Mr Peter Jennings PSM
Chair
Defence White Paper 2015
R1-3-A135
Russell Offices
Department of Defence
PO Box 7901
CANBERRA BC ACT 2610

20 NOV 2014

Dear Mr Jennings,

I am writing on behalf of the NSW Government to make a submission to the Commonwealth Government's 2015 Defence White Paper.

The NSW Government notes the Commonwealth Government's commitment to grow the Defence budget to two per cent of GDP within a decade, and welcomes the increased opportunity for Australian businesses to compete for Defence contracts.

Defence makes a significant contribution to the NSW economy, with the Commonwealth spending over $5.8 billion in NSW in 2013-14. This equates to approximately 30 per cent of total Defence expenditure. More than 80 Defence bases and facilities and approximately 28 per cent of Australia's civilian and military personnel are located in NSW; more than in any other state or territory.

The NSW Government has taken further steps to support the growth of Defence and defence industries within the NSW economy by appointing Lieutenant General Ken Gillespie (Ret'd) AC DSM CSM as NSW Defence Adviser and developing the NSW Position Paper on Defence.

The attached submission focuses on three areas. First, the White Paper should examine the benefits of establishing an Asia-Pacific regional repair and maintenance hub in Australia to service Australia's Joint Strike Fighters and those of our regional allies.

Secondly, the White Paper should confirm Fleet Base East as the home port for the Landing Helicopter Docks and Air Warfare Destroyers.

Thirdly, the White Paper should examine how the Department of Defence and its agencies, in their role of contributing to the Australian Cyber Security Centre, can assist Australian businesses to protect themselves from cyber attack.
Though not directly related to the White Paper, the NSW Government would welcome expanding the scope for strategic discussions with the Department of Defence. The current Defence and NSW Government Consultative Forum co-chaired by the NSW Department of Premier and Cabinet (DPC) and the Australian Defence Force would be an excellent vehicle for more strategic discussions on issues affecting both Defence and NSW, as well as addressing policy challenges to mutual benefit and in a timely fashion.

Should you have any queries regarding the NSW Government’s submission, please contact Mr David Tow (Executive Director Urban Productivity, DPC). Mr Tow can be reached on (02) 9228 3832 or at david.tow@dpc.nsw.gov.au.

Yours sincerely

MIKE BAIRD MP
Premier

Enc.
NSW Government Submission to the Commonwealth 2015 Defence White Paper

The Joint Strike Fighter and an Asia-Pacific regional repair and maintenance hub

The Defence White Paper should examine the benefits of establishing an Asia-Pacific regional repair and maintenance hub in Australia to service Australian Joint Strike Fighters (JSFs) and those of our regional allies.

A key benefit of the former Coalition government’s decision to participate in the JSF programme was securing Australian business involvement in developing and sustaining a key air capability. The NSW Government welcomes the Commonwealth Government’s decision to base the majority of Australia’s JSFs at Royal Australian Air Force (RAAF) Base Williamtown, and to invest $986 million in JSF-related works including infrastructure, fencing and security and additional explosives storage at the Base.

The NSW Government recognises the importance to the RAAF of having key repair and sustainment facilities in close proximity to where the JSFs are based. NSW businesses in the region are participating in the manufacturing stage of the JSF programme, and the newly established Williamtown Aerospace Centre has attracted defence companies such as Lockheed Martin, Raytheon and Nova Systems to establish facilities in the precinct.

The NSW Government understands that the JSF’s key developers are considering establishing regional repair and maintenance hubs to provide ongoing sustainment to the JSFs. As a partner country in the JSF programme, Australia is well placed to bid for the regional repair and maintenance hub in the Asia-Pacific region. Not only would this be a key enabler in maintaining Australia’s JSF fleet, but also potentially the fleets of our allies, Japan and the Republic of Korea, who have selected the JSF through the US Foreign Military Sales Program. A JSF regional repair and maintenance hub based in NSW would showcase Australian high end technology skills to the region and generate export revenue for Australian businesses.

