

WESTBUSINESSPUBLICATIONS

Wednesday, April 27, 2016

# WESTERN DEFENCE

WA STAKES CLAIM FOR MILITARY CONTRACTS

- *WA's place in US geo-strategy*
- *Austal's contract triumph*
- *From luxury yachts to defence*



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A large crowd of workers, mostly men, are gathered in front of the hull of a large ship. They are wearing orange safety vests and hard hats in various colors (blue, yellow, white, red). Many of them are waving their hands towards the camera. The ship's hull is dark grey or black, with several windows visible. In the background, a flagpole with a flag is visible against a blue sky with some clouds. The overall scene suggests a celebratory or promotional event at a shipyard.

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**WESTBUSINESS PUBLICATIONS**

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## POLITICS AND FOOTY

Australians have become accustomed to matters of national importance being political footballs.

But the electoral crassness of awarding multibillion-dollar defence contracts according to where the most votes are was making even seasoned commentators shake their heads.

The dominance of Adelaide in the defence contract debate shows that Canberra believes political expediency is as important as national security.

It is against this backdrop that *The West Australian* is pleased to present a magazine which continues to press the case for WA firms which have appetite and ability and to take on Federal defence work.

Western Defence is published at a critical time for the nation's military complex. It comes in the wake of the Defence White Paper and soon after WA won the lion's share of the Offshore Patrol Vessels and Pacific Patrol Boats contracts. Importantly, Western Defence is published as Canberra steels itself to announce who will build the nation's new submarines.

We are sure the magazine will give WA companies a political voice and ensure they are not overlooked in the politically motivated rush to look after South Australia.

■ Ben Harvey  
Group Business Editor

## DEFENCE COUNCIL A WA FORCE

**DEIDRE WILLMOTT**

**W**A's defence industry has a great future after being formally recognised as a one of Australia's two shipbuilding hubs. To the delight of the business community, the Commonwealth Government recently announced that Henderson would be one of two shipyards to implement a continuous build of naval surface vessels.

Austal was selected to build up to 21 Pacific Patrol Boats — a contract worth more than \$500 million that will directly create about 130 jobs. Further, it was announced that construction of Offshore Patrol Vessels will begin in WA in 2020, after initial construction in South Australia.

Standing beside the State Government, industry leaders and defence insiders, the Chamber of Commerce and Industry of WA has been proud to establish the WA Defence Industry Council, a determined collective which championed WA's outstanding defence capacity

to all levels of government. Just last month, the council again met Federal Defence Minister Marise Payne to show how WA can provide the quality and efficiency needed in submarine and shipbuilding and maintenance. Our message was that WA is home to Australia's most successful shipbuilding industry, exporting defence and commercial vessels around the world.

About 180 WA companies form an experienced and globally competitive supply chain. The Australian Marine Complex in Henderson is also home to a common-user facility with a deep water harbour, fabrication hall, five wharves and a floating dock able to lift 12,000 tonnes.

The base in Henderson has successfully delivered upgrades to the Royal Australian Navy's Anzac Class frigates as well as undertaking a critical role in the maintenance of the Collins Class submarines and various supply vessels.

The Indian Ocean is also becoming a key theatre for global competition, which provides a strong strategic argument for defence shipbuilding and maintenance capability in WA, close to Fleet Base West.

There will be risks in shifting the Offshore Patrol Vessels from shipyards in South Australia to the West, so



**Trio: Senator Linda Reynolds, Federal Defence Minister Marise Payne and CCI WA chief Deidre Willmott**

the WA Defence Industry Council strongly encourages all project stakeholders to involve WA industry in the SA build from the beginning.

■ Deidre Willmott is chief executive of the Chamber of Commerce and Industry WA



# WA VITAL TO US STRATEGY

A rich history of engagement will likely ensure America will continue to host military assets in the west

**SERGE DESILVA-RANASINGHE  
AND MITCHELL SUTTON**

**W**ith the recent announcements surrounding an upgraded US military presence in northern Australia, attention is once again turning towards WA's own long relationship with the superpower. While the US has been publicly guarded about its present and future position in WA, there are compelling strategic and political reasons which make the State an attractive location for a wide spectrum of military activities.

The future is likely to see engagement built upon further, as the US increases its presence in the Indian Ocean and Asia Pacific regions.

Whilst the US Navy was heavily involved in WA during World War II, it did not establish a permanent presence in the State until 1967.

Naval Communications Harold E. Holt, located at Exmouth, was the most powerful transmitter in the USN's worldwide Very Low Frequency (VLF) transmitter network, designed to facilitate communication with submerged ballistic missile submarines.

While the base was shifted to full Australian control during the 1990s, a keen interest has been retained in Exmouth.

An ex-US Government C-Band Radar has been installed at the site, whilst the nearby Learmonth Solar Observatory continues to be run jointly by the USAF and Australian Bureau of Meteorology.

The Cold War-era technology and basing arrangements at Exmouth provide a stark contrast to a more recent and discrete US presence, established at the Australian Defence Satellite Communications Station (ADSCS). Located at Kojarena, 30km from Geraldton, the ADSCS site includes a ground station for the communications satellites of the US Wideband Global Satellite system.

HMAS Stirling and Fremantle Port have also been regularly utilised as stopover points by the US Navy. In 2003, Perth was the site of an experimental 'Sea-Swap'

programme, whereby USN crews stationed in WA would replace personnel on US warships returning from the Persian Gulf.

Though the programme was discontinued, US vessels have continued to utilise the ports as a stopover point.

Despite this history of engagement, the future of US involvement in WA remains unclear at this stage.

