ACT Government Submission
Department of Defence – Defence Issues Paper
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Executive Summary

Defence and related organisations play a key role in the ACT economy with approximately 5 per cent of the workforce being Defence related and over 70 companies operating in the ACT in Defence industries. For this reason any changes to defence policy and organisation are of significant interest to the ACT. Defence is also vital to the ACT for 3 reasons:

- Contribution of Defence to the ACT and Region
- Counter-Terrorism and Civil Emergency Support
- Land and Planning Issues

Investment in Defence and defence related industries will provide ongoing benefit to Canberra as the national capital and central location for Defence’s administrative headquarters. Continued engagement between Defence and the ACT Government is strongly supported.

It is important that Australia develop world leading capabilities in some niche areas of military technologies. There are a number of global trends in the defence industry sector to consider. The key trends with implications for Australia and the 2015 White Paper are:

1) Declining global spend on defence and within that context:
   a) Australia being a more significant defence market;
   b) also defence companies seeking to diversify into civilian markets;
2) Intensification of technology;
3) Growth of services, systems and design relative to hardware in the Defence industry value chain.

If Defence were to rationalise its land and to release land directly onto the ACT market, this could have a long-term impact on urban planning, land sales and future development sequencing in the ACT and surrounding region. It would be appropriate in such circumstances for the ACT to be given first right of purchase of any surplus Defence land in the ACT as well as appropriate consultation and engagement during the planning and sale process.
Introduction

From a Territory Government perspective, the ACT welcomes the Prime Minister’s and the Minister for Defence’s announcement on 4 April 2014 that Defence would develop a new White Paper to be released in 2015.

We acknowledge the requirement for a comprehensive consultation process which includes State and Territory governments. We all have a part to play and it is only appropriate that State and Territory Governments be involved.

The ACT, as part of its role as the Nation’s Capital, Seat of Government and home to the Australian Public Service plays a somewhat unique role in defence and foreign policy deliberations. The ACT is also the location of many sites or buildings of national significance, the majority of the central offices of Commonwealth Departments and over 80 diplomatic missions and associated residential premises. The decision making apparatus on national security operations is fundamentally linked with the economic well-being of the Territory.

The Defence sector’s future is of paramount interest to the ACT Government. Any major change to the administration of Australia’s defence forces is likely to have a significant impact on the economy and infrastructure planning in the Territory.

The ACT Government agrees that the ultimate objective to undertake the difficult task of producing a Defence White Paper must be one that provides guidance about Australia’s long-term defence capability. It must allow the Federal Government and its ultimate stakeholder, the Australian community, to understand the opportunities and challenges for Australia’s future defence and security needs.

By its very nature it must break down into a product that provides the nation with an overall strategic focus supported by a sound fiscal funding base and ultimately, guide Australia’s defence capability for the coming decades. Put simply, it should align defence policy with military strategy aimed at delivering an affordable Australian Defence Force structure. Past attempts have met with different degrees of success with the 2000 White Paper a notable standout which ultimately crafted national defence policy for the first decade of the new millennium.

The ACT Government acknowledges the White Paper process will require a comprehensive review of Australia’s strategic environment, including the changes underway in our region and across the globe and highlight the implications of these changes for Australia. This must also include the tasks the Government expects of Defence and how these can be achieved with the resources available.

While views and commentary on the strategies, capabilities and budget of a future defence force are best left to more appropriate parties to comment on in the first instance, the ACT Government does recognise that the Defence sector is but one call on the national
budget. However, it is incumbent on all parties to ensure that the defence sector is adequately funded to meet all its objectives regardless of other competing priorities.

The particular areas of interest to the ACT Government of course focus on the third tier of work, namely, the series of reviews focused on core Defence business processes and consequential examination of infrastructure, workforce, industry, information technology and supporting services.

State and Territory economies in aggregate represent the national economy and as alluded to in the paper, governments of all persuasions, at all levels, have developed defence industry policies that quite correctly acknowledge Australia’s defence industry as a fundamental element of our national security. Its contribution to national research and development in advancing technologies is second to none as witnessed by the location in Canberra of a number of micro enterprises producing state-of-the-art radars and other highly successful export products.

A comprehensive national defence industry policy is critical to all concerned. It should reflect a policy of decentralisation where appropriate and there exists a sound reason to do so, and the matching of industry manufacturing capability within the most appropriate region in the country and not simply one based on historical significance. Recent rationalisation of the naval ship building industry is an example of good practice.

For its part, the ACT Government would welcome a white paper that includes reference to the need for more formal consultation between governments at all levels and their bureaucracies in relation to the timing and provision of infrastructure and human resourcing issues. A formal cohesive mechanism is currently lacking. With an aging national workforce and associated demographic issues it is paramount that all government agencies work together to maximise polices that facilitate reciprocal movement between workforces including innovative policies towards reserve participation.

Finally, as the ACT is the administration hub for the Defence forces as eluded to earlier, the ACT Government would welcome any consultation in the lead up to any major decisions being made regarding any proposed major change to the administration of Australia’s defence forces.

**Contribution and Importance of Defence to the ACT and Region**

The ACT and region is the location of significant components of the Australian Defence Force including:

**Australian Defence Force (Joint)**

- Australian Defence Force Academy
- Campbell Park Offices
- Russell Offices
- Headquarters Joint Operations Command (HQJOC) at Bungendore, NSW

**Australian Army**
- Royal Military College, Duntroon

**Royal Australian Navy**
- HMAS Harman communications and logistics facility

**Royal Australian Airforce**
- RAAF No 34 VIP Squadron at Canberra Airport

Additionally, the Australian National University also hosts the Strategic and Defence Studies Centre and the Australian Strategic Policy Institute.

