



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**  
**PROOF**  
**STATEMENTS BY SENATORS**  
**Defence**  
**SPEECH**

**Wednesday, 29 March 2017**

BY AUTHORITY OF THE SENATE

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## SPEECH

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**Senator FAWCETT** (South Australia—Chair of the Joint Standing Committee on Foreign Affairs, Defence and Trade and Deputy Government Whip in the Senate) (13:43): I rise to talk about the powers of the Commonwealth government under section 51 of our Constitution, which relates to the defence of the nation. Over the years, leaders of both political persuasions have highlighted that this is the most important task of government—to make provision for the defence of the nation.

I would like to talk a bit today about what this government has done in this area, with the white paper of last year, the integrated investment plan and the *Defence industry policy statement*. Then I will talk about what changes are actually occurring now as a result, to the benefit of our Defence Force in terms of capability; and about our ability to sustain that over the life of that equipment, through the investment in defence industry. Lastly, I would like to talk about why this area of our polity should be above politics, and I will go back to some work I did in 2013 and talk about some work that I am hoping will occur in this term of parliament around planning for defence and the national interest.

The white paper of 2016 was released by the government. It set out, as most of them do, the strategic situation and the plans for the future. Alongside of that was the integrated investment plan. This has been a shift from previous years in that rather than just being a shopping list of equipment that is required, the government and Defence have taken a holistic view. Within the defence construct, when they look at capability, they do not just look at, for example, the aircraft. They look at the fact that you need pilots, technicians, runways, fuel and a doctrine and tactics to employ it. Likewise, in the procurement we should not just be funding the aircraft. We should be making provision for all of those aspects of funding over the decade, which is why the integrated investment plan looks at a whole range of areas, including infrastructure, and importantly allocates funding and time frames to that. This gives not only Treasury, in terms of the provision of funding as we move towards that two per cent, but importantly industry an idea of the areas where the government is committing funding to invest in our defence capability.

The third element of that package was the *Defence industry policy statement*. That is something that traditionally has been either the last or second-last chapter of the white paper. This year it was a standalone document. The reason it was a standalone document is that it makes quite a paradigm shift in how the government and Defence are engaging with industry. Much of that is premised on the work of the First Principles Review, which followed the 2012 Senate inquiry into defence procurement.

One of the changes that the First Principles Review recommended is that, just as the service chiefs are required to consider things like their personnel, individual training, organisational structure, doctrine and all of those elements of their capability, they should also consider the defence industry, or at least elements of defence industry, as one of their fundamental inputs to capability. They can, therefore, be more proactive in their management and understanding of that, so when they come to government with a cabinet submission for an acquisition there is a very deliberate understanding of the impact this will have, or the opportunities this will present, for defence industry. This will mean it is considered and, where necessary, funded as part of that decision process. That has been a paradigm shift in terms of the structure.

We have seen white papers in the past which have had fantastic vision and scope of what people aspire to, but then either the budget has not followed or, importantly, the decision cycle has been so slow that stakeholders—whether they be in Defence or in defence industry—have wondered what all the fuss was about, because they do not see tangible change.

I am very pleased to report to the Senate that, as a result of both this combination of the white paper integrated investment plan and the *Defence industry policy statement*—with its very clear focus combined with the focus at a cabinet level of the defence industry policy—we are seeing decisions being made in a timely manner, which is providing industry the encouragement and the confidence to invest in Australia. Already we are seeing not only

the decisions made on headline programs—everyone knows about submarines and DCNS, and they are setting up their office in Australia—but other companies, such as Northrop Grumman, which is doubling the size of its workforce in Australia from 500 to around 1,000 people. Lockheed Martin and Raytheon, likewise, are doubling the size of their workforce in Australia. They are building new facilities and extending existing facilities. We are seeing investment in infrastructure in Australia. In Western Australia this year we have already seen works supporting Austal, for example, who export ships. They are building patrol boats here, both for our use and the Pacific patrol boat for the region. Companies like Cvmec are looking to make significant investments in infrastructure and personnel, so that we have the facilities in place to implement the government's policies. This year in South Australia plans are well underway for the future developments at Osborne. We are seeing, in a very real sense, that this policy—unlike many in the past, which have been issued with a bit of fanfare and then sit on a shelf collecting dust—is actually making a difference.

It is not just the big companies we are talking about. I went with the defence committee to Avalon earlier this year to the international air show. The overwhelming sense that I received from the players there, from small business, was that they are seeing contracts flowing from government directly, or through primes, and they have the confidence because they are being contracted now to pick up work. Part of that is the investment that the government is making in innovation and technology, so that we have the opportunity for companies here to take great ideas to develop unique Australian IP, so that we can see those exported. We are seeing that being supported by government very actively. Things like CEA who have developed their CEAFAR radar. In terms of world leading capability on our own, Anzac frigates are now being exported overseas to the US and are in contention for a Canadian contract. So some very positive things are happening on the ground, creating jobs and wealth in Australia.

There has been some controversy in recent days, particularly by members opposite who are mistakenly saying that the maritime technical college which has been announced is somehow competing with the Australian Maritime College in Tasmania. As Senator Polley said earlier today, the Australian Maritime College is a great institution. It is well regarded worldwide, and, as she said, it trains seafarers. What we are talking about in terms of a technical college to support naval shipbuilding is that the government is recognising there is a need to help people transition from other industries or move from school into training. The college will equip the workforce we need, not just in areas like fabrication, welding and other skills but also with systems. Whether that be software, electronics or the integration of systems, this college, which would be contracted this year and start operations next year, will look to engage a network of providers around the country to make sure that no matter which state you live in people will have the opportunity to engage and train to be a part of this program. The program will see the South Australian workforce alone increase from some 1,800 to nearly 5,000 in the shipbuilding industry, as we move to build not only the offshore patrol vessels, the future frigates and the future submarines but also the Pacific patrol boats and importantly other vessels for export that the government is working on.

Finally, let's look at where all this goes. What we saw in 2009 was a white paper, which—although some thought it was a little optimistic—most people supported and said, 'That is a good thing'. The decision of the government of the day then to pursue a budget surplus led to the funding not being delivered. That meant that commentators looked at it and said, 'Well, it's a great paper, but essentially defence is now'—to quote them—'an incoherent mess, approaching a train wreck of colossal proportions', and 'plans set out in 2009 are in disarray; investment is badly stalled, and the Defence budget is an unsustainable mess'. I was then a member of her majesty's loyal opposition and I said that it was partly the fault of the government of the day. But I would actually say it is also a fault of our political system. We have a three-year political cycle that drives decisions that are short-term in nature, as opposed to looking at the long-term investment time line that Defence has.

I wrote an article back in 2013—and ASPI did some workshops with me around how we could move towards a bipartisan approach to planning for defence—I cited the Danish example. I am hoping that in this term of parliament we will see more work in that area, so that defence can truly be above politics as one of the most important and foremost tasks of any government.