



**ENGINEERS
AUSTRALIA**



**AUSTRALIAN SOCIETY
FOR DEFENCE ENGINEERING**

VICTORIA CHAPTER NEWSLETTER

No. 20, February 2010

ASDE GENERAL NEWS

ASDE Victoria

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Victorian Calendar

RAeS Melbourne

Survival of the Fittest:

90 years of Dutch

Aeronautics

Presented by

Mr. Fred Abbink

General Director, The Netherlands
National Aerospace Laboratory

Thursday 8th April 2010
Auditorium, Engineers Australia,
21 Bedford St, North Melbourne
6.00pm for 6.30pm start

Free for RAeS & EA Members
RSVP (02) 6270 6548

ASDE Victoria Society News

ASDE (Vic.) ANNUAL AGM

Notice is hereby given of the 2009 Annual General Meeting of the Australian Society for Defence Engineering (Victoria).

AGM Schedule: Monday 22nd March 2010

**Venue: Boardroom, Engineers Australia
21 Bedford St, North Melbourne**

Time: 6.00pm start

All members welcome

Upcoming Events (RAeS - April event # 2)

Empire Test Pilot School to A380 Pilot:

From 50 Knots backwards to a 1000 knots forward!

Presented by

Mr. Richard Woodward

A380 Captain, QANTAS Airways

Monday 12th April 2010

Auditorium, Engineers Australia,

21 Bedford St, North Melbourne 6.00pm for 6.30pm start

Free, All Welcome

RSVP (02) 6270 6548

Note: There was no AIDN Newsletter produced in February 2010

The ASDE Victoria Newsletter

The ASDE Victoria Newsletter is provided to members as a result of a special membership arrangement which ASDE negotiated with the Victorian division of the Australian Industry Defence Network (AIDN).

The ASDE Victoria homepage is located at:

http://www.engineersaustralia.org.au/technical-societies/australian-society-for-defence-engineering/australian-society-for-defence-engineering_home.cfm

Newsletter of the Australian Society for Defence Engineering—Victoria Chapter

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Boeing to Rationalise its Manufacturing

Boeing will rationalise its Australian manufacturing capacity to its Fishermans Bend plant over the next two years.

It will close its Sydney manufacturing facility at Bankstown with the loss of 350 jobs.

A Sydney spokesman said it was a business decision as the Sydney plant had the same facilities as Fishermans Bend but operated out of rented premises. It also had some uneconomic contracts.

The transfer will mean an extra 300 jobs for Fishermans Bend. Sydney workers will be offered assistance to transfer south.

One of the biggest contracts for Boeing in Australia is the manufacture of components for the Boeing 787 Dreamliner. It is valued at \$4 billion dollars until 2020. The plant also makes components for the 737, 747 and 777 aircraft.

Boeing's Australian "footprint" is its biggest outside the USA.

As well as the manufacturing jobs there are some 2300 employed in training and maintenance contracts around Australia.

Combat Uniforms Made in Australia

Contrary to some recent media reports, combat uniforms worn by Australian Soldiers are manufactured in Australia.

No Australian troops are currently deployed, or in training, wearing combat uniforms made from Chinese fabric.

A tender was won late last year by a local clothing manufacturer from Bendigo, Australian Defence Apparel (ADA) to provide camouflage uniforms under an interim arrangement.

This is great news for the Bendigo economy and provides great support for local manufacturing and jobs.

ADA will be sourcing the fabric used to make these uniforms from Bruck Textiles in Wangaratta for the contracted period.

There was never a requirement to use Chinese fabric on combat clothing.

Under the contract ADA put forward an option to supply additional uniforms if required. For these uniforms ADA said they would source the fabric from a Chinese company.

This option has not been exercised by the Department of Defence and it will not be exercised.

The combat clothing that Australian troops will be supplied with is required to meet exacting specifications. All fabric used in uniforms is rigorously tested before use.

The Government is committed to giving Australian products a fair go, as long as local industry is competitive on schedule, cost and capability.

Last year, the Government spent over \$6 billion in Australia on the acquisition and sustainment of defence materiel.

Minister Visits Puckapunyal

Senator John Faulkner has visited the Puckapunyal Military Area to both meet with soldiers undergoing corps training and to be briefed by the Commander, Land Warfare Development Centre, Brigadier Mark Holmes.

