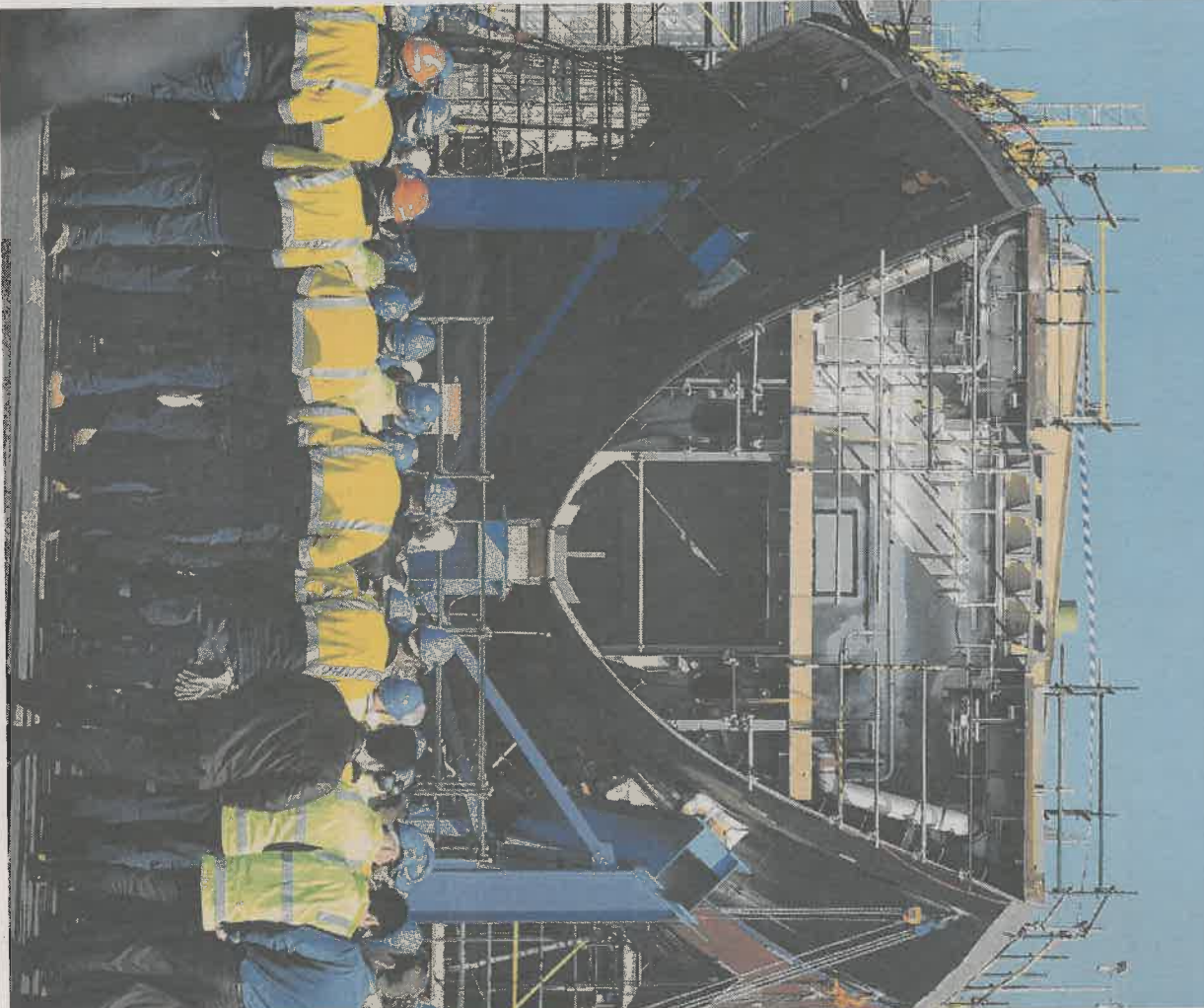
Support vessels HMAS Success and Sirius will help meet the navy's anticipated growing demand for support at sea, the desire to keep Australian shipyards in work probably has been a factor. So too with the decision to move module construction for the air warfare destroyers to maintain work at the Williamstown yard owned by BAE Systems.

The goal of these moves is to close the gap between present and future projects, filling in the valley of death around 2019 when today's projects end.

According to the plan, such demand-leveling will ensure that skills are retained in the sector, thereby reducing the cost and risks of future projects.

If attempts to maintain work in local shipyards were restricted to rejigging work on the air warfare destroyer and the accelerated replacement of two support vessels, there wouldn't be too much to worry about. But the proposed plan goes much further.

