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AIR WARFARE DESTROYER UPDATE

Minister for Defence Stephen Smith, Minister for Finance and Deregulation Senator Penny Wong and Minister for Defence Materiel Jason Clare today attended the laying of the keel of the first Air Warfare Destroyer (AWD) in Adelaide and provided an update on the \$8 billion project.

Australia is constructing three AWDs based on a proven design from the Spanish Navy. When complete, the Destroyers will be amongst the world's most capable warships.

The Air Warfare Destroyer project is currently the largest Defence procurement project in Australia. Almost 2,500 people are employed directly on the AWD project throughout Australia, including a national AWD shipyard production workforce of more than 1,500 people in Adelaide, Newcastle and Melbourne.

Construction of the AWDs involves the fabrication of 90 separate steel blocks, 30 for each ship, as well as three sonar blocks, one for each ship, at a number of shipyards in Australia and overseas.

ASC in Adelaide is the principal shipbuilder in the project. BAE Systems in Melbourne, Forgacs in Newcastle and Navantia in Spain are also building blocks.

These blocks will be brought together by ASC at the South Australian Government's Common User Facility in Adelaide where the ships are being assembled.

The keel laying for the first destroyer *Hobart* is a significant milestone in the AWD project as it marks the start of the next phase in the delivery of these three warships.

Over the coming months the *Hobart* will very quickly start to take shape at the Government of South Australia's Techport facility in Adelaide.

Hobart and the two other ships *Brisbane* and *Sydney* will be assembled on a hardstand using a modular construction method which will see 31 ship blocks brought together to create the most complex warships ever built in Australia.

Each of the 31 blocks is already fitted out with a range of equipment, however further outfitting will be carried out as the blocks are joined, including fitting and integrating the combat and platform systems to form the whole ship.

Following the consolidation phase, the destroyers will be launched using the Techport shiplift and then undergo a series of sea trials and tests, prior to their delivery to Navy. *Hobart* is expected to be delivered in 2016.

Keel laying is an important shipyard and naval tradition which involves positioning a newly-minted silver coin under the keel of the ship under construction and constructing over the coin to bring good luck through the build phase and the life of the ship.

Minister Smith and Minister Clare also announced a re-baselining of the AWD construction schedule following extensive consultation with Australia's shipbuilding industry and the Navy.

The AWD Alliance has conducted a detailed analysis of the construction schedule and advised Defence that the keel to keel interval should be extended to 18 months between each ship.

Extending the AWD ship building program will help avoid a decline in naval shipbuilding skills before the commencement of Australia's largest and most complex Naval project - the Future Submarine.

The construction of the AWDs began a number of years after the completion of the last ANZAC Frigate. This gap in Naval shipbuilding led to a massive reduction in the skills required to build the AWD and increased the challenges for Defence and industry.

The improvement in workforce skills and shipbuilding capacity at the Forgacs shipyards in Newcastle, BAE shipyard in Melbourne and ASC shipyard in Adelaide over the last three years of the AWD project has been impressive.

The revised AWD project plan will reduce peak demand on project critical resources and facilities, and reduces project risk.

The new schedule will not increase the cost of the project nor result in the loss of any jobs.

Very importantly, it will help retain skills in the Naval shipbuilding industry.

It will extend the period of work for the Alliance and its partners including the shipyards in Adelaide (ASC) and Newcastle (Forgacs).

The re-baselined construction schedule will help Navy reduce the challenge and risks associated with accepting into service two major capabilities (Landing Helicopter Dock Ships and the Air Warfare Destroyer) at around the same time.

The re-baselined schedule will mean the delivery dates for the ships will be for HMAS Hobart (AWD01) - March 2016; HMAS Brisbane (AWD02) - September 2017 and HMAS Sydney (AWD03) - March 2019.

The changes were made following extensive consultation with industry and with the Navy to maintain a skilled workforce in the naval shipbuilding industry and a timeline that meets Navy's operational, recruitment and training.

The new schedule was welcomed by industry.

“This decision reflects extensive consultation between Defence and industry and ASC welcomes the Government's commitment to Navy shipbuilding in this country,” said Mr Stephen Ludlam, Managing Director and Chief Executive Officer ASC.

“Raytheon Australia welcomes this collaborative and pragmatic decision which best serves the future interests of the Royal Australian Navy and naval shipbuilding,” said Mr Michael Ward, Managing Director Raytheon Australia.

“Forgacs wholeheartedly supports the extended AWD schedule. This is a major plus for both Forgacs and Australian shipbuilding capability. Forgacs can now retain its skilled marine engineering workforce

of 1200 people - skills vital in supplying our nation with warship capability for a secure future,” said Mr Tony Lobb, Executive Director Forgacs Engineering.

Background on the Air Warfare Destroyer Project

The AWD project is currently the largest defence project in Australia and has grown and developed industry capability and skills in the naval shipbuilding sector Australia-wide for future naval shipbuilding projects.

The project is also developing the skills and infrastructure to sustain the warships during their service life.

The AWDs will provide greater protection for Australian Defence Force personnel by providing area defence for accompanying ships as well as land forces and infrastructure on proximate coastal regions.

The AWDs will be interoperable with international partners and capable of carrying out multi-mission operations, ranging from high-intensity conflict to search and rescue.

They will have a layered defensive and offensive capability to provide air and surface defence to Australian troops close to shore; anti-submarine and anti-surface warfare capability; the ability to embark a helicopter at sea and the ability to escort a fleet.

The Government and Defence have been actively working with Defence Industry and the AWD Alliance, which is managing the AWD project, to deliver the project. The AWD Alliance consists of ASC, the Defence Materiel Organisation (DMO) and Raytheon Australia.