In the past there have been flashes of interest, including a report from the Washington-based Centre for Strategic and International Studies in 2012, advocating construction of US facilities in the Cocos Islands, and the basing of a nuclear carrier group at HMAS Stirling.

A year later, Secretary of the US Navy Ray Mabus noted in an interview with The Diplomat, that: "The last Australia-US ministerial talks agreed to specifically look at things like HMAS Stirling in Perth...I think that shows the importance of Perth and, as the study gets underway, that importance will be confirmed."

Despite a steady drumbeat of speculation since, nothing tangible has eventuated in this direction.

This may be changing with the unveiling of recent plans to rotate long range USAF aircraft through Australian airbases in the Northern Territory.

If the US does eventually opt for an upgraded presence in WA, the likely scenario would be similar to this

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plan, with a gradual increase in US use of existing facilities. This might include HMAS Stirling and the bare base airfields Learmonth and Curtin.

Commenting on WA's strategic importance to the US, Australia's former Ambassador to the US, Kim Beazley, affirmed: "WA basing has great enthusiasts in the US national security think tanks, so it will stay on the US agenda. Official enthusiasm will wax and wane.

"What needs to be done is costly, and the US hopes we will pick up the tab for base expansion and renovation of Cocos.

"Future American interest for once heavily depends on the presidential outcome, but the inescapable significance of our geography to US space based systems will remain."

■ Serge DeSilva-Ranasinghe is a security analyst, defence writer and consultant

■ Mitchell Sutton is a security analyst and defence writer

**"The future of US involvement in WA remains unclear."**



Close co-operation: US submarines at Fremantle during World War II.





# A VITAL COG IN ARMY MACHINE



**Power:** A machinegunner astride a Bushmaster vehicle rolls through Chora in Afghanistan in 2010. Parts for Bushmasters are manufactured by WA's Hofmann Engineering. Picture: Lee Griffith

Local companies have conquered the tyranny of distance to ensure they can service the Australian Army

**SERGE DESILVA-RANASINGHE  
AND MITCHELL SUTTON**

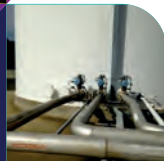
**A**lthough geographically isolated from the major Army formations and acquisitions infrastructure of the east, a small, yet diverse, land systems sector has developed in WA. Servicing the needs of the Army both inside the State and beyond, the sector provides a range of services and products necessary to maintain a modern land force.

These include engineering and fabrication, logistics, maintenance, and communications.

A number of WA-based firms are involved in providing engineering support for Army vehicles.

VEEM Engineering has significant involvement in the production and maintenance of specialist vehicles for the elite Swanbourne-based Special Air Service Regiment. The company provides maintenance support and upgrades for the current fleet of 1A vehicles, and has been involved in the manufacture of the new generation 1B vehicles. This has included supplying assembled vehicles and fabricating chassis components for the prime contractor.

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Another firm involved in this area is WA's Hofmann Engineering, which fabricates components for the M113 armoured personnel carrier, Bushmaster Protected Mobility Vehicle and vehicle-mounted Command Posts from its facilities in Victoria.

In this capacity it acts as an approved supplier to BAE Systems and Thales.

While its Perth facilities handle minimal land systems work, they have the ability to conduct 3MW gearbox and transmissions.

Another land systems area which is well represented in WA is logistics and maintenance. Broadspectrum (formerly Transfield Services) is responsible for the maintenance of WA's pool of land materiel assets, primarily conducted at Palmer Barracks in Guildford.

Assets falling under this contract include a fleet of around 700 vehicles (including Unimogs, Land Rovers, G-Wagons, special operations vehicles and construction equipment) and all small arms stored at the site's armoury.

This equipment is kept as part of a pool by Joint Logistics Unit-West, and sent out on a needs basis to Army units based in the State.

Other companies operating in this area include LIN-FOX, which provides distribution and warehousing services; Serco Sodexo Defence Services, which operates Defence clothing stores; and Global Procurement Services, which provides procurement and supply chain management.

Significantly, land systems also overlap with WA's well-established C4 (command, control, communications and computers) sector.

Radio and data systems provider Barrett Communications has been a notable export success.

Since 2000 the firm has provided portable HF and VHF equipment to the Papua New Guinea Defence Force, an East African police force, a Central Asian border protection agency, the South African Army, the Nepalese Army and various peacekeeping forces.

This has often involved the provision of training.

Another local in the field is AVI, a designer, integrator and manufacturer of specialised communications systems and computers made to withstand harsh conditions.

The company has been highly successful domestically, with several major projects currently under way in the land-systems realm. AVI recently delivered a number of C2 and data processing systems as part of Defence's Land Network development capability, and is currently building a fourth generation Image Capture and Transfer System for the Department of Defence.

In the month of April alone the company delivered

\$2.5m worth of C2 systems to the JP2097 Special Operations Vehicle, and is projected to enter into a multi-year supply arrangement for the Army worth tens of millions of dollars within the next six months.

Exports have also been forthcoming, with the company's terrestrial rugged router used by the US Army and others.

Thus, while land systems companies in WA may lack the big-ticket acquisition and sustainment contracts of their contemporaries in maritime and C4ISR, they have nonetheless carved out a stable niche in the face of significant challenges.

■ Serge DeSilva-Ranasinghe is a security analyst, defence writer and consultant

■ Mitchell Sutton is a security analyst and defence writer

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**“Land systems overlap  
with WA's C4 sector.”**

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# ENGINEERING KEY STRENGTH

WA's fabrication sector is world-class, with five local companies blazing the trail

**SERGE DESILVA-RANASINGHE  
AND MITCHELL SUTTON**

**W**idely considered to be one of WA's areas of greatest comparative advantage, the Defence engineering and fabrication sector has developed an international reputation for providing quality components to Defence manufacturers.

