
November 2014
Executive Summary

The Queensland Government welcomes the opportunity to provide input into the Defence White Paper 2015 (DWP 2015) and looks forward to working closely with the Department of Defence (Defence) in delivering a strong and effective defence capability and industry in Queensland.

The submission focusses on addressing the consultation questions included in the Defence Issues Paper 2014, and outlines Queensland’s industry strengths and identifies areas where Queensland may work with Defence to assist in the implementation of Australia’s defence policy and strategy, including procurement, skills development, stakeholder engagement, science, technology and innovation, the role of the states, exports and strategic and industry policy alignment. It recommends actions for consideration by Defence and other Federal Government agencies, focussing on the role of the defence industry strategy and support within Defence, and the role of State Governments in the procurement process, to maximise SMEs’ success in supporting the defence industry in Queensland and the nation.

Queensland’s highly skilled workforce, dynamic industries, strategic resource and infrastructure assets and geographical proximity to key regional powerhouses in the Asia Pacific, merits the increasing move of defence assets and operations into Queensland. Queensland is uniquely placed to support Defence through our strong, geographically dispersed, regional communities. No other state has as many large regional centres, located significantly distant from their capital city. These include Townsville, Cairns, Rockhampton, Bundaberg and Gladstone, all of which have either a significant ADF presence nearby, or provide port and freight access for Defence. Outside of Darwin, these are the only communities located north of Brisbane which can adequately provide the economic and social services that are needed to support the Australian Defence Force (ADF) and their families in Northern Australia.

The relevance of Queensland’s economic contribution for the benefit of all Australians and the nation’s growing economic dependence on resource exports should be a key factor in future defence strategic planning, particularly in protection of borders, ports and sea lines of communication.
Queensland is currently home to the majority of the Army’s amphibious operations and training capabilities to generate forces, mount operations, command them, and, if necessary, project forces in the Asia Pacific region.

Royal Australian Air Force (RAAF) base Amberley plays a significant role in contributing to Defence’s mobility, strike and heavy lift capacity as well as the key elements of the RAAF Intelligence, Surveillance and Reconnaissance (ISR) capability, Airborne Early Warning and Control (AEWC) and Unmanned Aerial Systems (UAS). Approximately 40 per cent of Army, representing approximately 70 per cent of the fighting force along with their vehicle fleets, are now based in Queensland and the majority of new fleets introduced up until 2030 will be based in Queensland. Queensland also has two significant training facilities, the Shoalwater Bay Training Area and High Range Training Area as well as several other smaller training facilities along the east coast. Queensland provides port infrastructure for critical military supplies, and is the only place where some supplies can be imported.

Underpinning Defence’s strengths in Queensland is a core of small and medium-sized enterprises (SMEs) providing world class technological and manufactured goods and services across all sectors of the defence industry in Queensland.

Recommendations

The Queensland Government recommends:

Recommendation 1

The Priority Industry Capabilities (PICs) should be adequately defined, funded, outcome-focussed, and integrated with funded capability projects, upgrades or realistic export opportunities. Each PIC should be based on a well-defined technology road map extending beyond the period of the forward estimates, incorporating Rapid Prototyping, Development and Evaluation (RPDE) and Capability and Technology Demonstrator (CTD) project requirements as enablers. The PIC model should be adjusted to align with the new Federal Government Industry Growth Centres strategies and principles, and supported by the same implementation model.
Recommendation 2

The Minister for Defence elevate the status of the Defence Materiel Organisation (DMO) Defence Industry Division, (and include Defence Support and Reform Group and Joint Logistics Unit), so that it reports to the Deputy Secretary, at a First Assistant Secretary level, with authority to engage in strategy development, capability development, acquisition and sustainment processes. This will maximise efficiency and reduce time in decision making by aligning defence industry support and export mechanisms.

Recommendation 3

The role of the states be well defined and agreed by a charter or an equivalent mechanism under the banner of the Council of Australian Governments (COAG), and that COAG give appropriate consideration to defence and defence industry development strategies at key points in the development and implementation of the DWP2015. Engagement with the states on strategic defence issues could be furthered strengthened through an annual bilateral meeting between the Minister for Defence and the state or territory Minister with lead responsibility for defence and defence industry matters.

Recommendation 4

Defence provides for a closer engagement between its Capability Division and state-based industry development organisations at the outset of project analysis and planning.

