

Hon Martin Hamilton-Smith MP

Minister for Defence Industries

Thursday, 19 May 2016

Two sides of the shipbuilding valley

New graphic modelling released today shows the huge jobs bonanza ahead for South Australia's naval shipbuilding sector, set to peak at just under 6000 direct jobs in a decade.

The Defence SA figures show the expected fall in jobs, to fewer than 2500 over the next 12 – 18 months, is followed by a spike to just under 4000 in less than five years and up again to around 5000 in a decade, before peaking at approximately 5805 in 2026-27.

The graphic, which clearly illustrates the steep shipbuilding valley, comes on the back of latest jobs figures out today showing unemployment has eased in South Australia.

Background

Construction of the Offshore Patrol Vessels will commence at Techport in 2018. With a total program value of \$3 billion, it will lead to 400-plus direct and 400 indirect jobs. Building the OPVs in South Australia will significantly de-risk the \$30 billion Future Frigate program, due to commence in Adelaide in 2020. It will help to bridge the valley of death by retaining shipbuilding skills and knowledge in the state and ensuring infrastructure remains productive and use of a significant investment is capitalised.

Work on the Future Frigates are start in 2020. Worth a total of \$35 billion, it will lead to approximately 2000 direct jobs.

Construction of the 12 submarines will start in 2022. With a total program value of \$50 billion, DCNS estimates the submarines project represents 2900 direct jobs in South Australia, with 1700 jobs at ASC, 100 jobs at DCNS office, 600 jobs in supply chain, 500 jobs in combat system integration.

Quotes attributable to Defence Industries Minister Martin Hamilton-Smith

This graphic modelling is proof that an image is worth a thousand words. It clearly shows the current status, the fall to come and the sharp rise in the mid to long term. That's great news for the economy, our international reputation and most importantly, for South Australian families.

With estimates of the submarine project job impacts being as high as three to one, shipbuilding is bigger than we could have hoped for. Now is not the time to rest on our laurels. There is a significant body of work on the near, medium and far horizon for our state's industries.

The graphic modelling clearly shows that things in terms of shipbuilding will worsen before improving. But that's not news to anyone in the sector. This is one reason we have been working hard to bridge

Media Contact: Catherine Bauer 0478 855 367

that jobs gap by attracting new investment such as the Inghams project announced last week and other projects including Wineflow and Buddy Platform, that will all lead to new jobs.

Quotes attributable to Defence Team Centre CEO Chris Burns

The demand for highly-skilled blue and white collar workforces in South Australia to service defence's requirements in the decades to come is significant and we need to start planning for and developing that workforce now. Industry needs to be proactive in identifying and creating our defence industry workforce of the future.

The graphic shows that continuous flow of defence work provides confidence for parents and teachers to encourage South Australia's youth to study STEM and plan a career in the State's defence industry.

As an industry we need to step-up now to ensure we are able to deliver the best possible military capabilities on time and on budget. This means we all need to look to the future and invest in ourselves. We need to look at our workforce and identify the demands and growth pathways required, we need to look at our capabilities and identify where we need to invest and we need to look at our infrastructure to identify where we need to improve or build it.