WA companies currently contribute to projects across all three services, having developed significant experience through civilian oil and gas, mining, civil engineering, marine and aerospace contracts.

An overview of five local SMEs provides a good study of the sector's potential to attract some of the upcoming tranche of Defence contracts.

Hofmann Engineering, established in 1969, stands out as one of the more versatile of the firms.

The company provides components to a wide array of projects; including the Bushmaster PMV, M113 Armoured Personnel Carrier, Anzac Class frigate, Collins Class submarine, C-130H Hercules, F/A-18 Hornet, E-7A Wedgetail and AP-3C Orion. It has also succeeded in expanding its operations beyond Perth, with facilities in Melbourne, Bendigo, Newcastle and South America; and offices in India and the US.

Other companies are more specialised, with many focusing on naval work.

Relative newcomer Civmec has been strongly focussed in this area, launching an audacious attempt to become a major shipbuilding contractor in time to bid for work emerging from the 2016 Defence White Paper.

Despite the fact that it has not previously been involved in Defence work, the firm opened a Defence Business Unit in late 2015, acquiring the Tomago shipyard and brand of ailing NSW shipbuilder, Forgacs. It has also moved to liaise directly with the three bidders for the Future Submarine Competitive Evaluation Process, going as far as fabricating a submarine hull section to demonstrate their capabilities to build to the exacting standards of what the submarine sector would demand.

Expansion of its Henderson-based facilities has been flagged in the event of a major contract win.

Also located in Henderson is Orontide, which provides fabrication, welding and mechanical work for a variety of naval vessels.

This includes repair, upgrade and maintenance work for the ANZAC Class frigates; the manufacture of components and industrial services for the Collins Class submarines; engineering assistance on Border Force vessel ABFC Ocean Shield; and a 12 month overhaul of supply ship HMAS Success. Orontide also provides support to JFD for the annual Black Carillon submarine rescue exercises held off the WA coast, fabricating and installing specialised equipment on to submarine rescue vessels.

Another company in the naval space is VEEM Engi-



**Team effort:** Local engineering firm Hofmann Engineering is active in military work. The company is headed by directors (from bottom left) Stephan Kirsch, Erich J. Hofmann, Erich F. Hofmann, Leighton White and John Hofmann.

neering. Domestically, the company provides valves and other hull components for the Collins Class submarine and gyroscopes for patrol boats.

VEEM has also found export success, providing fin stabiliser assemblies to Austal USA's Littoral Combat Ship and Joint High Speed Vessel projects for the US Navy.

This work requires a number of unique assets, including Australia's largest NES 747 bronze foundry.

Watmarine Engineering Services provides maintenance services and component supply in pumps, pipes, valves and welding for the RAN's surface fleet. As well as liaising directly with the Department of Defence, the company also acts as a sub-contractor for Primes Naval Ship Management and BAE Systems.

WA companies have also succeeded in carving a niche in the aerospace sector. Western Australian Specialty Alloys (WASA) Pty Ltd has become an approved provider of metal alloys for a number of international aerospace primes, including Rolls-Royce, General Electric, Turbomeca and Boeing. Its most prominent contract thus far has been the provision of nickel alloy to US aircraft engine manufacturer Pratt and Whitney, as part of the F-35 programme.

While only a select outline, these firms are representative of the broad capabilities and long experience of the State's defence engineering and fabrication sector.

■ Serge DeSilva-Ranasinghe is a security analyst, defence writer and consultant

■ Mitchell Sutton is a security analyst and defence writer

**“WA companies have succeeded in carving a niche in the aerospace sector.”**



**Precision:** A bevel gear at Hofmann Engineering.





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# A CLASS LEGACY FOR WA

Defence contracts linked to Collins Class subs have underpinned local work

**SERGE DESILVA-RANASINGHE, TIM DEMPSEY AND MITCHELL SUTTON**

**T**he Royal Australian Navy's Collins Class submarines and their future successors have undoubtedly been some of the most widely scrutinised Defence assets of the past 30 years. Yet behind the controversy, a small group of companies based in WA have quietly assisted in keeping the boats in peak operational condition.

The vital role of these companies, plus a likely continuation of the current submarine force posture at HMAS Stirling, will ensure that WA is placed in an enviable position when bidding for aspects of the Future Submarine project (SEA1000).

The Collins Class sustainment contract involves a number of Defence Primes, with government-owned submarine manufacturer and maintainer ASC taking the \$152.4 million lead role in systems sustainment. The majority of this work is undertaken at ASC's \$35 million submarine maintenance facility at Henderson, which features 3600sqm of office space and a 2600sqm maintenance hall.

This facility, known as ASC-West, is responsible for the mid-cycle and intermediate docking of the boats, as well as operational maintenance.

Each submarine at the facility requires 150 tradesmen and 200 other staff who manage a total of 56 different systems on board the vessel.

As part of this arrangement, ASC employs the services of 84 separate contractors to a total value of \$25 million, showcasing the depth of West Australian industry in the defence sector.

Other primes play a more specialised role. Raytheon Australia provides combat system design for the Collins Class, employing over 120 staff dedicated to the combat system in-service support program. This work includes the tactical system, navigation system, communications systems, early warning systems and systems integration elements. The firm has sub-contracted specialist support for the early warning systems to Jenkins Engineering Defence Systems, specialised signal processing elements to Sonartech Atlas and high-tech electronic charting and navigation systems to L-3 Oceania.

BAE Systems Australia is engaged in maintaining the Collins-class periscope system, with 16 staff split between Mawson Lakes, SA and Garden Island. Thales Australia is responsible for maintaining the Collins-class sonar suite as part of a \$22.2 million contract, as well as the towed array, communications mast and other key sensor capabilities. This work employs 160 staff in WA.

