

MEDIA RELEASE

\$80 billion submarine project is “dangerously off track” – New report says there is urgent need for a Plan B

The \$80 billion Australian defence program for 12 French built submarines is already “dangerously off track” according to a report to be launched tomorrow (11 March) by Professor Hugh White at the National Press Club.

Mr Gary Johnston of Submarines for Australia, who commissioned the report, said not only are we heading for an inevitable capability gap, but there was a “high risk” the project will fail.

The report, which was prepared by Insight Economics supported by an expert reference group that includes four retired admirals, says that the budget jumped by 60 per cent in two years and that already two project milestones have been missed.

As well, after initially promising 90 per cent local content, the French government-owned company, Naval Group, has shown an “extremely low level of commitment” to Australian industry participation in the project.

“The government’s own advisory body, including three American admirals, even recommended the government should consider walking away from the project,” Mr Johnston said.

To get the project back on track with no further delays to the process, the report proposes a low cost risk mitigation strategy – a ‘Plan B’ – to inject competition into the process.

Under Plan B, the government would commission Saab Kockums, designers of the Navy’s existing submarines, to develop a preliminary design study (PDS) for an evolved version of the successful Collins class submarine.

In 2022-23, both Naval Group and Saab would present a PDS for their respective designs together with a fixed price tender for building the first batch of three submarines in Adelaide. The selection between the two designs would then be based on capability, delivery and local content, as well as price.

A second and more fundamental area of concern, however, is whether the submarines will even be fit for purpose in the 2030s and beyond. To address this, the review of submarine technologies flagged in the last Defence White Paper should be brought forward to the present.

Mr Johnston said with China seeking to deny access to the South China Sea by investing heavily in advanced ships, aircraft and satellites, the finding in the report that caused him the greatest worry is that by the 2030s our submarines’ effectiveness and survivability in a high intensity theatre will be threatened.

‘If the government wants to continue deploying submarines to this theatre alongside the US Navy, the nation’s duty of care to the dedicated men and women of the ADF means we will need to begin the long and difficult process of acquiring nuclear-powered submarines,’ Mr Johnston said.

“With our very small nuclear industry, that will not be easy. But we can make a start. If the government accepts this proposal, I will commit to endowing a Chair in nuclear engineering at an Australian university.”

The report is available at submarinesforaustralia.com.au

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