



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

COMMITTEES

Public Accounts and Audit Committee

Report

SPEECH

Wednesday, 9 June 1999

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Date Wednesday, 9 June 1999
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Questioner
Speaker Cox, David, MP

Source House
Proof No
Responder
Question No.

Mr COX (Kingston) (5.25 pm)—by leave—The launch of the fifth Collins class submarine HMAS *Sheean* earlier this year should be followed by the launches of three more boats, not just the one presently planned. The premature winding down of the submarine program is a lost opportunity to greatly enhance Australia's naval capability at minimal cost. The government's failure to have determined where refits will be under taken means much of the industry capability to support them, which was built up over the construction period, may also be wasted. The contract with the Australian Submarine Corporation was for six boats with the option of a further two. Most serious strategic analysts recognised then, as they do now, that the two extra submarines were the best option in terms of capability and cost for enhancing Australia's naval force. The arithmetic is that, with the time out for maintenance and steaming between bases at Stirling and Sydney and likely operational areas, an extra two submarines mean a disproportionately greater increase in continuous availability of boats on patrol.

Our modern diesel submarines, because they are so hard to detect and so capable of sinking enemy shipping, offer Australia the most credible deterrent against an enemy contemplating invasion or threatening our vital shipping lanes. Submarines have other important generic uses, including inserting special forces and intelligence collection. The Collins class has been built with the potential, though not yet the capability, to fire cruise missiles should Australia ever need to acquire them. For \$5 billion, the Collins class submarines are a sophisticated platform which can be upgraded to meet emerging defence needs over the next 30 years. The Minister for Defence says the government is considering scaling back Navy and Air Force fleets early next century and that 'Some hard decisions are going to have to be made.'

One of the answers to this dilemma is two more submarines. They would provide a more credible and effective defence capability with far lower vulnerability and cost than some of the high priced surface combatants that are also on Navy's shopping list. The government needs to consider whether, given the advances in submarine technology over the 15 years since the Collins was designed, additional boats should incorporate modifications to take advantage of the opportunities that those advances might provide. That would of course be at the expense of some of the economies of total commonality of type. Regrettably the opportunity has already been lost for the cheapest option—a continuous production run of eight boats.

The government's failure to determine arrangements for through-life support and therefore to get full value from the investment in human and physical capital built up during the program is an indicator of its lack of focus and clarity of objectives. Instead, impetus has been lost because the government has failed to come squarely to terms with the bad press that has accompanied every landmark defence acquisition since the F111. The Navy bears some responsibility for this bad press. There is obviously some ambivalence within parts of Navy, even tension, towards the submarine project from those with a preoccupation with surface combatants. Navy's culture also makes it difficult for it to deal with media issues when things are running less than perfectly smoothly. Navy culture does not lend itself to ready admissions of problems, either externally or internally, and that tends to widen the gap between public perceptions and official comment.

Now the Collins class submarines are the subject not only of this inquiry by the Joint Committee of Public Accounts and Audit but also of a second one commissioned by the Minister for Defence and being undertaken by former BHP chief executive John Prescott and former head of British military acquisitions Malcolm McIntosh. I have no reason not to expect that the Prescott and McIntosh inquiry will find similar things to the JCPAA. The first set of issues relate to teething problems. Submarines are as technically complex to design and build as a fighter aircraft. But, while a new aircraft's production may be preceded by several prototypes, submarines are so expensive that you have to get the first version right. That means modifications and rework to fix design and manufacturing faults.

Over the 15-year life of a major project defence planners change their mind about what is required. Those changes have to be incorporated into the project. Let us look at some of the problems in this category that have or are being solved. Weld problems with some of the hull sections—those built in Sweden, not Australia—had to be reworked. There are now no outstanding issues as to capability to dive to contracted depth or hull life span.

Some propulsion system problems are also being rectified. Suggestions that the submarines have not met the requirements on noise are unfounded. They are as silent as specified in the contract. Defence is now exploring the potential to enhance that deadly stealth.

The second set of issues applies to all Defence contracts at the leading edge of technology. Defence planners have to predict, years in advance, where emerging technologies are headed. Sometimes solutions emerge which are better than the original concept. In other cases, what was predicted might not be totally achievable, and modified solutions have to be found. That was the case with the integrated combat system originally proposed for the Collins. No submarine operated by any navy today has achieved the full level of integration first contemplated. What Collins will have, with some modifications currently being worked out between Navy and the contractor, is a combat system with somewhat different architecture but with capabilities similar to those originally planned. With the continued rapid advances in computer technology, they will be upgraded continuously over the course of their life.

The issue that has not been adequately dealt with by the JCPAA is through—life support. I hope that Prescott and McIntosh address this thoroughly and give the government adequate guidance on how to maximise the value of the industry capability this project created.