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The Advertiser

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SA mounts compelling case to keep our subs contract

JOBS MUST STAY HERE

DANIEL WILLS
STATE POLITICAL EDITOR

A UNITED South Australian front is making a forceful final pitch for full-cycle submarine docking jobs to stay here, warning a shift to WA would compromise national security.

The National Security Committee of Cabinet is due to meet tonight, with growing speculation a decision is imminent on whether SA keeps the job-rich repair work.

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IMMINENT: A decision on the future location of lucrative maintenance work for the Adelaide-built Collins Class submarines could be made as soon as today.



SA's compelling case to keep our subs contract

FROM PAGE 1

WA, which now has a clutch of influential ministers and half a dozen marginal seats, has been lobbying for a slice of the up to 700 Collins Class sub maintenance jobs.

Senior sources have told *The Advertiser* a decision could come today, but tonight's meeting is not a hard deadline. Some Federal Government insiders are tipping a so-called "split decision", with SA and WA sharing the work and about 400 positions staying here. Such a move would keep "white collar" functions in SA and move "blue collar" labour to WA.

Premier Steven Marshall said he was urging the Federal Government to make a call that was "100 per cent" about national security and that SA had the skills to defend Australia's borders. "We designed and built the Collins Class submarines. The experts who provide the deep maintenance are living here with their families.

Shifting that capability makes no sense," he said. Mr Marshall said Prime Minister Scott Morrison and Federal Cabinet had sought advice on SA's ability to do the job, and been provided "every single, solitary piece of detail" needed.

Full-cycle docking is an extensive maintenance and refit program that involves thousands of tasks over two years.

Each sub rotates through after a decade of operational service.

Opposition Leader Peter Malinauskas said he was "very worried" that Mr Morrison had "demonstrated an ability to make decisions that are based on politics rather than the merits".

"There is absolutely no doubt that it is in the national interest for this work to stay in SA," Mr Malinauskas said.

Australian Industrial Transformation Institute director John Spoehr has undertaken a major study comparing the two sites, which found SA was the "prime location" for

maintenance. "Because this (maintenance) is like building a new sub, the work is best done at Osborne where the skills and infrastructure is already in place," he said.

"Moving the work would compromise the availability of the Collins Class fleet to the Australian Navy. This represents a risk to national security. It is simply unacceptable."

Federal Trade Minister and senior SA Liberal Simon Birmingham, a key player in the decision to award Adelaide the future subs contract, said our state needed to meet key tests.

"So long as the land, facilities and skills are available to continue delivering major sustainment work in SA, in addition to the \$89 billion of new shipbuilding works being led

from SA, then SA is where the work should be undertaken," Senator Birmingham said.

WA Premier Mark McGowan has claimed SA lacks ability to deliver a work-force for the maintenance con-

tract, given the massive frigate and sub contracts in the pipeline.

Mr Morrison in October said the decision was "not some prize to be handed out".

"It won't be done on politics, it will be done on careful consideration of the issues involved in running a very important program for our defence forces," he said.

WHAT THEY ARE SAYING

“The case for relocation of Collins Class FCD to Western Australia has not been accompanied by evidence of any benefit to the nation. FLINDERS UNIVERSITY'S AUSTRALIAN INDUSTRIAL TRANSFORMATION INSTITUTE DIRECTOR PROFESSOR JOHN SPOEHR,



NOVEMBER 22, 2019

“We’re certainly not intent on stealing anyone’s jobs. WA needs to make a better contribution.
WA DEFENCE ISSUES
MINISTER PAUL PAPALIA,
NOVEMBER 19, 2019

“This is not a decision that we’re going to make in the back seat of a car over some opportunistic politics. That’s not what’s going to happen.
PRIME MINISTER SCOTT MORRISON
NOVEMBER 18, 2019

“We’ll be a little anxious to hear what happens in December. You don’t want to lose work from your backyard.
AXIOM PRECISION MANUFACTURING DEFENCE MANAGER FRED HULL,
NOVEMBER 14, 2019

“So long as the land, facilities and skills are available to do all of the required work in SA, then SA is where the work should be undertaken to avoid the many risks that would come with relocating sustainment to an untested location.
SA LIBERAL SENATOR SIMON BIRMINGHAM,
NOVEMBER 13, 2019

“SA is the undisputed home of the Collins Class submarine.
PREMIER STEVEN MARSHALL
NOVEMBER 13, 2019

10 REASONS TO KEEP IT IN SA

1. JOB LOSSES

Every job loss at ASC represents a worker with an uncertain future.

In many cases, that worker will have a family and would have had hopes of a long career with ASC.

About 700 jobs could be lost if the full cycle docking maintenance contract is shifted from Adelaide’s Osborne shipyards to Henderson in WA.

Even if the contract is split, the change would affect hundreds of workers.

2. THE COST TO TAXPAYERS

A recent report by Flinders University’s Australian Industrial Transformation Institute estimated the cost to shift the entire full-cycle docking contract from SA to WA would be about half a billion dollars, including \$293 million in capital expenditure and a further \$251 million in wages.

3. THE WA WORKFORCE

WA has spruiked its ability to provide a ready-made workforce for the contract. But SA Premier Steven Marshall has pointed out the state, with a heavy reliance on resource extraction, has a history of a boom and bust economy.