Brigadier Holmes welcomed the opportunity to showcase the Land Warfare Development Centre (LWDC), and its role in the delivery of warfighting concepts, future force options, and simulation and capability development.

The LWDC optimises Army's abilities to train and meet future force modernisation challenges.

The visit included a tour of the Combined Arms Training Centre's School of Armour, School of Artillery and Army Logistic Training Centre's Road Transport Wing.

Senator Faulkner met and talked to soldiers and officers undergoing trade and promotion training and praised the schools for the outstanding level of support to the combat capability within Army.

"The respective schools provide excellent training in order to meet both existing and emerging needs of Army. The training provides mentally and physically prepared soldiers to Army for operations and the advancement of Land Force capability," Senator Faulkner said.

Super Hornets Preparing for Flight to Australia

The first group of Air Force's next-generation Super Hornets will arrive in Australia later this month, Chief of Air Force, Air Marshal Mark Binskin said recently.

Their arrival will represent a major leap in Air Force capability. They are Australia's first new air combat aircraft in 25 years.

A detachment of aircrew and maintenance personnel from RAAF's No. 1 Squadron is currently at Naval Air Station Lemoore in California, preparing the aircraft for the series of flights to Australia.

"This is the beginning of a new chapter for Air Force. The Super Hornet is a true multi-role aircraft that, when flown and supported by RAAF's high-calibre people, will ensure Australia's regional air combat capability edge through to the introduction of the F-35 Joint Strike Fighter," Air Marshal Binskin said.

"Reaching this stage of the project on time and on budget has been due to a great partnership between

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the Royal Australian Air Force, Defence Materiel Organisation, United States Navy, The Boeing Company and their industry partners, General Electric, Northrop Grumman and Raytheon.

"The next few weeks will be a very busy time for the Super Hornet aircrew and maintainers at Lemoore. The detachment is conducting acceptance flights and ground tests on each of the aircraft".

"Another key task for the detachment will be working with an air-to-air tanker, conducting day and night refuelling flights to ensure they are ready for the journey to Australia," Air Marshal Binskin said.

Air Force is acquiring 24 Super Hornets which will progressively arrive at their home base, RAAF Amberley near Ipswich, during 2010 and 2011.

The Super Hornets are an interim replacement for the ageing F-111s. The F-111s have served Australia well, but are now approaching the end of their operational life, and will be retired at the end of this year.

Super Hornet Training Support Contract

Greg Combet has announced that Raytheon Australia has been awarded the Training Support Services Contract to support Super Hornet training systems at Royal Australian Air Force (RAAF) Base Amberley.

The contract is worth approximately \$21.5 million over three years, and secures about 25 jobs at RAAF Base Amberley for that period.

The contract is vital for effective support of the Air Force's fleet of Super Hornets when they begin arriving this year.

Raytheon Australia will provide maintenance, logistics, and training services to support the Super Hornet flight simulators, visual environment maintenance trainers and electronic classrooms.

Australia is acquiring 24 F/A-18F Super Hornets to aid the transition to a mature Joint Strike Fighter capability, and allow Air Force to retire the F-111 fleet in December 2010.

The Super Hornet project is on budget and running ahead of schedule. The first Australian Super Hornets will arrive in late March 2010. The remaining aircraft will be progressively introduced throughout the remainder of 2010 and 2011.

Exercise RED FLAG

Royal Australian Air Force aircraft and personnel arrived at Nellis Air Force Base, Nevada, to participate in the United States Air Force's most advanced international air combat training activity, Exercise Red Flag, which commenced on Sunday 21 February.

No 77 Squadron from RAAF Base Williamtown are leading the activity, with eight F/A-18 Hornet fighter jet aircraft and approximately 160 Air Force personnel from across Australia deploying to Exercise Red Flag to conduct complex air combat missions at one of the world's best training facilities.

Australian forces joined the US and UK for the two week multinational exercise that concluded on 5 March.

Commander Air Combat Group, Air Commodore Mel Hupfeld, highlighted the value of Air Force's participation in the exercise.

"Exercise Red Flag involved a series of air combat scenarios that test operational air and ground crews to the highest level. It provides the ultimate environment in which our Air Force personnel can showcase their extraordinary abilities in a deployed scenario," Air Commodore Hupfeld said.

"Exercise Red Flag provided a level of operational simulation not available in Australia or the region, and regular participation is a major contributor to Australia's high standard of air combat capability," Air Commodore Hupfeld said.