The NSW Government would encourage the Commonwealth Government to promote an Asia-Pacific regional repair and maintenance hub based in Australia with the JSF programme and our regional allies. The NSW Government would welcome discussions with the Commonwealth on locating such a regional repair and maintenance hub within NSW.

Land use and Defence facilities within NSW

The Defence White Paper should confirm Fleet Base East as the home port for the Landing Helicopter Docks and Air Warfare Destroyers.

The NSW Government recognises the strategic advantages to Australia of having naval capabilities directed at both the Pacific and Indian Oceans (a ‘two ocean Navy’). The NSW Government also recognises and values the contribution Fleet Base East and the facilities at Garden Island make to the NSW economy, both in terms of sustainment expenditure and as a source of employment.

The 2013 Defence White Paper stated that the Commonwealth would continue to develop Fleet Base East as the home port for the Landing Helicopter Docks and Air Warfare Destroyers. The NSW Government would encourage the Commonwealth Government to reaffirm that commitment in the 2015 Defence White Paper, as well as consider whether part of Australia’s submarine fleet should be based at Fleet Base East. At the same time, the NSW Government continues to support in principle greater cruise ship access to Garden Island where that use coexists with ongoing Navy operations.
The desire for cruise ships to have greater access to the Royal Australian Navy's docks at Garden Island highlights the evolving nature of Australian cities and the tensions that can arise over how our scarce land resources are used, including for defence purposes. The NSW Government would welcome the opportunity to explore with the Commonwealth Government ways of meeting both expanding Navy capability requirements along the NSW seaboard and the State's growth and development.

Cyber security

The Defence White Paper should examine how the Department of Defence and its agencies, in their role of contributing to the Australian Cyber Security Centre, can assist Australian businesses to protect themselves from cyber attack.

The NSW Government welcomes the Commonwealth Government's decision to establish the Australian Cyber Security Centre (ACSC) in order to ensure Australian networks are the hardest in the world to compromise. While it remains necessary and appropriate for the ACSC to ensure Australia's national security networks and agencies are protected from cyber attack, Australian businesses are also at risk from foreign actors seeking to obtain commercial advantages through unauthorised access to Australian intellectual property.

The rapid expansion of digital networks across the Australian business community has allowed Australian businesses to operate more efficiently than ever before. But it has also meant that significant commercial assets, such as designs, intellectual property and corporate intelligence are open to greater risk of cyber attack. This risk, and the growing sophistication of cyber attacks, has not always been fully recognised by Australian businesses.

The NSW Government considers there is benefit to NSW businesses, as well as to governments, from the Department of Defence, its agencies and the ACSC using their expertise to assist Australian businesses recognise and counter cyber threats.

Developing the relationship between Defence and NSW

The NSW Government has established strong connections with Defence and defence industries, particularly through the Defence and New South Wales Government Consultative Forum which has enabled all parties to work together on issues affecting both Defence and NSW.

The NSW Government considers there is greater scope for strategic discussions on broader and longer-term issues facing Defence, Government and industry, to ensure that NSW continues to be well placed to anticipate and meet Defence needs. Potential areas for such discussion could include Defence requirements for bases and facilities, identification of industry capabilities (including Priority Industry Capabilities and Strategic Industry Capabilities), management of structural change within defence industries, forecasting of major Defence purchasing and projects, and discussion of current and emerging education and skills needs.

The NSW Government would welcome the opportunity to develop ways of ensuring that businesses are able to provide their highly specialised capabilities to Defence at the time Defence needs them.

Adopting a more strategic consideration of these issues at the Forum would allow both Defence and NSW to identify and address policy challenges before they become time critical. The Forum could also serve as a mechanism to identify and address competing pressures over land use, allowing Defence and NSW to work towards mutually beneficial outcomes.