

# Rudd's vow puts heat on Howard

LABOR'S guarantee to build the next generation of submarines in Adelaide - if fulfilled - would cement for the next generation the state's position as Australia's defence state.

Adelaide is already the centre of naval shipbuilding, with the \$9.5 billion air warfare destroyer contract. Four giant hi-tech ships will be built at Outer Harbor-based ASC as part of this project, which is expected to create 3000 jobs.

The original budget to build three ships was \$6 billion in 2005 but this has already swollen to \$9.5 billion and four ships. Adelaide will have the nation's prime defence shipbuilding skills base beyond 2020.

If Labor leader Kevin Rudd becomes prime minister, that will be extended for more than a decade.

Even if he does not, the political pressure on Prime Minister John Howard to match Mr Rudd's promise will be intense.

Adelaide - and ASC - is, by far, the standout contender to build replacement submarines for the existing Collins-class boats. The Collins-class submarine project, for which ASC won the contract in 1987,

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employed 3000 South Australians as part of a \$5 billion contract to build six boats. The last, HMAS Rankin, was launched in late 2001.

Former defence minister Robert Hill and Finance Minister Nick Minchin cemented the medium-term future of defence shipbuilding in SA in 2003, when they jointly awarded a \$3.5 billion, 25-year contract to ASC to maintain and overhaul the Collins-class boats.

Mr Rudd's vow to build their replacements in Adelaide is surprising, on one hand, because a Labor government would not open up one of the nation's highest-value defence contracts to competition. Yet it is quite likely there would be no genuine competition for ASC.

Put simply, ASC is already the centre of defence shipbuilding and the air warfare-class destroyer contract will only strengthen this.