

26 OCT, 2020

## May the Force be with us



Geelong Advertiser, Geelong

Page 1 of 4

# May the Force be with us

### DAVE CAIRNS

THE big Defence programs for which Geelong is in the running will generate additional sustainment activities worth tens of billions of dollars.

Already in prime position to be the base for a \$1bn self-propelled howitzer program, which may be extended by a couple of billion dollars before the end of the decade, Geelong is also a 50:50 chance to become home to an infantry fighting vehicle program that has soared in estimated cost to \$18bn-\$27bn.

On top of that, the company pursuing the programs, Hanwha Defense Australia, is planning to make its future Geelong facility an alternative sustainment and supply chain base for its global family of K9 howitzers.

Victorian Defence Industry Advocate John O'Callaghan said if Hanwha was successful in being awarded the programs, the supply chain opportunities would likely see existing Defence industry suppliers grow into significantly larger players.

Mr O'Callaghan said that as a general guide, sustainment of a Defence program was about 2-3 times the value of the initial acquisition.

"You are talking about two or three decades of activity by those platforms, which requires

substantial maintenance and including ongoing upgrades," he said.

Hanwha is assessing sites in and around Geelong, including the former Ford factory, to house the Land 8116 Protected Mobile Fires program for which it has been announced as the preferred tenderer for its K9 howitzer variant, called the AS9 Huntsman.

The Huntsman is a 50 tonne, 52 calibre, 155mm platform with the initial program requiring 30 howitzers and associated support equipment.

But the 2020 Defence Structure notes that two regiments of self-propelled howitzers are to be built in Geelong to complement existing land-based strike capabilities.

"This includes a future program of upgrades to hardware and software to ensure these systems retain their potency over time," the plan notes.

It has been reported that the second tranche of self-propelled howitzers and support vehicles under Land 8116 Phase 2 carry an expected cost of \$1.5bn to \$2.3bn.

The program is part of total investment in Australian land forces of about \$55bn over the next decade as the federal government ramps up investment in defence capability across land, sea and air.

**CONTINUED NEXT PAGE**

26 OCT, 2020

## May the Force be with us



Geelong Advertiser, Geelong

Page 2 of 4

# Region can be Defence big shot

### FROM PREVIOUS PAGE

Mr O'Callaghan said details of the extended Land 8116 program had not been released but if Hanwha was successful in its tender for the initial program, it made sense that over time Geelong would become the "national home for howitzers".

The South Korean Hanwha Group, bigger than BHP and Telstra combined, is based in a volatile region and establishing an operation in Geelong is a strategic move.

The company says it will not rely on the Huntsman alone to sustain its activities and it is working to ensure Geelong is viewed as an alternative sustainment and supply chain base for the global K9 family of vehicles.

It is understood that means aligning Australian supply chain SME with international counterparts.

Hanwha Defence Australia managing director Richard Cho said there was much happening behind the scenes to support "this somewhat new way of doing business".

"This is a different approach to just building and exporting, which given the increasing trend of localisation being demanded globally, is beginning to preclude this sort of approach," Mr Cho said.

Hanwha Defense Australia is one of two companies, alongside Rheinmetall, that have been selected for the Land 400 Phase 3 infantry fighting vehicles program.

Prototypes of Hanwha's AS21 Redback infantry vehicle, equipped with a 40mm calibre automatic cannon, are being tested to destruction by the Australian Army.

Mr O'Callaghan said "swags of companies" involved in the existing Defence program supply chains, such as for the Bushmaster and Hawkei programs in Bendigo, and also for the \$5bn-\$7bn Land 400 Phase 2 combat vehicle program in Queensland, were in the best position to benefit from Hanwha coming to Geelong.

"Sixty per cent of the supply chain for Land 400 Phase 2 is located in Victoria," he said.

"The good news is that if it's Hanwha that's selected for Land 400 Phase 3, and that's a program now worth between \$18bn and \$27bn, that potentially scales up massively for that existing supply chain."

He said there would potentially be plenty of work for companies in Victoria, particularly in the Geelong region.

The recent federal budget listed investment in Defence as a priority area for manufacturing funding over the next four years.

Mr O'Callaghan, the chair of the Defence Science Institute advisory board, said the sophisticated military hardware involved in the programs would need constant upgrades and created long-term career prospects.

"(Young people) have got potentially a 30 to 40-year career in sophisticated, high-value technology as a consequence of this uptick by Defence," he said.

