



## **ASC's 21<sup>st</sup> Birthday Celebration**

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**Adelaide Town Hall, 7 June 2006**

### **Speech by Mr John Prescott AC, Chairman of ASC Pty Ltd**

In the lead up to tonight's function I have been reflecting on the significance of 21st birthdays and how they differ from other significant birthdays. That of course has nothing to do with my departure from younger ranks.

However, I think the answer is that at 21, one can look forward to the years ahead and celebrate the past at the same time more than on any other occasion.

One can certainly reflect on the efforts of those who have built this Company and the Collins Class submarines.

These boats are the product of dedication and hard work by many Australians and this is something of which we can all be justifiably proud.

One can also reflect on the difference between an 18<sup>th</sup> birthday and a 21<sup>st</sup>. I think most parents would say it is the additional maturity that the extra three years brings. In ASC's case that is certainly true. Since our eighteenth, we have earned the submarine through life support contract and been appointed to build the Hobart Class air warfare destroyers.

ASC is more than just the birth place of six submarines: it represents a renaissance of Australian technical and industrial capability.

ASC has made a quantum leap in technology to be positioned at the forefront of the Australian defence industry and, while we have not always been publicly recognised for our achievements in Australia, our capabilities certainly speak volumes overseas.

On the 31<sup>st</sup> of May last year, on our 20<sup>th</sup> birthday, ASC was announced as shipbuilder for the Air Warfare Destroyer Program.

ASC will, as part of the AWD Alliance, build three air warfare destroyers over the next decade for a budget of around \$6 billion.

The AWD Program is not just about building three very large, very complex and very fearsome warships. It is about building an industry.

The foundations for an industry have already been laid on the back of the six Collins Class submarines.

The construction of the Collins Class was a turning point for South Australian industry because it created the necessary impetus that has driven the State's growth as the centre of Australia's defence industry.



The development of a world leading submarine build company located in Adelaide has put an international spotlight on the State and its defence capabilities.

When I talk of the defence industry, I'm talking about the big names in defence, renowned businesses from across the world, including: Boeing, General Dynamics, BAE Systems, Saab and Raytheon. Each of these companies, and many others, has a presence in Adelaide because of the submarine program. I suspect also that DSTO has a far more significant presence here than otherwise would have been the case.

In 1987 the Australian Submarine Corporation (as ASC was then named) began the great Collins Class technical, industrial and commercial adventure.

At that time it was considered by most a 'project'. A very large 'project' - worth \$5 billion and the most complex in Australia's history - but, still a 'project'.

ASC ramped up from its founding 5 employees to almost 1,200 employees during the construction of the submarines.

The first boat, HMAS Collins, was delivered in 1993 and the last, HMAS Rankin, in 2003. Following that, employee numbers dropped to under 600 before Defence and ASC fully realised the magnitude and complexity of the task of supporting and enhancing the Collins Class submarines throughout their operational life.

A comprehensive 25 year Through-Life Support contract was negotiated and on June 30 this year will see 2 full years of the Through-Life Support contract concluded.

Today ASC now employs over 1000 people; 900 in South Australia and 150 in Western Australia.

ASC provided over 15,000 job years during the Collins Class build phase. And, during the Through-Life Support phase, the company will provide over 20,000 job years.

ASC laid the foundations of an industry during the Collins Class build ASC employed over 1,600 subcontractors of which about 1,250 were Australian companies;

- Prior to the submarine build there were only 35 Australian companies with ISO 9000 quality accreditation. Largely on the back of the Collins submarine and ANZAC Frigate projects, that number grew to over 1,500 by the year 2000;
- ASC achieved 73.5% Australian industry involvement, with many of the Australian companies that helped achieved this impressive statistic not only surviving the end of the build phase, but thriving from it; and
- For every ASC employee, it is estimated that there was a multiplier effect of 2 to 3 within local industry.

That was laying the foundations for an industry, not just delivering a 'project'.



ASC's Adelaide presence now signifies a critical mass of technical skills and defence infrastructure which the Australian Defence Force cannot overlook in the procurement of specialist know-how for future projects.

Now, as ASC turns to the future with both the Collins Class Through-Life Support contract and the Air Warfare Destroyer construction program, we will continue the task of building an industry.

Our focus is a long term industry and we have the benefit of hindsight and lessons learnt in order to facilitate this.

ASC is an important part of the evolution of the South Australian economy. It is especially an important part of the evolution of education and skills development in South Australia. Apart from the new skill centre which the AWD Program will spawn, we have arranged that from next month there will be a Masters of Maritime Engineering at the University of Adelaide and in conjunction with BAe and SAAB a Masters of Systems Integration at the University of SA.

With our Alliance partners we will optimise not only Australian industry involvement during the build phase, but also ensure that it is better able to be sustained post the AWD construction phase.

In the coming years ASC will also focus on further extending its naval capability into systems integration and development.

Our experience on Collins demonstrates that our systems integration competencies are not yet fully exploited. They offer a new realm of opportunity to further provide for our customer.

A Collins Class submarine contains 108 integrated systems linked structurally, mechanically, electrically, hydraulically, pneumatically and electronically.

Having successfully integrated the complex system of systems on the submarines we're confident our skills and capability can drive this specialist area of business into the future.

Taking all of this into account, the industry that ASC is spawning potentially has a lot before it including:

- More than 20 years of Collins Class through-life support extending to at least the mid 2020's;
- More than 10 years of construction of new shipyard facilities and then air warfare destroyers; and
- Then as the AWD build winds down, we would expect that we would be well underway with a new generation of submarines with that work extending perhaps to 2030 and beyond.



That will be an industry! A naval shipbuilding and repair industry of tremendous significance in wealth generation, training and employment for South Australia and Australia

A highly sophisticated, high-end skills industry, providing professionally rewarding secure jobs with attractive conditions for at another generation of employees.

This is a great industry to be a part of.

ASC is, and will continue to be, an integral part of the Adelaide and Australian community.

Join us as we embark on the next 21 years.

Thank you.