Thousands of West Australians have been looking for work in the past few years but the Australian Mines and Metals Association recently announced the state was on the cusp of another mining boom with 30 projects, requiring 10,679 operational employees by 2024.

4. THE SA WORKFORCE

SA has an established workforce of both blue collar and white collar workers with high level

expertise in building and maintaining Collin Class submarines. Despite assumptions from WA that SA workers could shift jobs to begin submarine builds in 2024, or shift states, there is little evidence there is an appetite from the local workforce to do so.

5. SA SUPPLY CHAIN

Benefits of the submarine maintenance contract extend well beyond the gates of the Osborne shipyard. Details released in Federal Parliament in August showed ASC had engaged 793 SA-based businesses in the submarine supply chain in the past three years. All contracts contribute directly or indirectly to submarine maintenance, meaning the loss of the contract could cost the local economy \$400 million a year.

6. SA IS THE DEFENCE STATE

SA has a track record of delivering, maintaining and securing defence projects. Air warfare destroyers, submarines, frigates and offshore patrol vessels will be built in SA as part of a \$90 billion naval shipbuilding project. Adelaide is at the centre of Australia’s new unmanned aerial vehicle fleet, complementing P-8A Poseidon aircraft for maritime surveillance, based at RAAF Base Edinburgh.

7. POLICY OVER POLITICS

Prime Minister Scott Morrison has consistently maintained politics will play no part in the decision.



Advertiser (Adelaide), Adelaide

09 Dec 2019, by Daniel Wills

General News, page 1 - 2,455.00 cm²

Capital City Daily - circulation 112,097 (MTWTFS-)

ID 1210252680

BRIEF AMMA

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8. SPACE

It is no coincidence that Adelaide is set to become home to the nation's first Space Agency headquarters.

SA has committed significant resources to develop future industries that can work together, including space, defence, cyber and artificial intelligence.

9. SKILLS LOSS

A report by ASC, the company that undertakes full-cycle docking on Collins Class submarines – mainly in SA, but also in WA – warned that shifting the entire submarine maintenance contract to the West could result in the loss of skills, knowledge and capability that ensures the vessels are safe and can defend the country.

10. LIFE DURING WARTIME

WA Premier Mark McGowan has argued it makes sense for the maintenance contract to be done close to where the Collins Class submarines are based, HMAS *Stirling*, also known as Fleet Base West, on Garden Island, in WA.

But ex-submariner and current SA Senator Rex Patrick says having sustainment at the same location as the fleet base was not a good wartime proposition.



HOW THE DECISION WILL BE MADE

What is the National Security Committee?

The NSC considers major foreign policy and national security issues of strategic importance to Australia.

Who is on the committee?

Prime Minister Scott Morrison chairs the committee which also includes: Deputy Prime Minister Michael McCormack, Treasurer Josh Frydenberg, Finance Minister Mathias Cormann, Foreign Affairs Minister Marise Payne, Attorney-General Christian Porter, Home Affairs Minister Peter Dutton, Defence Minister Linda Reynolds, pictured, and senior defence officials.



Does SA have an automatic seat at the table?

No.

What about WA?

Senators Mathias Cormann, Marise Payne, and Linda Reynolds are from WA.

Who makes the final decision?

The National Security Committee. How the decisions is made by the sub-committee of Cabinet is secret but does not require the endorsement of the full Cabinet.

If it goes to Cabinet?

SA has two of the 23 Cabinet members - Trade Minister Simon Birmingham and Social Services Minister Anne Ruston.

When will the decision be made?

Possibly as early as tonight's meeting of

the NSC. There had been speculation the decision could be deferred to next year but Senator Reynolds has maintained it would be made this year. Once the decision is made, the announcement is at the Government's discretion.

What is taken into account?

Three key issues are understood to be considered in the decision making process.

- Navy retaining its capability (number of boats at sea)

- Cost

- Risk of moving the work

Senator Reynolds said all decisions on Full Cycle Docking will be taken in the national interest. Expert and industry advice have informed the options. But no formal submissions were requested from the SA or WA state governments.

So why did WA put in a business plan?

This was an "unsolicited" submission. However, the move prompted SA to also submit a pitch based on its capability and cohesion with the other shipbuilding programs. Defence will consider both documents.

Who prepares the advice for Government?

The Finance Department and Defence Department have worked with shipbuilder ASC on the future options at Osborne, SA or Henderson, WA. ASC is best placed to advise on the costs of the move, mitigation and risks, and has been asked to investigate options including: retaining the work in SA, moving the work to WA, or potentially splitting the work.



WHAT IS FULL-CYCLE DOCKING?

Every 10 years of service, each Collins Class submarine rotates through a full-cycle docking.

A full-cycle docking is a widespread maintenance and upgrade refit program involving thousands of tasks over a two-year period. During a full-cycle docking, ASC cuts the hull of the submarine to remove the main motor and diesel engines before re-welding the hull, effectively rebuilding the submarine. The process is required to keep the Collins Class submarines to a supreme level of capability until their eventual retirement in the 2040s.

Full-cycle docking requires a highly skilled workforce, which has been based at Osborne since the Collins Class submarines started being built in the 1990s.