



PRIME MINISTER

22 JUNE 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
AT LAUNCH OF AUSTRALIAN LEAD-IN FIGHTER PROJECT
BRITISH AEROSPACE, WARTON, UK**

E&OE.....

It's quite a pleasure for me to be here in Warton and to have a look at an assembly line which very shortly under the terms of the formal contract arrangements between the Australian Department of Defence and British Aerospace will very shortly be duplicated in Newcastle.

As I think everybody present knows, the Australian government indicated last year that the British Aerospace tender for the new lead in fighter replacement had been accepted and the Australian government had decided to purchase the Hawk fighter designed and manufactured by British Aerospace and it was indicated at that time that there would of course be, as is the case with such arrangements, there would of course be very important offsets for Australian industry and I am happy to announce today that the formal contract between the Australians and British Aerospace will be signed in Canberra I understand from the Australian Defence Minister, Mr Ian McLachlan, on Tuesday of next week.

The entire contract of course is worth about \$850 million over the first 7 years. It is a major acquisition by the Royal Australian Air Force of a new trainer which will be used by the Air Force for a period of over 25 years. Importantly, the contract will also generate up to \$400 million on maintenance support expenditure in Australia from the year 2007 until the finish of the contract in 2025. Also very specifically, the contract and the offset arrangements which will be detailed when the contract is signed on Tuesday will provide a very important boost for Newcastle, Australia. It will bring to the Newcastle area of Australia a new high tech industry, it will inject \$60 million over the next few years into the domestic economy of the Newcastle area, and it will generate 150-200 new jobs in that area.

There is also the prospect, which is very important thinking into the future that if further acquisitions of Hawk trainers are entered into by countries in our own region, then the Newcastle facility which will be a very high tech facility, will become, we hope, the service centre and the maintenance centre in relation to aircraft bought by other countries in the Asia Pacific region.

So the decision of the Australian authorities to buy from British Aerospace and to accept the British Aerospace tender and the details of the contract flowing from that decision which will be signed on Tuesday does represent a very important decision by the Australian defence authorities.

Defence contracts involve very keen competition and I know that British Aerospace worked very hard to win the contract and I congratulate your company, and I congratulate all of those associated with it and can I say how delighted I am to have met the Australian engineers all of whom come from South Australia, who have already been here for a period of 6 months and some have been here for a period of over 12 months into 2 years. I should also mention of course that it is not only the Newcastle region of Australia which will receive benefits under the offset arrangements but during the acquisition phase there will be up to 68 personnel involved in South Australia in ground support equipment manufacture, in Victoria there will be some 66 involved in structural component manufacture including tail planes, fuel tanks and pylons at Hawker de Havilland and in Western Australia more than 40 people employed at RAAF Pearce including 30 personnel involved in deeper level maintenance, 12 integrated logistic support specialists and 4 working on ejector seat maintenance and air flights.

And Australia-wide, the employment benefits of this contract will peak at about 529 personnel and a steady state of employment level of about 313.

The decision of Australia to buy the trainer from British Aerospace does underline the continuing significance at a defence level of the Anglo-Australian relationship. Of course it's a very old and well understood relationship, the defence one, between Australia and Britain but it is important as I've stressed in the context of our relationship not to look to the relationship as being one simply of the past, but rather to see it in a modern, forward looking context which is consistent with the *NewImages* programme sponsored by both the British and Australian governments.

The involvement of our two countries, the involvement of our highly skilled personnel, our highly skilled aeronautical engineers and others in this project is a reminder of the high tech nature and the futuristic character of the relationship and a reminder of the increasing integration at a technical level of the world economy, the fact that the globalisation process is not confined to financial markets but extends into every conceivable aspect of the Australian economy.

I want to thank the British Aerospace company and I want to congratulate them on winning the contract. I'm certain that the RAAF has made a very good decision and I am equally certain there'll be no dissent from that proposition from anybody here today and I know that there will be very close co-operation between the RAAF and British Aerospace and I would particularly like to thank the Secretary of State for coming here today and associating himself with this activity and this ceremony because one of the things that I have found extremely beneficial in the few days that I've been in the United Kingdom is getting to know the members of the new government and he is amongst some half dozen of the senior members of the new

British government that I will be meeting on this visit to the United Kingdom and I am particularly pleased that we will have the opportunity of talking after the ceremony about other aspects of the defence association between Australia and the United Kingdom.

This arrangement and the contract that will be signed in Australia on Tuesday does contain some details which are very good news for regional areas of Australia, very good news for the Newcastle area. It brings to that area a new industry, new hope, new enthusiasm and a new optimism about highly skilled jobs, highly specialised jobs can be available to replace other jobs and that is a very very important message for the people of that district and a very very important message for the people of Australia.

Again may I thank on behalf of the Australian contingent, British Aerospace for its hospitality and I welcome the opportunity of visiting this assembly line and I certainly look forward to the commencement of the construction of the facilities in Newcastle, the employment of the people involved as a consequence and a very fruitful and effective partnership between the Royal Australian Air Force and British Aerospace over the next 25 years.