Recommendation 5

The reform of the procurement and tendering process, particularly for major defence capability projects, be continued.

Recommendation 6

The increased collaboration between defence, industry and education and training provider agencies be encouraged to increase the uptake of Science, Technology, Engineering and Mathematics (STEM) in schools, trades and SMEs particularly in the aerospace sector.
Recommendation 7

Defence engages early with the Queensland Government to enable the Queensland Government to assist with planning for any relocation of units to or within Queensland, and to develop a joint understanding of requirements for future training areas for ADF and allied forces.

Recommendation 8

Given the long lead times for port planning, it is recommended that Defence actively engage in the strategic planning for port infrastructure and development in Queensland. In particular, the Port of Brisbane is currently preparing a Master Plan, and early engagement by Defence is recommended to investigate the possibilities, and utility of, Royal Australian Navy (RAN) units becoming home-based in Queensland.

Recommendation 9

Existing ADF capacities for disaster response are maintained or enhanced, including: delivery of critical supplies; reconnaissance; safety and security; removal of debris and clean up assistance; repairs and engineering and utilities works; air support and transportation assistance; search and recovery operations; logistical support; assistance with mass casualty and mass fatality management, including Queensland Government responsibilities under the Australian Government’s COMRECEPLAN, COMDISPLAN and OSMASSCASPLAN; and evacuation support.
Defence Issues Paper 2014 Questions

Consultation

Which should the relationship be between Defence and defence industry to support Defence’s mission?

A strong collaboration is required between Defence and defence industry in the planning, development, implementation and sustainment of defence projects. Defence’s close consultation with industry in the planning process in particular would reduce the occurrences of problems with projects further into the roll out and facilitate more realistic design and delivery outcomes.

To improve collaboration, the State recommends that the Federal Government adopts a partnership model along the lines of the United Kingdom (UK) Defence Growth Partnership (DGP), adapted to Australian market conditions. This model has recently been launched and the lead time offers Australia an opportunity to learn from the preparation process as much as the execution. Key to that construct is a Steering Committee which includes representatives from government and industry, including SME representation.

The United States Alliance and Internal Engagement

How important are traditional alliances and partners to our security now and in the longer term?

Traditional alliances and partners are critical to the nation’s security now and in the long-term. For this reason Queensland is strongly supportive of the USA’s move to develop a stronger presence in northern Australia. Similarly, Queensland supports strong engagement with the nation’s allies in the Indo-Pacific region with the ADF conducting regular exercises with the Singapore Armed Forces (SAF) Military at Shoalwater Bay Training Area and the Army Aviation Centre at Oakey hosting a SAF Helicopter Squadron.

Queensland welcomes the opportunity to collaborate with defence in planning future rotational training by allied forces in Queensland.

**Deciding Defence Capabilities**

What capabilities are critical for Defence to most effectively work with other Government agencies?

Regular communication between Defence, particularly the Defence Materiel Organisation (DMO) and the Queensland Government is critical for the effective working relationship. In Queensland, strong collaboration between Defence Industries Queensland (DIQld), Defence and the relevant Port Authorities will be important in ensuring the effectiveness of the Port Master Planning Process and the development of all Queensland Ports including, the five Priority Port Development Areas.

Similarly, the Queensland’s Government’s strongly articulated support for defence operations in Queensland provides a welcoming environment for the development of a strong collaborative working relationship between the two agencies. This relationship is demonstrated in regards the issue of airspace management at the Army Aviation Centre at Oakey where DIQld welcomes the opportunity to jointly plan a transition within Queensland, which includes the Republic of Singapore Air Force, in the event the issue cannot be resolved.

**Defence Industry Policy**

Defence industry is well established as an integral part of Australia’s ability to create and project power to the extent its capabilities allow. It retains some of the most advanced systems and technology development capabilities in the country arising from investments over the last 50 years by government and industry. Local defence industry contributes to the Australian economy by providing jobs across a wide range of skill levels, supplying goods and services and developing an improved science and technology base – all enhanced by export opportunities. Defence policy therefore must reflect the Federal Government’s intent to ensure that Australia has a sound, sustainable technologically advanced industry, which is well integrated with defence, and capable of scaling in the event of unforeseen crises (warlike or humanitarian).
Importantly, continuity, competition and opportunity must be predictable to give defence industry, particularly SMEs, the market confidence to invest in the capabilities, innovation and infrastructure necessary for Australia’s defence, security and humanitarian role.

