



# NAVAL SHIP MANAGEMENT (AUSTRALIA)

## LONG TERM PARTNERS, DELIVERING COST EFFECTIVE SUSTAINMENT SOLUTIONS TO ANZAC CLASS FRIGATES

### GROUP MAINTENANCE CONTRACT

The Group Maintenance Contract between the Commonwealth of Australia and NSM (AUST) was signed in May 2012 and was in full operation by October 2012.

This Contract represents a clear shift from previous short-term and unpredictable naval ship maintenance contracts to a new grouped asset ('batched'), long-term, performance based contracting methodology for the repair and maintenance of the Navy's major fleet units.

The move to a Group Maintenance Contract provides the following key benefits:

#### To Industry

- Increased certainty of work promoting investment
- A commonality of contract/expectation
- A manageable and predictable level of effort that it can plan against and deliver efficiencies

#### To Navy

- A single long-term partner delivering maintenance, resulting in:
  - Reduced costs and effort associated with performance based contracting
  - Efficiency gains through process improvement
  - An improved material state of the Class through iterative maintenance analysis / effectiveness reviews
  - Improved notice to ships' crews of the planned location of maintenance and maintenance patterns

### SUCCESS STORY

Naval Ship Management (Australia) or NSM was established initially as a special purpose vehicle for the capture and then conduct of the Group 3 Group Maintenance Contract. Under this contract, NSM (AUST) undertake the planning, scheduling, management and execution of preventative and corrective maintenance for ANZAC Class Frigates and system support facilities on the East and West Coast of Australia.

NSM is a joint venture established by Babcock International Group and UGL Limited. Babcock brought its extensive knowledge of ship repair in support of the Royal Navy whilst UGL provided the in-country expertise and supply chain coupled with an alternate and proven approach to the conduct of project management on complex assets.

Over the past two years, NSM (AUST) has delivered very successful outcomes on behalf of the ANZAC SPO, through the full identification of the ANZAC Class maintenance liability and then acquitting this maintenance on budget and to schedule.

NSM employs a 'thin prime' model for the provision of maintenance services to the Commonwealth. This means that NSM remain a lean but effective project planning and management organisation.





Our 'thin prime' model is a successful alternate to the traditional prime. Simply put we are able to meet the needs of the Commonwealth demonstrating an agility and low overheads that traditional Primes find hard to match.

The benefits of the 'thin prime' model include:

- It is lean
- Engaging a diverse supply chain that supports a range of industries and is not dependant only on Defence spending. This also encourages the cross pollination of industry best practice into defence sustainment.
- Scalable in terms of capability, capacity and geography
- Flexibility in terms of the meeting emerging client needs
- Encouraging investment in a viable defence industry through long-term supplier arrangements. As examples, we are seeing in-country training for work that would be traditionally 'off-shored'. Sponsoring engagement in the supply chain improvement program.
- Growing capability through expansion of supply chain to both coasts.

Since October 2012, NSM (Aust) has successfully achieved:

- The development of over 6,000 Work Instructions.
- The conduct of nineteen maintenance activities for the ANZAC Class in both the Sydney and Perth areas. Key achievements include:
  - 100% on time delivery back to the Navy
  - The Emergency Docking of an ANZAC frigate at the Australian Maritime Complex Common User Facility in Henderson, Western Australia
  - The mobilisation at short notice of our maintenance workforce to support the re-activation of an ANZAC Frigate out of extended readiness



- Short notice mobilisation to take advantage of Maintenance Windows of Opportunity and defect rectification periods in ports around Australia
- The conduct of four concurrent activities in Western Australia
- The planning of a further six major maintenance periods scheduled to commence in 2015 including the first docking of an ANZAC under the new Dock Operating and Reticulated Services Contract at Captain Cook Graving Dock in Sydney.
- In conjunction with the ANZAC SPO, NSM (AUST) won the 2013 Australian Defence Magazine DMO/ Industry Team of the Year Award for Excellence in Collaboration
- The repatriation of the ANZAC Class maintenance management system (AMPS). This initiative was essential to improving the efficiency and effectiveness of maintenance planning for the ANZAC Class and is in line with Rizzo Reform Program objectives

## AUSTRALIAN INDUSTRY DELIVERING OUTCOMES

NSM (AUST) consists of a responsive and dedicated project management team complemented by an extensive supply chain incorporating Australian Industry and the Royal Australian Navy's Fleet Support Unit:

- Since October 2012, NSM (AUST) has successfully mobilised a maintenance workforce of over 4,000 skilled tradesman and engineering professionals sourced from 125 companies. In 2014, over 450,000 man hours of labour was committed to the successful maintenance and urgent defect rectification for the ANZAC Fleet.
- Many of the companies comprising NSM's supply chain are major Suppliers operating under established Supplier Agreements that flow down the long-term support arrangements of the head Contract, providing assurance to Australian Industry of a known and steady supply of

work and providing the Commonwealth of Australia with assurance that a skilled and reliable workforce is available to support their needs.

- This contract comprises 98.5% Australian Industry Content
- NSM (AUST) is a lead participant in the re-invigoration of the Royal Australian Navy's Fleet Support Units and to date has offered approximately \$10,000,000 in work to this organisation to support the up-skilling of RAN technical sailors

NSM (AUST) continue to actively seek Australian Industry involvement through our Public Australian Industry Capability Plan – [aic@nsm-aust.com.au](mailto:aic@nsm-aust.com.au)

## THE FUTURE

Over the next 24 months, NSM (AUST) will:

- Continue to improve the level of support to the ANZAC Class
- Work with the ANZAC System Program Office and other key industry partners to improve the effectiveness of ANZAC Class Sustainment, possibly via participation in an expanded alliance arrangement
- Seek to further support the Royal Australian Navy through the expansion of our services to other classes of surface ships

The team of skilled and dedicated men and women at NSM (AUST) are proud to support the Royal Australian Navy in maintaining the ANZAC Class Frigates and look forward to building on the already strong and collaborative relationship with the ANZAC System Program Office.



FOR FURTHER INFORMATION,  
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