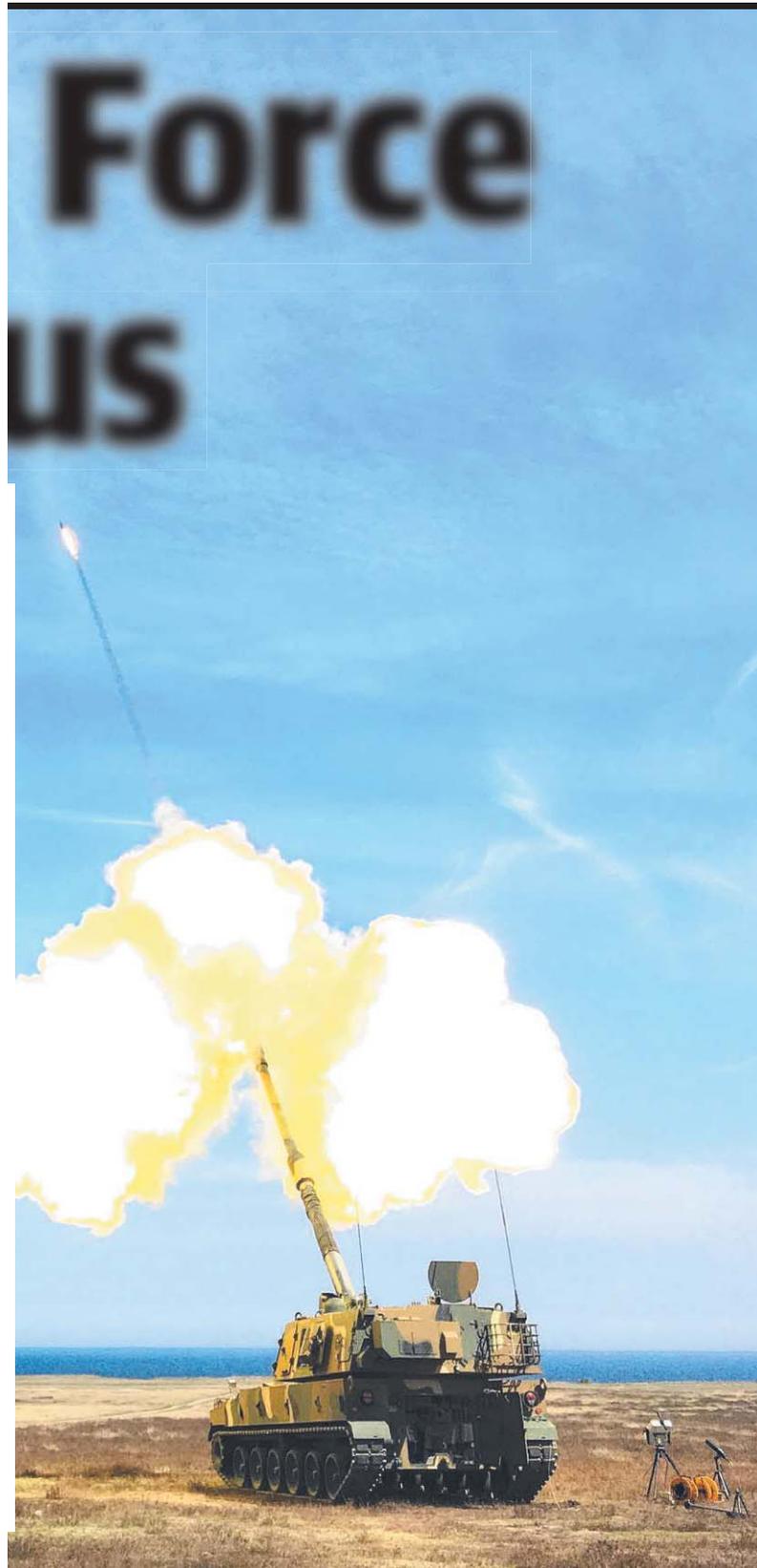
Mr O'Callaghan said close links between Hanwha and Deakin University, alongside other institutions, were likely to evolve, particularly in connection with carbon fibre activity.

26 OCT, 2020

# May the Force be with us



Geelong Advertiser, Geelong



26 OCT, 2020

## May the Force be with us



Geelong Advertiser, Geelong

Page 4 of 4



**Hanwha Defense Australia is the preferred tenderer to make K9 Huntsman self-propelled howitzers in Geelong.**