The large scale exercise involved experienced aircrews from the different air forces flying Strike, Electronic Warfare, Tactical Transport, Fighter Escort, Airborne Warning and Control and Air to Air refuelling of aircraft against dedicated offensive fighter aircraft and an extensive range of simulated Surface to Air threats.

"Red Flag also provides invaluable training for our logistics, support and maintenance personnel as they are able to practice deploying to another country and working together with other Air Forces", Air Commodore Hupfeld said.

Strategic airlift and logistic support was provided by C-130H and C-130J Hercules from 37 Squadron at RAAF Richmond.

The exercise was conducted on the 15,000-square-mile Nevada Test and Training Range, north of Las Vegas. Red Flag is one of a series of advanced training programs administered by the U.S. Air Force Warfare Centre at Nellis, through the 414th Combat Training Squadron.

New Chinook CH-47 Helicopters

Senator John Faulkner, has announced that the Government has given second pass approval to a major project to acquire seven CH-47F Chinook helicopters for the Australian Defence Force (ADF) at a cost of around \$755 million.

The Government has approved the details of the procurement, announced in last year's White Paper. They will replace the existing fleet of six CH-47D

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Chinooks, he said.

“They will give the ADF a robust, deployable medium-lift helicopter capability out to 2040”.

The Chinook is the mainstay of the ADF's deployable medium-lift helicopter capability. It is exceptionally versatile, capable of performing a wide range of roles, including moving combat units into battle, carrying out frontline aero-medical evacuation and performing a vital role in disaster relief.

Senator Faulkner said the existing fleet of 'D' model Chinooks had provided outstanding support to the ADF since entering service in 1995. The aircraft faced increasing capability and support issues and had been replaced in production by the new 'F' model.

The CH-47F offers a range of improvements over the CH-47D including a strengthened airframe, to reduce fatigue, significantly improved deploy-ability, and digital systems supporting safer flying.

The new aircraft will be procured and maintained in the same broad configuration as the United States Army Chinooks, the principal CH-47F operator. This will provide enhanced benefits to the ADF in areas including spares, support, training and airworthiness.

The Government may participate in the United States Chinook Product Improvement Program. Participation would align the configuration of Australian Chinooks with future United States Army Chinooks.

The new Australian Chinooks will receive some additional ADF-specific equipment to meet operational and safety requirements.

The new aircraft will be procured under Project AIR 9000 Phase 5C. They will be based at Townsville, where the existing CH-47D are operated by 'C-Squadron' of Army's 5th Aviation Regiment. The first two aircraft are planned to enter service in 2014, with all seven in service by 2017.

As with the current Chinook fleet, Australian industry will have the opportunity to support the new helicopters as part of through-life support arrangements.

More NULKA Missile Decoy Protection Systems for RAN Ships

NULKA is an active missile decoy system that provides effective all-weather self-protection for naval vessels against anti-ship missiles. It can be used as part of a multi layer defence system or for stand-alone ship protection.

Information on the threat is provided by the ship's electronic support measures system or other equipment and NULKA uses this information to calculate the optimum launch time and trajectory for

the decoy.

The NULKA system allows for automatic or operator designation of a missile threat and, upon designation of a particular threat, will respond rapidly by launching an autonomous airborne decoy. Prior to launch the system calculates the optimum decoy flight trajectory for the mission and programmes that trajectory data into the decoy's flight control unit.

With its programmable and controllable flight path, the rocket hovers and positions itself to provide a more attractive target for the threat missile.

The hovering rocket decoy air vehicle is held in a hermetically sealed canister which acts as a lifetime storage container, as well as the launch tube for the decoy. It is propelled by a solid fuel rocket motor.

Control of the decoy's flight is achieved by a thrust control mechanism which acts on the motor's efflux, and a spin control unit mounted on top of the decoy.

After pre-flight programming from the launcher processor, the decoy's flight trajectory is determined by a digital flight control unit mounted immediately above the rocket motor. The combination of thrust and flight control enables successful launches to be made in severe sea state and high wind conditions.

The hovering flight characteristics of the decoy vehicle permit the effective use of the Sippican payload with wide area coverage, thus enabling one decoy to counter multiple threats. Once launched, the decoy operates autonomously and following its stored flight commands, moves away from the ship at its pre-programmed height and speed to present an alternative and more attractive target to incoming missiles.