Profile of Defence and Defence Industry in Queensland

Queensland is home to 25 per cent of ADF military personnel with over 23,400 uniformed and Australian Public Servants currently based in Queensland. Defence spending directly supports approximately 4,000 jobs in Queensland, which is the second largest state for defence employment.

Queensland has approximately 26 per cent of defence industry activity (and growing) and supports its top 32 defence suppliers who generated approximately $1.9 billion in revenue in 2012-2013. A 2013 DIQld survey of 200 businesses found approximately 66 per cent of respondents export defence-related products, with New Zealand, USA, Malaysia and Singapore being the top four destinations. This survey also found that 81 per cent of respondents invested in Research and Development (R&D) and 21 per cent of respondents reported their average annual investment in R&D to be more than $1 million.

Which industrial capabilities are vital for the ability of the ADF to field forces and must be located in Australia?

Queensland offers a diverse range of well-established defence industry capabilities that support the ADF including:

- aviation and aerospace manufacturing, repair and maintenance
- ballistic protection for personnel, watercraft and aircraft
- communication and control systems
- heavy vehicle manufacture, modification, maintenance, repair and overhaul
- maritime ship building up to 1000 tonnes, repair and maintenance
- personal load carrying equipment.

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2 Defence Industries Queensland Survey 2013, Department of State Development Infrastructure and Planning (internal document)
3 Ibid.,
4 Ibid.,
Some key capabilities required by the ADF in the 21st century include composite material development and manufacture, advanced manufacturing including titanium casting, electronic systems integration, automation, autonomous unmanned systems, geospatial intelligence and analysis and complex project management training, all of which are well represented in Queensland.

Increased levels of automation and robotics within logistics may save manpower and enhance accuracy and speed of delivery. The potential use of additive construction and the increased employment of deployable rapid prototyping and development facilities offer the potential to quickly manufacture or modify equipment in theatre. Consequently increased support for the advanced manufacturing sector is required to deliver these innovative products. Queensland has advanced materials research and development capability to support defence and industry in developing and optimising new manufacturing processes, particularly through the Centre for Advanced Material Processing and Manufacturing (AMPAM) at the University of Queensland.

Additionally, SMEs need to be proficient in diverse areas including component traceability and configuration control, understanding of end user needs, rapid reallocation of priorities, adherence to quality and standards and the ability to develop and apply modifications. These are all capabilities that Queensland-based industries can offer.

The hallmark of successful Queensland defence companies is their technical innovation and capacity to produce high quality, low volume defence products, developed to global defence standards, regulations and accreditations and to rapidly re-tool to provide operational flexibility.

Australia needs to be more efficient and effective in speed of capability delivery from the Defence Capability Plan through acquisition to delivery and sustainment. This is particularly critical where the commercial technology rate of change can provide an advantage to opposition forces.

To leverage this sophisticated industrial base, any Priority Industry Capabilities (PICs) identified in the White Paper should be adequately defined, funded, outcome focussed and integrated with funded capability projects, upgrades or realistic export opportunities.

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5 Future Land Warfare Report 2014 – Modernisation and Strategic Planning Division, Australian Army Headquarters, Canberra, Australia, 2014, p12
It is also suggested that the planning process for identification of PICs incorporate Technology Road Mapping principles, a well-known process in defence industry. The PIC model should be adjusted to align with the new Federal Government Industry Growth Centres strategies and principles, and supported by the same implementation model.

**Recommendation 1 – The PICs should be adequately defined, funded, outcome-focussed and integrated with funded capability projects, upgrades or realistic export opportunities. Each PIC should be based on a well-defined technology road map extending beyond the period of the forward estimates, incorporating Rapid Prototyping, Development and Evaluation (RPDE) and Capability and Technology Demonstrator (CTD) project requirements as enablers. The PIC model should be adjusted to align with the new Federal Government Industry Growth Centres strategies and principles, and supported by the same implementation model.**

**What are the consequences for Australian industry of international trend in the defence industry sector?**

Global competition in the defence sector has increased. As many countries struggle to maintain defence budgets, their defence companies are producing export-based business plans, which are all pursuing the same market and expecting similar outcomes. If global economic conditions do not improve, many global companies will be disappointed in their ability to penetrate new markets within the next five years.

