

Martin Hamilton-Smith

Minister for Defence Industries

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Offshore Patrol Vessels and Future Frigates must be built in SA

Minister for Defence Industries Martin Hamilton-Smith said the Federal Government must deliver on its promise to build Offshore Patrol Vessels and Future Frigates in Adelaide.

“The Offshore Patrol Vessels is a \$5 billion project to build 10 ships starting in 2018 - this will secure more than 800 jobs and more than 7,000 man years of work,” Mr Hamilton-Smith said.

“The Federal Government appears to be backing away from its commitment to South Australia with Defence Minister Marise Payne telling a Senate Estimates committee last night that the Offshore Patrol Vessels evaluation process did not require that they were built in Adelaide.”

This was despite a major announcement by former Prime Minister Tony Abbott in August 2015, who said the work would start in 2018 and would be "centred on South Australia".

This sparked commentary from Senior Cabinet Minister Simon Birmingham who said:

“Around \$40 billion dollars of investment on Future Frigates, Offshore Patrol Vessels and other surface ships will provide a steady stream of work for shipbuilders Adelaide.”

“The Offshore Patrol Vessels program is critical to Australia’s naval shipbuilding future.

“Building the Offshore Patrol Vessels in South Australia will minimise the valley of death by providing jobs for workers coming off the Air Warfare Destroyer program.

“Without them, we are going to see a steady decline in workforce numbers to virtually nothing by the end of 2018.

“We have highly skilled maritime workers and world-class infrastructure at Techport ready to build Offshore Patrol Vessels and Future Frigates.

“In order to secure Australia’s naval shipbuilding industry the Federal Government must commit to a continuous ship and submarine building program, starting with the Offshore Patrol Vessels in South Australia.

“Building the Offshore Patrol Vessels and Future Frigates in the same precinct is vital.

“Delivering the Offshore Patrol Vessels and Frigates from different shipyards will compromise the success of the Future Frigates and lead to cost premiums associated with starting up the shipyard from scratch. We learnt how costly this is through the Air Warfare Destroyer program.

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“In fact the Commonwealth commissioned RAND report, *Australia’s Naval Shipbuilding Enterprise*, identifies the Offshore Patrol Vessels as the ‘most promising option’ for bridging the gap between Air Warfare Destroyers and Frigates.

“Building Offshore Patrol Vessels, Future Frigates and Future Submarines all in the same precinct means we are able to maintain the core skills and infrastructure needed to carry out each project efficiently and effectively.

“Any other plan is ultimately going to cost workers their jobs and be more costly for Australia in the long run. I’m advised that there would be an additional \$1.2 billion cost to taxpayers if the Future Frigates project was forced into a ‘cold start.’

“While it makes sense for the build to occur here given our infrastructure and workforce, the supply chain will draw from the defence industry across the nation including Victoria, Western Australia and New South Wales.

“Should South Australia be successful in securing the build for these vessels, other states will still get a significant and fair share of work with the ships maintained and based at ports around the country.”

Mr Hamilton-Smith said that while he was disappointed in recent commentary about Offshore Patrol Vessels and Future Frigates, he welcomed news the Turnbull Government was again considering a build of 12 submarines.

“Eight submarines will only provide a project, whereas building 12 submarines will secure a sustainable industry,” Mr Hamilton-Smith said.