

# Australian Manufacturing Workers' Union

## MEDIA RELEASE



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### **UNION REJECTS 'RUBBERY FIGURES' ON AIR WARFARE DESTROYER.**

Claims about a massive cost blowout on the Air Warfare Destroyer (AWD) project for the Navy are wildly inaccurate and ignore recent productivity gains at Adelaide's ASC shipyard, according to the Australian Manufacturing Workers' Union (AMWU).

"The AWD project is 'first of build' and 'first of class' and the costs and productivity issues now being addressed at ASC are similar to those experienced at naval shipyards around the world," said Glenn Thompson, AMWU Assistant National Secretary.

Mr Thompson said reports today that the AWDs would cost \$3 billion dollars each were a crude simplification which included a range of Defence Department costs that were not part of the project and were outside ASC's control.

"To include the cost of extending the life of current destroyers into the final price of the AWD project is simply wrong," Mr Thompson said.

Similarly the inclusion of costs for ASC facilities, missile purchases and training into the cost of building the AWDs was likely to be an invention of spin-doctors in the Abbott Government rather than a sober assessment of the cost of the entire AWD project.

"We have seen a consistent improvement in productivity and a lowering of costs on the AWD project that will see the price of the second and third vessels much lower than the first," Mr Thompson said.

Evidence to a Senate Inquiry last month revealed ASC had achieved a 30 per cent reduction in costs between the first and second ships.

"And construction of 'blocks' for the AWD at BAE Systems in Melbourne has seen a 40 per cent improvement with the company estimating costs on the project would be 50 per cent lower by ship three," he said.

Mr Thompson said the \$1.2 billion cost overrun had always been budgeted for in the project.

"The ANZAC Frigate project of the 1990s had exactly the same issues, which would not have been repeated if the Federal Government had implemented a continuous build program," Mr Thompson said.

"This 'stop-start' approach to naval shipbuilding, where the industry has to rebuild a workforce from scratch every time a new project comes along is costly and inefficient and ignores the needs of our skilled shipbuilders to maintain their employment."

"It's unfortunate that the issue of costs is overshadowing the magnificent achievement by the industry and its workforce on the launching of New Ship Hobart tomorrow."

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