Fire Control-Unit

As well as providing back-up for ships fitted with combat and fire-control systems, the Fire-Control System (FCS) allows NULKA to be installed and operated on ships not having these systems. The FCS accepts the minimum input data required either automatically from the electronic support measures system or manually from an operator. With its own processor, the FCS manages the launching of decoys from multiple launchers located around the ship.

Operational status

In Australian service, NULKA is to be fitted to 'ANZAC' and 'Adelaide' class frigates together with (in the longer term) offshore patrol vessels.

Contractors:

BAE Systems Australia Ltd
Melbourne, Victoria.

Sippican Inc
Marion, Massachusetts,

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USA (decoy payload).

Currently the system is fitted on 4 x RAN FFGs (not yet on HMAS Sydney or HMAS Adelaide) and on HMAS WARRAMUNGA (so far) and 2 of the Canadian TRUMP Class (Iroquois and Athabaskan).

Each launcher holds 4 rounds, each round is inside a canister for environmental and screening reasons.

On the RAN and Canadian ships the System consists of 1 Primary Fire Control Panel on the bridge, 1 Secondary FCP in the OPS room, and 4 launchers fed via 4 PPSs (Processor Power Supply) units.

New Naval Combat Helicopter

Senator John Faulkner today announced that the Government has given first pass approval for a major project to provide the Australian Defence Force with a new naval combat helicopter.

Project AIR 9000 Phase 8 is included in the Defence Capability Plan to provide naval warships with a new combat helicopter.

The new helicopter will be either the Sikorsky-Lockheed Martin built MH-60R, sourced through the United States Navy, or the NATO Helicopter Industries NH90, sourced through Australian Aerospace.

A competition would be held between the two helicopter options which would be cost-capped by the DMO through the tender process.

It will enhance the Royal Australian Navy's ability to conduct a range of maritime operations. In particular, it will be capable of undertaking anti-submarine warfare and will be equipped with air-to-surface missiles.

These combat helicopters will form the centrepiece of naval combat aviation beyond 2040.

The new helicopter will greatly extend the eyes and ears of our surface fleet and allow the conduct of combat and support operations in the complex and demanding maritime environment.

They will replace the current fleet of Seahawk anti-submarine warfare helicopters.

Sufficient helicopters will be acquired to provide at least eight helicopters concurrently embarked on ships at sea; which under the White Paper will require a future fleet of 24 helicopters.

The competitive process would commence in the next few months with the Government making a final decision about the new helicopter in 2011. This schedule will enable the new helicopters to be delivered from 2014.

"Any decision Government makes in 2011 will take into account all relevant considerations including capability, cost, interoperability with other ADF

capabilities, Australian industry opportunities, risk and value for money," Senator Faulkner said.

Navy's Air Defence Grows

Greg Combet said that HMAS Melbourne had fired a Standard Missile (SM 2) in the East Australian Exercise Area off Jervis Bay.

The launch of the SM 2 demonstrates an updated Naval Air Defence capability for the Royal Australian Navy (RAN), which will be further enhanced over the next year.

The missile firing was the first time a SM 2 has been fired from an Adelaide class frigate. The missile was prepared, launched and supported in flight before engaging a target.

HMAS Melbourne is an Adelaide class guided missile frigate (FFG) that has completed the multi-million dollar FFG Upgrade Program and has recently undergone additional SM-2 related alterations to its combat system.

HMAS Melbourne is now equipped with two modern missile systems to combat anti-ship missiles and aircraft.

The missile was fired from the Missile Launching System that has recently been modified as part of the project to replace the SM 1 in the Upgraded FFG. This firing is a significant achievement and provides confidence in the ship's updated weapon control system.

The firing was supported by the combat system installed during the FFG Upgrade Project with revised Weapon Control System software being developed by an international team to employ the SM 2

Although variations of the Adelaide class guided missile frigates are in service with many navies around the world, only the RAN Adelaide class FFG have been fitted with SM 2.

First Mercedes-Benz G Wagons Delivered

Greg Combet, has announced that the Australian Defence Force (ADF) has taken delivery of 11 Mercedes-Benz G-Wagon vehicles.

"Under Project Land 121 the DMO is acquiring 1200 of the G-Wagon vehicles in order to replace the current fleet of Land Rover vehicles which have been in service since 1987," Mr Combet said.

The G-Wagon offers enhanced levels of mobility and operational functionality and will provide a new capability for Defence. It is already used by the defence forces of Austria, Canada, Germany, Singapore and the United States.