Other firms involved include Veem Engineering, which maintains hull and system ball valves, along with numerous other bronze components used on

the Collins-class; Babcock, which provides maintenance and repair support to the torpedo tubes and launchers; and Drivetrain Power and Propulsion, which provides the diesel engine for the vessel.

These primes are supported by a large number of local SMEs acting as sub-contractors, such as AMI Marine, Composite Components, UVS, DSPComm, Orontide, Stella Industrial, Fastwave Communications and Nova Systems.

Work is likely to remain steady for these companies, even as the Collins Class nears the end of its original service-life. Sources indicate that there is a likelihood that responsibility for deep-level maintenance, or 'full-cycle docking', will be transferred from Adelaide to ASC-West as those facilities are progressively engaged in SEA1000 construction work. Even if this fails to eventuate, extensions to the service life of the Collins Class will ensure that current arrangements continue into the medium-term.

**"Thales Australia is responsible for maintaining the Collins-class sonar suite."**

A study undertaken by Defence in 2012 indicated that the retirement of the submarines could potentially be extended out to 2031-2038, with a series of up to 12 major upgrades being planned to replace legacy systems and upgrade capability.

However long the Collins Class contracts last, the substantial and proved legacy of WA-based sustainment in keeping them operational is the best possible advertisement for the future involvement of the State in SEA1000.

■ Serge DeSilva-Ranasinghe is a security analyst, defence writer and consultant

■ Tim Dempsey is a security analyst and defence writer

■ Mitchell Sutton is a security analyst and defence writer

**Stealth: Collins Class submarines exercising off the WA coast.** Picture: Richard Gale



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# UPSKILLING A VITAL NEED IN WA

Ceaseless training is crucial for military readiness and the private sector is helping to deliver skills services

**SERGE DESILVA-RANSINGHE AND MITCHELL SUTTON**

**W**hile often overlooked in the popular focus on tangible assets, training and skilling comprises a significant portion of ADF operations in WA, across all three services. This comprises a range of activities, including specific training for individuals, military exercises and force generation/readiness tasks.

For the RAAF, RAN and the Republic of Singapore Air Force (RSAF), RAAF Base Pearce is the centre of significant training activities.

All Australian cadet pilots from both the Air Force and Fleet Air Arm undertake intermediate turboprop training at the base at No.2 Flight Training School (2FTS), with the RSAF No. 130 Squadron conducting similar activities. Some of those who enter the fast-jet stream after graduation from 2FTS then remain at Pearce with No.79 Squadron for initial jet training.

Several contractors provide direct support for these operations. Sydney-based air charter provider Pel-Air Aviation offers target towing and other services, Lockheed Martin provides training systems integration for the RSAF, whilst Canadian company CHC Helicopter is contracted to provide helicopter-borne search and rescue support.

The Navy has also managed to dramatically increase the amount of training which it undertakes in the West. At HMAS Stirling, category training is conducted for Combat Systems Operators and Electronic Warfare Sailors, alongside more advanced training for Communication and Information Systems Sailors. Leadership and management skilling is also undertaken, including non-commissioned officer promotion courses up to the rank of Petty Officer.

To prepare sailors for deployment, refresher courses in damage control are conducted at Stirling's School of Survivability and Ship Safety.

Other activities are designed to support the specific classes of vessel located at the Naval establishment. Training for all Collins Class personnel is undertaken at Stirling's Submarine Training and Systems Centre, with much of this skilling provided by Australian submarine builder and maintainer ASC, in conjunction with Challenger TAFE and Calytrix Technologies. Over the past 12 months the Centre has delivered 270 training courses, with 100 submariners receiving initial submarine training and a further 100 undergoing advanced career development programs.

Facilities available also include the only

Submarine Escape Training Facility in the southern hemisphere, where training is delivered by contractor James Fisher Defence, and extensive simulation systems to save on submarine sea-time. For the Anzac Class frigates, technical personnel are trained at the \$5.33 million Anzac Ship Support Centre. Helicopter pilots embarking aboard the frigates are given space to practice.

An increasing number of original equipment manufacturers (OEMs) are also becoming involved in training, with the Navy outpacing junior into commercial organisations. OEMs providing this training in WA include ASC, MTU Detroit Diesel and Thales Australia.

For the Army in WA, a strong emphasis has remained on locally delivered training. Nowhere is this more evident than with the Special Air Service Regiment. Much of SASR's skilling is undertaken at Bindoon Training Area, which features demolition and firing ranges, mock villages, a tower for sniper training and one of the largest urban warfare facilities in the country. The Army Reserve's 13<sup>th</sup> Brigade also continues to carry out a number of training courses locally, including advanced role specific training for reserve officers, infantry, drivers and others. Further to the north, the Pilbara Regiment has its own unique set of training requirements. Those enlisting as patrolmen receive their initial employment training and subsequent specialisation at the Regiment itself, with basic training also delivered to those enlisting under an RFSU List waiver.

With all factors considered, there can be little doubt that WA now plays an indispensable role in the Defence Force's skilling and training programs.

■ Serge DeSilva-Ransinghe is a security analyst, defence writer and consultant

■ Mitchell Sutton is a security analyst and defence writer



**Poised:** Soldiers from 13th Brigade prepare an assault during Exercise Borneo 2015 at Bindoon. Pictures: Chris Beerens



**Above:** Australian Army soldier Private Michael Mani takes aim during Exercise Borneo 2015 at Bindoon training area.

**Left:** Soldiers from 16th Battalion, Royal Western Australia Regiment, search a vehicle during the annual Exercise Retimo.