There are also a number of other Canberra based defence and security agencies including:
- The Australian Security Intelligence Organisation;
- The Australian Secret Intelligence Service;
- The Australian Signals Directorate; and
- The Office of National Assessments.

The Defence and Security sector is the ACT’s largest discrete industry and is approximately 5 per cent of the ACT workforce. It is a critical component of the economy and community of the ACT and region. It comprises the abovementioned components of the Australian Defence Force, related national security agencies, and defence related institutions as well as private businesses that provide products and services to these agencies. For example the establishment of the Defence Headquarters in Bungendore has had a flow-on effect into the ACT and regional economy. During construction millions of dollars were spent with ACT and regional businesses, contractors and service providers.

This importance of Defence also includes garrison support, professional services and major capital equipment manufacturers and suppliers. There are over 70 companies operating in the ACT that have Defence related capabilities.

It is important that Australia develop world leading capabilities in some niche areas of military technologies. There are a number of global trends in the defence industry sector. The key trends with implications for Australia are:

1) Declining global spend on defence and within that context:
   a) Australia being a more significant defence market;
   b) also defence companies seeking to diversify into civilian markets;

2) Intensification of technology;

3) Growth of services, systems and design relative to hardware in the Defence industry value chain.

Trend 1)a) is of benefit to Australian industry. It is resulting in a closer focus on the Australian market by Defence primes and sub-primes and a greater willingness to address obligations to find local partners under programs such as the Global Supply Chains program.
Trend 1)b) poses some challenges for the Australian industry that will require addressing. Defence companies and defence research in Australia have had little contact with the civilian research base, typically less than is the practice in the US and UK. New protocols loosening constraints to the research community to better match those in the US are needed, especially in areas of relevance to the ACT such as space industries and cyber security. Given the increasing importance of the Chinese non-defence technology market and business investment, improved protocols about defence business engagement with China is also needed.

The intensification of technology, Trend 2), is increasing the costs and risks of developing new products such as ships and aircraft. In response even the largest companies are seeking to develop new products in a consortium, to share risks and access new sources of innovation and technology. Equally however the explosion of technologies creates opportunities and new niches for Australian businesses to create world expertise in, as for example Australian based companies have done in the moveable trailing edges of aircraft.

Defence industry policy therefore needs to be focused more on identifying, nurturing and growing these areas of niche capability, including supporting the public research base on which this niche competitiveness is based.

Services, systems and design, Trend 3), are receiving a greater share of the Defence industry spend but remain under-represented in Defence Industry support including from the Defence Material Organisation. To some extent new thinking and practices will be required as the model used to produce defence hardware doesn’t adequately match services. This is particularly important for the ACT as our Defence businesses tend to be in services, systems and design.

**Counter Terrorism and Civil Emergencies**

As a small jurisdiction Defence is an important part of our community. There may be a need for Defence support during natural disasters or major security events, noting the ACT is home to significant and critical infrastructure.

The ACT Government relies on the support of the ADF for counter terrorism and civil emergencies. The ADF provides military support for jurisdictional counter terrorism first responders in accordance with provisions set out in the Defence Act (Part IIIAAA) - this is referred to as Defence Force Aid to the Civil Authority (DFACA) and can progress from call out of ADF units to the use of lethal force to resolve an incident. This capability is generally included in major single, and multi-jurisdictional counter terrorism exercises.

The ADF also provides logistical and personnel support to jurisdictions in the event of natural and man-made disasters, referred to as Defence Aid to the Civil Community (DACC). There are four categories of DACC support based on the magnitude of the response and whether jurisdictions are required to contribute financially.
A significant ADF capability is the Incident Response Regiment, which provides a mobile high-level and comprehensive decontamination facility in the event of a chemical, biological, radiological or nuclear incident. This capability is designed to assist emergency services first responders whose capabilities may be expended in a short space of time or who may not have the levels of sophisticated decontamination facilities required.

In 2014 ACT Health signed a ‘Statement of Employer Support’ form which is a public pledge to support Reservists. Health Professional Reservists bring to the ADF their knowledge, skills and experience acquired from their civilian careers to support military operations.

A Memorandum of Understanding (MoU) is being prepared for signature between the ADF and ACT Health. This MoU will establish a co-operative and mutually supportive approach to Reservists employed by ACT Health.

In 2012 ACT Health and the ADF signed a ‘Clinical Placement Deed’. To date this Deed has provided clinical placements for ADF health care personnel including ADF Enrolled Nurses/Medics, Registered Nurses and Allied Health professionals. Included in these clinical placements is access to professional development opportunities that are relevant to maintain and support a professional, highly skilled and adaptable military workforce.

**Land and Planning Issues**

If Defence were to rationalise its land and to release land by Defence or the Department of Finance directly onto the ACT market, this could have a long-term impact on urban planning, land sales and future development sequencing in the ACT and surrounding region (e.g. Queanbeyan City Council and local government areas within an approximate one hour commute from Canberra).

The sale of any surplus defence force lands should take place in the context of Territory planning strategies and be cognisant of the commercial and residential markets in which it is being sold. Any ad-hoc surplus land release could impact on future residential developments in the ACT and future commercial developments such as the Eastern Broadacre employment corridor. Future developments in surrounding ACT region could also be impacted, in particular Queanbeyan and Bungendore.

It would be appropriate in such circumstances for the ACT to be given first right of purchase of any surplus Defence land in the ACT as well as appropriate consultation and engagement during the planning and sale process.