The vehicles being delivered include four-wheel drive station wagons; cab-chassis units; and six-wheel drive vehicles in both single and dual cab-chassis

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configurations.

The first G Wagons will undergo a compliance and accepting testing program during 2010. Full production of the ADF's G Wagon vehicles will commence later this year with deliveries to commence in 2011.

They are being manufactured in Austria and are powered by a Mercedes-Benz 3.0 litre turbo-diesel V6 engine that will be EuroV compliant.

Specific models will be fitted with specialist modules (for example Ambulance and Command Posts).

These modules will be built by the Australian Engineering firm G.H. Varley Pty Ltd of Newcastle. This will directly create 75 jobs and indirectly lead to a further 100 jobs for the Hunter Region.

The vehicles can also be fitted with additional armoured protection when required.

Potential Army Trucks Finalise Testing

The trials for competing medium to heavy weight trucks for the Australian Army has been completed.

Tenderers to provide Medium to Heavy Weight Trucks to the Army under Project Land 121 were asked to provide a range of vehicle platforms for evaluation. The Medium Heavy Capability component of Land 121 represents approximately 2,000 trucks and modules.

The trial tested 24 vehicles in five vehicle categories, employing over 64 Army test drivers and putting the trucks through comprehensive field testing, on both public roads and military training areas, over a six month period.

As a result of the trial Thales' Bushmaster Utility, MAN Military Vehicle Systems Australia's HX vehicle series and Mercedes-Benz Australia/Pacific's Zetros and Actros vehicle series have been identified by Defence as the contenders to proceed to the next stage.

The trials were conducted under stage one of the Land 121 Medium Heavy Capability tender refreshment process. The Government ordered the tender to be refreshed when new requirements became apparent due to the changing strategic environment.

Phase 3 of Project Land 121 (Overlander) is the largest land project in the current Defence Capability Plan that seeks to significantly improve the capability, logistics and mobility of the Australian Defence Force.

Given the previous problems that have been experienced in this project the Government is fundamentally seeking a Military-Off-The-Shelf solution which will be subject only to minimal changes necessary to address safety and legislative

requirements.

"This has been a problem project and we still have a way to go. However, the Government is determined to ensure that we get this project back on track so we can get the trucks to our troops who need them to do their job," Mr Combet said.

TITLES AND ACRONYMS

As most of our readers are members of the defence community they are well aware of the major players and operators within the sector. The Editor has taken some short cuts to reduce duplication in the copy.

Titles

Senator **John Faulkner**, Minister for Defence;

Greg Combet, Minister for Defence Personnel, Materiel and Science;

The Parliamentary Secretary for Defence Support, the Hon **Dr Mike Kelly** AM MP;

The Chief of the Defence Force, Air Chief Marshal **Angus Houston**;

The Hon Senator **Kim Carr**, Minister for Innovation, Industry, Science and Research.

Acronyms

ASDE – Australian Society for Defence Engineering

DMO – Defence Materiel Organisation

DMTC – Defence Materials Technology Centre

DSTO – Defence Science and Technology Organisation

EA – Engineers Australia

SME - Small and Medium Enterprises

Vic Division - Victoria Division, Engineers Australia

Keynote address to the recent Seapower Conference in Sydney

Greg Combet reaffirmed his governments policy to engage in long term performance based contracts with the Australian defence industry in his address to this conference. However there was pressure from some in the ADF who believe that Australia would do better to buy "off the shelf" from the USA.

As the contents of Mr Combet's Speech are likely to be of interest to our membership, our Editor has provided a transcript below :

My work in the area of defence materiel is guided by a simple proposition - to provide the ADF the equipment it needs in a way which ensures value for money for the taxpayer.

To achieve this, the Government has been active in trying to improve performance and achieve real change and reform.

As you all know, change in this area is difficult, but it is occurring and we remain determined to continue our reform program.

The Government has implemented reforms to achieve the following goals:

- * Assisting the Australian Defence Industry to be as competitive as possible;
- * Providing Government leadership on key projects;
- * Improving actual project performance and solving long term issues;
- * Improving the defence procurement system;
- * Providing greater accountability and transparency across the whole capability cycle; and
- * Providing our industry partners with the information they need to help us achieve these outcomes.

I would now like to discuss each of these areas in turn.

Enabling a competitive Australian Defence Industry

First, I want to discuss our efforts to enable a more competitive and vibrant Australian Defence Industry.