# WHITE PAPER BONUS

**LINDA REYNOLDS**



**T**he recent announcement of the build locations for the Offshore Patrol Vessels and the Pacific Patrol Boats has cemented WA's place as the second naval shipbuilding hub in Australia and confirmed that we will be the beneficiary of the long-term continuous naval shipbuilding strategy.

The first announcement confirmed that Austal was the preferred tenderer to build up to 21 Pacific Patrol Boats. The second announcement was that the build of the Offshore Patrol Vessels will move to WA from Adelaide in 2020.

Our State is home to a vibrant and innovative defence sector. The flow of \$2.4 billion of new investment into our State as a result of the 2016 Defence White Paper recognises our strategic importance and the capabilities of more than 180 established WA defence companies, which support about 3000 jobs.

Local, national and international recognition of our defence industry has come a long way in a very short period. I am delighted with the role the WA Defence Council has played in executing our case. This demon-

strates the increasing importance of a collaborative approach from government and industry to successfully position local defence industry as a cornerstone of our national defence ecosystem.

Growth in our shipbuilding and defence sectors provide's our transitioning economy with the opportunity to retain a large portion of the skills developed in our state as a result of the resources boom, many of which are already adapting to these opportunities.

The announcement of the build locations for the Offshore Patrol Vessels and Pacific Patrol Boats is a huge vote of confidence in WA industry and signifies the strength, expertise, and track record of our shipbuilding sector. Our case remains strong. We have a long track record of delivering bespoke and complex projects, on time and on budget, we have the skills base available, our industrial and technological infrastructure is among the best in the world and our supporting industries are strong and ready for growth.

As a State, we have demonstrated what we are capable of. Since becoming a Senator for WA, I have seen time and time again that our best resources are not the minerals we dig up out of the ground, but the people



**Firepower: HMAS Ballarat leaves HMAS Stirling.**

who walk on top of it.

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■ Linda Reynolds is a WA Senator

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# AUSTAL'S \$735 MILLION WIN

**NICK BUTTERLY**



**D**espite a sometimes gloomy forecast, it's been a solid start to the year for Perth shipbuilder Austal. The company's Alabama-based arm received an order to build an additional Littoral Combat Ship for the US Navy, worth more than \$735 million. The order comes on top of the 10 LCS vessels already ordered by the US Defense Department.

And late last year the company received an order to build another two Cape Class patrol boats for the Australian Navy, valued at more than \$60 million.

But the biggest deals could be to come, with the company saying it has spoken to the Australian Government about the possibility of them buying part of a privatised Australian Submarine Corporation — a move that could place the WA company at the heart of the Government's multi-billion dollar future ship-building program.

"Our understanding is that the Government is thinking about ASC not being in their hands," says new Austal chief David Singleton. "If that's the case we think we are in a position to assist in that."

The plan, would likely see ASC split into surface vessel and submarine building entities and sold separately. Austal argues it has a proved track record in personnel and project management that would make them a leading contender in any sale.

"We have demonstrated tremendous capacity in (Alabama)," Mr Singleton said. "We can bring that capacity to build surface ships in Adelaide."

While Austal is headquartered in Henderson, its biggest facility remains in Alabama.

As well as being under contract to build 11 Littoral combat vessels for more than \$3.5 billion, Austal is building 11 fast troop ferries for \$1.6 billion.

The LCS program appeared under threat last year when US Defense Secretary Ash Carter demanded the Navy severely cut back on its plan to build 52 LCS warships. The Defense Secretary also demanded the LCS program be reduced to only one type of ship — an order many interpreted as a sign Austal was about to be nudged out of the LCS program in favour of a US company. But there is no sign a cut will be made any time soon and insiders say US lawmakers are unlikely to sign off on changes to the program before the presidential elections.

Back in WA, Austal is building two high-speed support vessels for the Royal Navy of Oman.

The company remains hopeful it could be in the running to win Australian Government contracts to build a fleet of patrol boats for neighbouring Pacific island nations or a promised fleet of corvettes.

But both of those types of vessels would likely have to be made of steel. Austal builds its vessels in aluminium, but argues it could just as easily work in steel.

Austal's biggest hurdle to new Australian contracts could be political, with the Coalition desperate to ensure South Australia wins the lion's share of new work.

At a recent briefing of WA defence industry figures, Defence Minister Marise Payne was reported to have warned locals they needed to be "politically realistic" about how much work the State would win.

