



REX PATRICK

Centre Alliance
Senator for South Australia

Dear

I am one of the two Centre Alliance Senators for South Australia. I am writing to you about an issue of vital importance to our state and indeed our nation.

The Federal Coalition Government will shortly take critical decisions about Australia's \$90 billion naval shipbuilding program. A key decision maker is your Federal MP, the Minister for Defence Industry, Christopher Pyne.

Centre Alliance strongly supports the naval shipbuilding program and the commitment by the Government to build two Offshore Patrol Vessels, nine Future Frigates and 12 Future Submarines. These projects have the potential to bring great economic benefit to our state, forming the nucleus of a high technology industry sector that should not only support Australia's defence needs but also win export contracts and revitalise South Australia's manufacturing sector.

But unfortunately the Government is committing a betrayal. It turns out that the build responsibility for all of these programs will go to foreign companies that will result in Australian Industry being short-changed on an opportunity to fully develop their capabilities and will also see the profits associated with the shipbuilding being taken off shore, not retained in the Australian economy.

The following table will help you understand the treachery in the Turnbull's Governments execution of this important program.

Vessel	Previous Governments	Turnbull Government
Icebreaker	'Aurora Australis' built in Australia by and Aussie Company	New Icebreaker being built in Romania by Dutch Company Damen
Supply Ship	'HMAS Durance' built in Australia by an Aussie Company	Two new supply ships being built in Spain by Spanish Company Navantia
Offshore Patrol Vessels	Armada Patrol Boats built in Australia by an Aussie Company	Nine Offshore Patrol Boats being built in Adelaide and Perth by German Company Lueresen
Frigates and Destroyers	ANZAC's Frigates and Hobart Destroyers built in Australia by an Aussie Company	Australia companies not permitted to tender for build of Future Frigates
Submarines	Collins Class submarines built in Australia by Aussie Company	Australia companies not permitted to tender for build of Future Submarines

Instead of building upon the substantial capability and experience this country has invested in ASC and giving it responsibility for the build of our future warships, the intention is for the next generation of Australian Navy ships to be built by foreign companies. The Turnbull Government favours foreign shipbuilders rather than Australian companies to carry forward the work on these vital projects. Foreign companies will operate from Australian waterfront real estate.

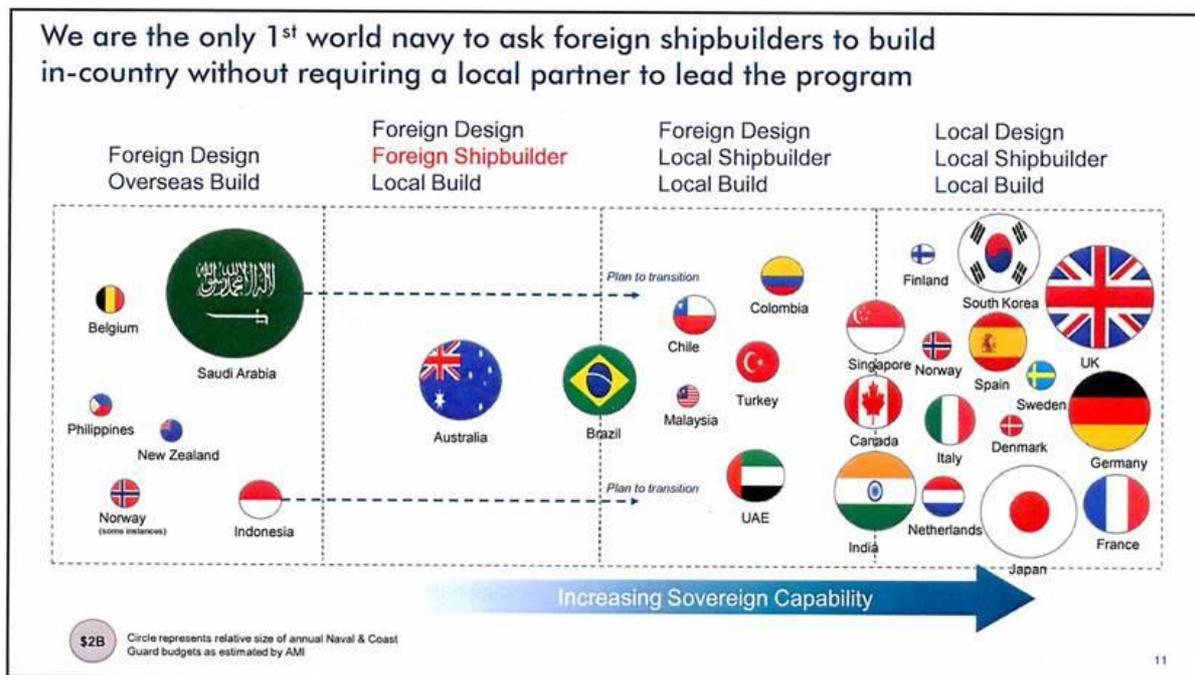
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This backwards approach is unprecedented in developed countries and leaves us looking strategically weak.



To fix this problem once and for all, Centre Alliance has introduced a Bill into the Federal Senate that will require all new Australian naval vessels to be built in Australia by Australian owned and controlled companies.

The use of Australian companies for naval construction will ensure the know-how of programs is transferred to an Australian company, not to a daughter company of a foreign entity. It will ensure that foreign companies will not have veto power over any export opportunities Australian shipbuilders wish to engage in. Australian shipyards will be able to assure export customers that they have the confidence of their own Navy. Such an approach would also reduce our exposure to foreign corporate risk - currently we are aiming to tie up some \$85 billion in work with two foreign companies (possibly only one if the Italian company Fincantieri wins the Future Frigate tender given it is expected to merge with the French Naval Group shortly).

More information about the Centre Alliance's approach to this very important issue can be found at my website: <https://rex.centrealliance.org.au/media/releases/>

If you share my concerns you should contact Mr Pyne who can be reached by telephone at his electorate office on 08 8431 2277, by email at C.Pyne.MP@aph.gov.au, or by mail at 429 Magill Road, St Morris, SA, 5068.

It's not too late for the Coalition Government to change tack, and I urge you to get in touch with Mr Pyne to tell him that we want our Navy's ships built in Australia by truly Aussie companies (not foreign subsidiaries) employing Aussie managers and workers.

Yours sincerely

REX PATRICK
Senator for South Australia