As I have said previously, the greatest challenge with industry policy is not crafting fine words on paper - though that is difficult enough - but actually implementing it.

That is why, when we came into Government in late 2007, we examined the 2007 Defence and Industry policy statement very closely.

While we could see some improvements that could have been made to the policy, we decided the best initial approach was to focus on implementing its policy initiatives.

I am proud to announce today that of the thirty nine practical initiatives identified in the statement, the Government has successfully implemented thirty three of them.

Of the remaining six, the intent of three policy initiatives were satisfied through other means and the implementation of the remaining three is on schedule.

Some of the most notable initiatives implemented, which I am sure you are all well aware of, include:

- * The Australian Industry Capability Plans;
- * The Defence Export Unit;
- * The ePortal; and
- * Identification, dissemination and action in support of Priority Industry Capabilities.

Another initiative that did not form part of that statement was the Global Supply Chain or GSC program. This program grew out of the increasing consolidation of the defence industry that we have witnessed over the last few years.

This consolidation has led us to the point where, with the exception of ASC, there are no Australian owned defence industry primes. This is both a challenge and an opportunity.

It is a challenge, because we must now attempt to influence investment decisions being made in Europe and North America rather than Sydney or Melbourne.

It is also a great opportunity, since one of the best ways for Australian SMEs to grow their profitability through

exports is to win work in the global supply chains of these large primes.

This is the objective of the GSC program, and to that end we have already signed Global Supply Chain deeds with Boeing, Raytheon and, most recently, Thales.

These are all practical initiatives that are helping our local industry compete with, and within, the global defence industry. They are initiatives that protect our key strategic capabilities while also ensuring that small and mid-sized Australian companies have the ability to market themselves to the world and get a 'fair go' with the big primes.

Further work is currently being undertaken in this area as part of the Government's refinement of the Industry Policy Statement, which we expect to deliver within the next few months.

To further aid Australian companies in their ability to become truly competitive at this level, the Government is also providing significant investment in improving industry's skills base.

There have been significant changes to the Skilling Australian Defence Industry (SADI) program over the last two years.

One of the most important has been a continual effort to reduce the amount of 'red tape' involved in applying for SADI. We have wanted to make it as easy as possible for companies to access SADI.

The result of this, I am happy to announce, has been a very strong increase in SADI applications and in the financial commitment of industry.

In addition to reducing the bureaucratic hurdles around SADI, we launched the \$61 million Industry Skilling Program Enhancement (ISPE) which contains fourteen initiatives aimed at three goals:

- * expanding the pool of skilled people from which the defence industry sector can recruit;
- * enhancing work and career pathways in the sector; and
- * addressing specific defence industry capability skills gaps.

One year on, implementation is progressing well.

For example, the School Pathways Programs in Advanced Technology and Marine studies in South and Western Australia have been established via a National Partnership Agreement. The Pilot Program for the Advanced Manufacturing Industry Schools Pathway Program in the Hunter Region of NSW has been launched and will be implemented in four Hunter High Schools throughout 2010.

The centrepiece of this policy package is the \$21 million Defence Industry Innovation Centre. I had the honour of formally launching the Centre in September 2009 last year, less than a year after we announced our intention to create the centre.

The Defence Industry Innovation Centre works with SMEs in the defence sector to boost productivity, improve innovation and increase the competitiveness of those companies. I note that Tony Quick, the Centre CEO, is speaking tomorrow, and I urge you to pay close attention to what he has to say.

Providing Government Leadership on Key Projects

The second area I wish to discuss today is the importance of Government providing leadership on key projects.

The reality is that for major projects the political leadership of the Government needs to be pretty 'hands on' if Australian industry is to be confident that it has a fair chance.

The Government has taken a very strong interest in ensuring that projects such as Land 121, Phase 4 - the Protected Mobility Vehicle Light and JP 2048, Phase 3 - the Amphibious Watercraft Replacement are developed in such a way as to ensure Australian industry has a chance to compete.

This means a lot not only for Australian industry but also Australian workers. Our defence industry covers workers in Bendigo, Adelaide, Brisbane, Newcastle, Sydney, Perth and Melbourne to name just a few locations.

Those companies and their workers should be confident that this Government is committed to ensuring a fair competition between overseas and locally sourced options wherever possible.

Improving Project Performance

Most importantly though is the need for Government leadership to improve the delivery of capability to the ADF.