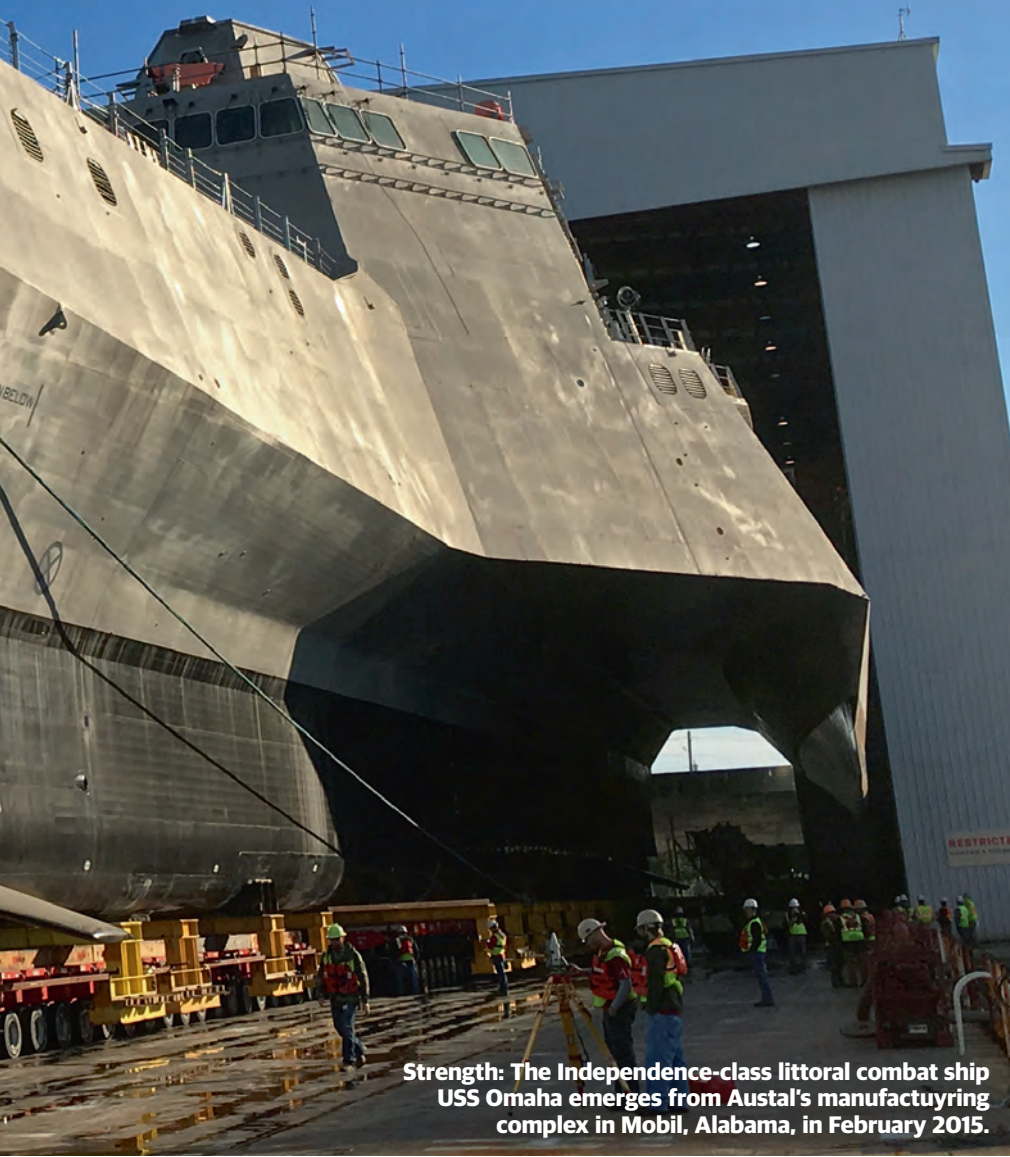




# BOOST FOR WA STALWART

**“We can bring that capacity to build surface ships in Adelaide.”**

*AUSTAL CHIEF DAVID SINGLETON*



**Strength:** The Independence-class littoral combat ship USS Omaha emerges from Austal's manufacturing complex in Mobil, Alabama, in February 2015.





# TIME TO FIND OUR DEFENCE INDUSTRY VOICE

Political dithering must end and a proper lobby group established to promote WA

PAUL PAPALIA



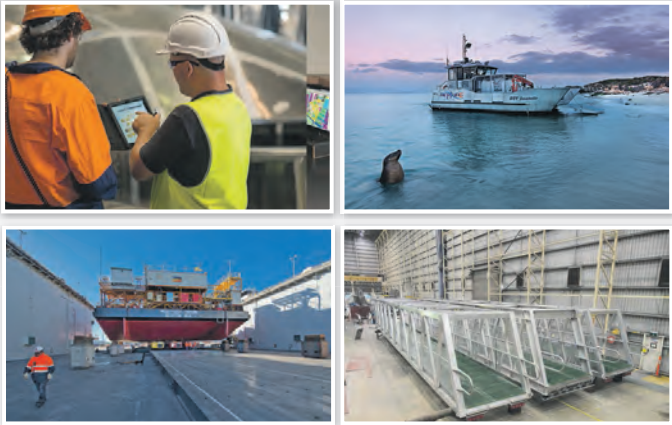
For the first time, Australian naval ship builders are about to get a sustainable and reliable workload. It's a pivotal moment for the nation's manufacturing industry. Federal parliamentarians, defence businesses and state governments are all engaged in enthusiastic debate about where these huge, ongoing projects should be located. But WA is largely voiceless. Despite a recent Cabinet reshuffle, the State Government still has no minister dedicated to the defence industry portfolio. Our public servants with knowledge of the field are limited in numbers and not focussed solely on what is a very specialist field. An industry council has been created within the Chamber of Commerce and Industry WA but the chamber, although well intentioned, is a body with little history and few contacts in defence.

Without serious leadership and support from the State Government, WA industries will struggle in the defence market. At best, our efforts will be fragmented and uncoordinated. Instead of working in a collaborative fashion and campaigning on behalf of our entire State, individual companies are likely to compete for a diminished share of the national defence spend. This isn't in anyone's interest. It's to our State's advantage to have a strong and sustainable defence sector to help diversify the economy and inoculate us against the booms and busts of the commodities sector. It's also clearly in the national interest for defence to have a robust and capable defence industry in a State that covers a third of the continent. Finally, our allies and friends will view WA as an even more attractive safe haven in an increasingly unpredictable Indian Ocean region if we can provide a full suite of industry support. It's time we got serious about supporting our defence sector. A robust government response to the Federal Government's recently released Defence White Paper is needed. The Defence Industry Policy Statement and Integrated Investment Program (both released with the White Paper) provide a road map for our State. Federal authorities are creating a new Centre for Defence Industry Capability to be led by an advisory board comprising private sector and Defence representatives. According to the Defence Industry Policy Statement, the centre's role will be to "drive the stra-