The government is considering bringing forward the Future Frigate project designed to replace the navy's eight Anzac frigates. But the last Anzac frigates entered service only in 2006 and the vessels are halfway through a \$670 million missile defence upgrade. On existing plans, a decision on the Future Frigates isn't scheduled until around 2022, and



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Air warfare destroyer HMAS Hobart is part of a renaissance in Australian shipbuilding

delivery between 2027 and 2030. While bringing forward the Future Frigate might allow some continuity of work from the air warfare destroyer project, it would come at the cost of discarding the existing fleet well before its economic life had been reached.

It's hard to see how the resulting marginal increase in shipyard productivity could offset the waste of retooling the Anzacs early.

If there are advantages to closing the gap between individual projects, then logically there's even more to be gained by moving to a continuous build scheme, and that is what's proposed for the submarine to replace the Collins.

A plan produced by Defence in consultation with industry floated the idea in 2003, as did a 2009 plan from the South Australian gov-

ernment. In each case, the goal was to move away from a boom-and-bust cycle of naval construction to provide steady work.

The latest plan includes a bevy of charts and tables showing the greater productivity of continuous naval construction compared with the traditional stop-start approach employed in Australia. But what the plan fails to acknowledge is that a continuous build program with 12 submarines and a two-year construction interval would mean that we replace our boats every 24 years. In comparison, it's likely that the Collins class will remain in service for 35 years and the US Virginia and Los Angeles class are being kept in service for at least 33 years.

It's hard to see how the increased productivity would out-

weigh the cost of more frequent vessel replacement. Even if that were somehow the case, a continuous build program with a two-year construction interval would unavoidably double the overhead costs per vessel compared with a traditional program producing boats at a rate of one a year.

Finally, the shipbuilding plan ignores one of the central risks of committing to a perpetual build program: how to manage the monopoly that would be created. Without adequate checks and balances, the taxpayer would end up paying monopoly rents to the shipyard and its workforce.

Mark Thomson is an analyst at the Australian Strategic Policy Institute. These are his personal views.

Undercurrents show full intends to keep capabil

BY JULIAN KERR

THE current state of the future submarine program can be likened to that of a duck swimming — not much action apparent on top of the water but plenty of activity out of sight.

The SEA 1000 program office is now in its fifth year of scoping options for government's consideration of the 12 large, more capable conventionally-powered submarines called for in the 2009 defence white paper to replace the existing six-strong Collins-class fleet.

While SEA 1000 has continuing bipartisan support, Tony Abbott has not committed to a specific number of new submarines, only a pledge to make within 18 months of the election the short and medium-term decisions necessary to ensure there is no capability gap.

The choices for the future submarine remain a military-off-the-shelf (MOTS) European submarine, a modified MOTS, an evolved MOTS that would include a major redesign and development of Collins or an entirely new design.

Apart from Collins, only three MOTS types are under consideration: the French DCNS Scorpene, German HDW Type 214 and the Spanish Navantia S-80.

Receipt late last year of the government's statement of strategic intent — what it wants the next generation of submarines to do, where, how and over what duration — has provided a benchmark against which the capabilities of the contending platforms can be compared by the program office.

Assisting it in this work is Systems Planning and Analysis (SPA), a US company that is used by the US Navy for its own capability analysis.

According to sources close to the program, a mass of data from DCNS, HDW and Navantia has now been analysed in the context of strategic requirements that reflect those in the 2009 white paper — that is, longer range, greater endurance on patrol and expanded capabilities, including land strike.

Although some of this data was

released by the European companies to SPA in addition to the program office, some was not.

According to the sources, the findings, yet to be presented to government, are "quite stark", whether relating to a purely MOTS boat or to one modified with an Australian-selected combat system.

"They demonstrate very clearly that those submarines are designed for a different purpose in mind from the one for which Collins was designed and is used," said one source.

"Their general performance in terms of range, endurance and applicability to our strategic circumstances and our geography falls well short of what we get from Collins today."

The main focus now, therefore, is understood to be on two areas: assessing a possible evolution of the Collins design — interestingly, in close consultation with the Swedish government rather than original designer Kockums — and utilising a new Adelaide-based integrated project team (IPT) to produce the concept for a totally new design.

"The intention is to present to government a picture that shows a clear comparative choice between the two in relation to the top-level requirements," said another source.

"It's important to show what might be attractive about building a somewhat evolved Collins with its known design and obsolescence problems fixed, versus a new design.

"If you do it with Collins, you're embarking on a path which is close to a dead-end because the ability of that design to be evolved further is inherently limited, whereas the ability to develop a new design of a similar capability could be done in a way that inherently is much less limited."

The Adelaide IPT is to be headed by a leading overseas expert with relevant experience that is recent and current, albeit with nuclear-powered boats.

He will be backed by a number of specialists from ASC subsidiary Deep Blue Tech and US company Electric Boat, with the work being



Common User Facility