When the Government came to power there were a number of projects that for various reasons were well behind schedule and / or well over budget.

Some of them just appeared to drift on and on without any resolution while taxpayers' money continued to be

spent for no result for the ADF.

That is why the Government implemented the Projects of Concern Unit for which I continue to have personal oversight.

We currently have around 10 Projects of Concern.

I am convinced that the extra attention and leadership focus that projects receive while they are listed as Projects of Concern improves the performance of all parties involved in the project in question.

Our approach to managing Projects of Concern offers opportunities to both Defence and Industry to break down the logjam of continued delay, contractual stand-offs, cost overruns and failure, and encourages the adoption of innovative implementation and management approaches.

Since the Government implemented the Projects of Concern process, we have seen hard decisions taken and good results achieved.

The Seasprite Helicopter received the level of scrutiny necessary under the 'Projects of Concern' and Government took the tough decision to cancel the project with all the facts to hand.

There was more positive news when I announced the removal of the Tiger Armed Reconnaissance Helicopter and the M113 Armoured Personnel Carrier Upgrade from the list in May 2008 as a result of successful risk reduction strategies.

The FFG Upgrade project was a project plagued by communication breakdowns and divergent goals. However, listing as a project of concern drove a very significant increase in cooperation between the various participants in the FFG upgrade.

This cooperation and dedication delivered results and in January this year, the project was removed from the Projects of Concern.

I have seen similar increases in cooperation and focus on other projects that have been listed. Examples of this include the Wedgetail acquisition and the ANZAC Anti-Ship Missile Defence Upgrade.

Collins Class Submarine sustainment remains a challenge, and it is at the top of the list of Projects of Concern.

We are developing a new contractual approach with ASC and, despite the recent setback with HMAS Farncomb's generators, firm foundations are being laid for significant improvement, particularly in terms of submarines available for deployment.

As you may be aware, a senior DMO executive has been given the full time job of looking after the Collins Class. In addition, I have announced that a new Australian Submarine Program Office will be established in Adelaide next month.

The establishment of the joint Australian Submarine Program Office is a vital step towards achieving the submarine output Government expects.

Reforming Defence Procurement

This brings me to the Government's reform of the defence procurement system. It is far better to develop and implement a smart acquisition strategy to prevent a project getting into trouble than to embark on the enormous efforts that project remediation demands. There are five very important lessons we have learned from problem projects. They include:

- * The importance of managing specification, identification and adaptation issues earlier and better across the project development and acquisition stages of a project;
- * That first of type equipment projects experience a range of unique and interrelated issues around requirement management; systems development and integration; verification and validation; and the development of in-service support concepts;
- * The importance of properly assessing the design maturity of modified Military off The Shelf acquisitions;
- * The importance of a standardised contracting approach to the management of complex technical programs. This also involves linking contract payments to the supplier's meeting actual project milestones; and
- * The importance of adequately resourcing the early ramp-up stages of projects.

These are lessons that Defence will apply to other projects and I am confident that this will result in better overall project management.

Apart from implementing these lessons learned, the Government is also driving procurement reform through its response to the Defence Procurement and Sustainment Review which was conducted by David Mortimer.

I intend to give a progress report on the implementation of the reforms in the coming months. Having said that, late last year I commented that I thought the reform process had been too slow.

I am pleased to say that this has improved, and that considerable progress has been made.

For example, I am pleased to say that the appointment of DMO General Manager Commercial is imminent.

The Commercial Manager will be vital to delivering on the two central themes of this reform process; making the DMO more business like in its behaviour and injecting industrial realities earlier in the capability development process.

Other achievements include direct appropriation of the DMO service fee; project charters within the DMO and the establishment of a Project Performance Office.

All of these are making for a more efficient defence procurement system - one that will deliver better results for both the ADF and the Australian taxpayer.

Improving Accountability and Transparency

The Government has also been determined to ensure that there is a continuing focus on improving accountability and transparency.

We have implemented a series of initiatives that are promoting a far greater level of accountability and transparency than has previously existed.

For example, the ANAO is now conducting annual reviews of DMO's Major Capital Projects. This allows interested parties to track the performance of these projects. It is also the most information that has ever been publicly released on these projects.

The idea is simple - the greater transparency the Government can provide, the greater the accountability, which eventually leads to better performance.

As you are aware, at the Defence+Industry Conference in July last year, the Minister for Defence, Senator Faulkner and I released the Public Defence Capability Plan 2009.