tegic partnership with Defence, involve industry in governance of the industry programs and provide a range of business and skilling services". The CDIC will have some representatives based in each State and Territory. WA needs a Defence Issues Minister. We should establish a State-based authority with complimentary structure and roles to the Federal body. It could mirror the South Australian model and be termed Defence West. The Defence West office should be staffed by a team of public servants dedicated to the defence field. The minister and Defence West can be guided by an advisory board comprised of experienced and knowledgeable military and industry players. It would be smart to invite the CDIC to co-locate its WA office with our own Defence West office. In essence, we must do everything we can to take what the Federal Government has created and magnify the impact in support of WA industry. Too often, strategic decisions are made in Canberra by an east coast-centric body in the absence of a strong Western Australian voice. A Western Australian Defence Issues Minister, supported by an advisory board and Defence West team, can properly represent us in the national defence debate. It's time such a team was created. ■ Paul Papalia is a former Navy Clearance Diver and the WA Labor Shadow Minister for Defence Issues

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## NEW DIRECTION FOR LUXURY YACHT

### BEN HARVEY



The sleek opulence of luxury super yachts is a world away from the rugged utilitarianism of a Navy warship but one WA company is determined to bridge the divide. Henderson-based Echo Yachts has built a team of 300 workers, up from 50 18 months ago. The company, which is headed by director Jurien van Rogen, is building two vessels destined for the world's rich and famous.

“We also have the lowest rework and warranty rates in the industry, with the last three vessels we have built having a total cost of nothing after the 12-month warranty period,” he said. “We are also the Australian distributors for the nanotechnology coating system, Enstone which is non-toxic, fire-rated, acid-proof and highly corrosion resistant.”

Mr van Rogen said his company was keen to enter the defence field. “We have all the management systems and processes in place for major expansion. We have developed communications apps to improve efficiencies and we are breaking all records in composite and super yacht shipbuilding.”

An 84m aluminium vessel being worked on now is in line to smash three records. It will be Australia's biggest super yacht, the country's first diesel/electric yacht and the largest tri-hulled super yacht to be built anywhere in the world.

A 46m catamaran is poised to be the biggest all fibreglass infused ship to be built in Australia.

Mr van Rogen was proud of Echo's staff retention rates and company safety record.

## TESTAMENT TO ABILITY

### MICHAEL MISCHIN



Western Australia is home to a world-class defence industry with the capability and capacity to deliver for the nation's future shipbuilding and submarine programs.

This capability is not limited to one company or industry sector.

For example, businesses at the Australian Marine Complex have honed their skills and innovative practices across diverse industry sectors including defence, oil and gas, marine and mining.

The State Government established the AMC-Common User Facility

(AMC-CUF) to support local companies in these industry sectors.

Since 2003, the AMC-CUF has returned \$2.2 billion in economic benefit, creating 33,700 local jobs and completing 399 projects within its precincts.

The recent announcements that WA will play a major role in the nation's naval patrol boat-building program is due recognition of its capability, expertise, and efficiency in a highly competitive and demanding industry.

We continue to strive for a share in the SEA 1000 submarine project.

I will continue to support, advocate for and promote the ability of WA industry to contribute to State and nation-building projects.

■ Michael Mischin is WA Minister for Commerce

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# CIVMEC POISED TO WORK

The engineering firm has laid the groundwork with foreign companies to be in box seat

**BEN HARVEY**



**E**ngineering company Civmec is backing itself in the upcoming commission of frigates, patrol boats and submarines — and is working with the Japanese, French and German contenders to ensure it plays a big part when the contracts are awarded.

Civmec is promoting its well-regarded work with ThyssenKrupp Marine Systems to construct a hull section at Civmec's sprawling Henderson facility.

A self-funded initiative, the construction is high-profile proof that Civmec has the expertise to play a central role in building Australia's future naval vessels.

The hull section was designed in Germany by TKMS before the plans were digitally transmitted to Civmec to be built. The hull piece has since been run through a battery of independent tests and has met all dimensional and weld-quality standards.

Civmec has concentrated on building international partnerships and has hosted a high-level delegation from Mitsubishi Heavy Industries as part of the company's efforts to ensure it has a front row seat when the successful bidder for Australia's next generation submarine project is announced.

"Civmec regards the Australian defence industry as a key growth market requiring strong, reliable and sustained support from Australian industry and is keen to be a major participant," the company said.

"In preparation for future opportunities that may arise and in order to capitalise on our waterfront locations, resources and engineering expertise, we have made a strategic commitment to provide support through submarine and ship construction, specialist piping and mechanical work, surface protection and specialist insulation, vessel maintenance and support and civil and bulk earthworks."

Civmec current defence contracts include the completion of civil works for the Department of Defence's Helicopter Aircrew Training Systems (HATS project) at HMAS Albatross in Nowra, NSW.

The HATS project involves building the infrastructure needed to support the delivery of a new helicopter training system for the Australian Navy and Army. Civmec's contribution includes earthworks, excavation, demolition, roadworks and landscaping.



**Top:** Civmec personnel at Henderson Heavy Engineering Workshop  
**Middle left:** Specialist welding. **Middle right:** Civmec's West Coast Facilities at Henderson. **Bottom:** Civmec executive chairman Jim Fitzgerald, WA Government Minister Joe Francis Civmec general manager Defence and Mike Deeks.

**"The hull section was designed in Germany before the plans were transmitted to Civmec to be built."**



Nerve centre:  
ThyssenKrupp  
workers finish  
a combat  
information  
centre.