We foreshadowed that the online version of the Public Defence Capability Plan 2009 would be updated every six months to reflect decisions made by the Government, and that the next formal re-issue of the Plan would not occur until 2011.

Again this feature takes transparency and accountability to a new level, with such regular updates never before being made public by any Government.

Therefore I am pleased to announce today that the Public Defence Capability Plan 2009 will be updated on Defence websites by the end of the week.

Changes made to the Public Defence Capability Plan 2009 are the result of decisions taken by government since July 2009.

In summary:

- * seven projects have received Second Pass Approval;
- * one project has received First Pass Approval;
- * five projects have been accelerated;
- * five projects have been deferred; and
- * two projects were deleted.

It is important to be up front with industry about the deferment of a number of projects. It is regrettable but is a consequence of the Defence budget planning and capability analysis that has been underway in recent months, designed to ensure that Force 2030 is delivered.

The DCP will continue to be adjusted over time due to various factors that emerge as the capability development process progresses, including: changing strategic priorities and economic circumstances, the maturity of projects and the evolution of technology in the options under consideration, and operational experience.

In addition to the changes listed above, some projects have moved within the timing bands set out in the 2009 DCP as our strategic and budgetary priorities have changed. These changes are normal. Government identifies timing bands rather than exact years so that industry is not faced with 'false precision' when it comes to project schedules.

The changes also reflect the Government's decision to approve a first tranche of 14 Joint Strike Fighter aircraft under project AIR 6000.

A key addition to this DCP update is the project summary page that shows all the project changes that have been made since the original publication of the DCP in July 2009.

The updated Public DCP 2009 contains many opportunities for Australian industry.

Last financial year we expended around \$6 billion on acquisition and sustainment in the domestic economy. Between 2009/10 and 2013/14, the DMO predict that approximately \$30 billion will be spent in the domestic economy.

In an era of the global financial crisis when other nations are cutting their defence budget, the Government is committed to increasing our defence budget by 3 per cent on average in real terms to 2017-18, followed by 2.2 per cent average real growth to 2029-30.

These are factors that, a year and a half ago, led Jane's Defence to label Australia a 'Golden Market'. The countries on this list are characterised by significant opportunities for the defence industry, with a focus on real spending growth.

Providing Industry with the Information they need

Finally it is important that we also continue to get our partners in industry the information they need to support us.

The DCP will continue to be adjusted over time due to various factors that emerge as the capability development process progresses. While Government will attempt to keep adjustments to the public DCP to a minimum, they are unfortunately inevitable.

That is why we are keen to ensure that information is provided to industry on any changes to the DCP as quickly as possible - which explains our commitment to six monthly updates.

In addition, in mid 2009 the Minister for Defence announced that a review of the DCP would be undertaken as a matter of priority.

This report was recently completed, and the Defence leadership is now examining its recommendations.

I would like to congratulate and thank Mark Thompson and Leigh Purnell, along with the Australian Strategic Policy Institute, for their collaborative efforts in providing Defence with a strategic document identifying options to enhance value to industry associated with public Defence Capability Planning.

The Government is carefully considering a range of improvements to the Public DCP to increase the amount of capability planning information provided to the public, and to improve the usefulness of that information for Defence industry in particular. Part of this process will be a careful examination of the ASPI report. We would expect to release the report and the Government's response in the next few months.

In the meantime, I can tell you that the centrepiece of the Government's response will be a return to a longer planning horizon, with the level of information provided on each project to be appropriate with its state of development. The changes we are considering include:

- * Returning to a ten year time frame, which would better assist industry's strategic planning, noting that the level of certainty for each unapproved proposal would be consistent with its level of maturity;
- * Increasing the level of detail of project descriptions;
- * Describing any Priority Industry Capability (PIC) aspects of projects;
- * Outlining applicable Australian Industry Capability (AIC) guidelines particularly for projects which are approaching Second Pass Approval;
- * Including improved information on timings for market solicitation activities; and
- * Reinvigorating existing forums such as the Environmental Working Groups.

The intent of these changes is to provide greater clarity and an appropriate degree of planning certainty for the DCP's target audience, while preserving the planning flexibility that Defence and the Government need to cope with changing circumstances.

I will conclude today by reaffirming the Government's determination to provide more effective opportunities for industry to contribute to Defence Capability Planning.

Thank you for the opportunity to address you on the Government's programs and efforts in Defence materiel.