**“We intend to  
utilise the local  
ship building  
capacity.”**

**JOHN WHITE**

# GERMANS CONFIDENT OF SUBS WIN

Australia's new submarines may have a 'Made in Germany' stamp on them if ThyssenKrupp's bid wins

**BEN HARVEY**

**G**erman industrial giant ThyssenKrupp Marine Systems is promoting the fact its bid to build Australia's next generation submarines includes assurances it will engage a huge number of West Australian companies to complete the project.

And it is banking that politicians will see the benefit of these local companies being exposed to world-beating industrial technology when they evaluate competing bids.

With more than 200 submarine experts from ThyssenKrupp's operation in Australia and Germany joining forces for the bid, it is a contract the company believes will usher in a new chapter in its 150-years of operating with Australia.

ThyssenKrupp Marine Systems has delivered over 160 submarines to its customers worldwide. The com-

pany is an important arm of ThyssenKrupp group, which has 155,000 employees in nearly 80 countries.

“We are very proud of our submission which we delivered to the Government today in Canberra,” ThyssenKrupp Marine Systems Australia chairman John White said when the company submitted its bid, referred to as Project Endeavour, late last year.

“Our engineers from Australia and Germany have combined to put all their experience and know-how to offer Australia a regionally superior submarine fleet tailored to the specific requirements of the Royal Australian Navy. This is particularly important for Australia's leading strategic role in the Asia-Pacific region.”

Dr White was confident the bid fits all fiscal, technical and capacity requirements.

“Through the competitive evaluation process we were able to develop solutions in a highly collaborative way with officials from the Department of Defence. If successful we will introduce new digital shipyard technologies to Australia that revolutionise the way ships are built in the future.

“After going through this intense process ThyssenKrupp is totally confident that Australia has both the capacity and the capabilities to construct and deliver a new generation of submarines. The submarine can be a core part of a viable national shipbuilding industry that brings local economic benefits and creates long term employment for skilled workers.

“We were impressed by the specific skills and the technical, engineering and manufacturing knowledge

of the over 500 potential Australian suppliers we engaged with during our national industry consultation process. This experience confirmed our confidence that Australia has the required capabilities to build submarines and frigates here.

“We intend to utilise the local ship building capacity to develop Australia as a regional hub to service our submarine and surface ship maintenance needs for the Asia-Pacific region. This is effectively helping to create a new export industry for the country.”



**Stealth: An HDW Class 209-1400mod submarine.**



# THE CASE FOR WA'S DEFENCE SECTOR

BY SERGE  
DESILVA-RANASINGHE



**O**ver the last decade and a half WA's defence sector has been one of the State's hidden economic success stories, growing to support more than 180 companies and creating full-time employment for an estimated 3000 to 4000 workers.

A case in point is the foresight shown by successive State governments in developing, supporting and marketing the renowned Australian Marine Complex at Henderson.

This has succeeded in attracting large defence multinationals, such as Raytheon and ASC, to the State while numerous SMEs have carved out a market across the full spectrum of defence goods and services.

WA companies supporting the defence supply chain are involved in almost everything from the manufacturing of portable radio communications systems, to shipbuilding, base construction and more.

While the sector has been well served up until now by current policies, it is evident that more must be done if it is to remain competitive into the future.

For example, action must be taken to create a Centre for Undersea Excellence, a suggestion that has received support from the Submarine Institute of Australia.

The Institute harnesses the existing capabilities of

the State's defence and resources sectors in collaboration with local universities.

WA is already home to all the Royal Australian Navy's submarines, possesses a Defence Science Technology submarine R&D cell, and operates state-of-the-art submarine training facilities that are unique to the southern hemisphere.

Coupled with a world-class resources sector, such an initiative would help to diversify and enhance expertise in an area where WA has a notable contrasting advantage over its rivals, both domestically and around the world.

More generally, the local defence sector would also benefit from the creation of a much needed defence innovation R&D precinct, supported by government and industry.

This would also provide added impetus to the growth of the defence sector, and would enhance WA's reputation in the sphere of defence industry, attract additional investment and create more jobs.

Another area where funds should be made available is for the phase two expansion of the AMC's floating dock — the largest such facility in Australia.

While the dock in its phase one configuration is capable of lifting the Anzac Class frigate and Collins Class submarine, the proposed upgrade would enable the facility to retain its relevance as the physical size of Australia's naval vessels increase.

An expanded dock facility will then be able to accommodate the longer Hobart Class destroyers and Future Frigates, not to mention the soon-to-be-operational Landing Helicopter Docks.

It is therefore essential that the State Government continues to market West Australian private and public

sector capabilities to the Federal Government's current and future naval procurement programs.

The State and Federal governments can also help WA's defence sector to access more export opportunities, especially by tapping into the rapidly growing marine and defence markets of the Middle East, South and South East Asia.

While good work is being undertaken to assist local companies access the global defence supply chain, there still remain opportunities to assist innovative local defence SMEs with specialist capabilities to export their products to overseas markets.

Clearly, synergies exist and WA's defence sector has already done well to exploit the opportunities that have been afforded by the ADF's structure in the State.

With additional investment and enhanced policy, the defence sector in WA is well positioned, both now and into the future, to remain competitive domestically and internationally.

As a consequence the local defence sector offers significant potential to further improve its value proposition for WA's economy, which is timely given that the State's resources base is moving from capital expansion to an operational phase.

■ Serge DeSilva-Ranasinghe is president of the Australian Industry and Defence Network of WA

**“The local defence sector would benefit from an R&D precinct.”**



Heavy lift: An Austal vessel is raised on the AMC's massive floating dock.





Government of Western Australia  
Department of Commerce

# WESTERN AUSTRALIA supporting the Nation's Submarines NOW and in the FUTURE



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