The international defence industry is characterised by the predominance of a small number of multinational companies serviced by a network of geographically dispersed SMEs, designing, building, and sustaining defence products and services. This creates strong competition among SMEs where only the most highly capable, efficient and reliable SMEs succeed. Internationally competitive SMEs are now part of shorter supply lines, which are required to meet faster turnaround times and to engage directly with the Original Equipment Manufacturers (OEM).

There is also a strong requirement for SMEs to attain the appropriate accreditations and qualifications to successfully supply into defence contracts. As a result, it is incumbent on SMEs to familiarise themselves with these requirements and seek training where required. Initial cost implications for SMEs would be mitigated by the successful tender for a defence or defence-related contract.
Many prime contractors are moving their support and logistics infrastructure to where the fleets are located. Locating supporting industry close to the defence user facilitates greater use of industry to undertake tasks traditionally carried out by Defence, improvements in turnaround times and a reduction in costs. The vertical integration of back shops and operations, and the ease of transition from assembly lines to support, modifications and upgrades, should help drive location of new project execution to states such as Queensland, where defence activity is strong. The aerospace defence industry in particular, has considerable expertise in this area, as does the heavy vehicle precinct formed by DIQld.

**How can the Government best encourage the development of an internationally competitive Australian defence industry?**

The Queensland Government has collaborated in developing industry strategies with the Australian Industry Group (AIG) National Defence Executive Council, the peak industry body representing a broad spectrum of large and small companies. The Queensland Government supports the ten underpinning AIG themes for the defence industry component of the DWP 2015 namely:

1. defence industry policy needs to be linked directly to strategic guidance
2. consistent budgetary guidance and planning
3. early consultation with defence industry as an integral part of defence capability and procurement planning
4. continued investment in core PICs, linking innovation with procurement decisions and investment in skills and facilities
5. support for an efficient procurement environment, incorporating better business practices and reward for effectively managing complex defence procurement, acquisitions and sustainment
6. encouraging innovative R&D in areas of ADF need and Australian industry expertise to meet unique ADF operational requirements and those of regional and other partners
7. acknowledgement of the contribution of SMEs
8. recognises the value of investment in strong local supply chains
9. encourages global supply chain opportunities linked to pic investment
10. regional defence industry leadership and support.
The Industry Growth Centres Initiative announced by the Prime Minister, the Honourable Tony Abbott MP, and the Minister for Industry, the Honourable Ian Macfarlane MP, on 14 October 2014 is consistent with the Queensland Government’s strategies for industry support and self-development through collaboration with each other, and with research institutes. The Queensland Government, through the Department of State Development, Infrastructure and Planning (DSDIP), will work closely with defence industry stakeholders and the Federal Department of Industry (DI), particularly in the area of materials research and advanced manufacturing.

Many leading defence SMEs are also leaders in industry sectors, including resources, agriculture and information technology so there is a solid correlation between a strong defence industry and a highly capable and innovative economy. There is a range of areas where the Federal Government can focus resources to encourage the development of an internationally competitive Australian defence industry. These are:

- **Alignment between Strategic Policy and Industry Policy**

Defence policy should reflect a determination to strengthen and coordinate Australian defence industry penetration of global supply chains, with other government export programs and initiatives. To maximise efficiency and reduce time in decision making, defence policy should align defence industry support and export mechanisms across Defence’s Industry Strategy and Policy, Capability Division, and the DMO. A stronger Defence Industry Division strategically positioned within Defence would assist in achieving this outcome. Additionally, strategic planning undertaken by Defence needs to anticipate and respond to the exponential rate of growth in global access to knowledge and advanced technologies that benefits those quickest to implement.

**Recommendation 2** - The Minister for Defence elevates the status of the DMO Defence Industry Division (and include Defence Support and Reform Group and Joint Logistics Unit), so that it reports to the Deputy Secretary, at a First Assistant Secretary level, with authority to engage in strategy development, capability development, acquisition and sustainment processes. This will maximise efficiency and reduce time in decision making by aligning defence industry support and export mechanisms.
• **The Role of the States**

Queensland, along with a number of other states, provides significant support for defence activities within its boundaries. DIQld was specifically established to support SMEs accessing local and global defence supply chains and to maximise the ADF presence in the Queensland.

Queensland notes the recent initiatives from the Honourable Julie Bishop MP, Minister for Foreign Affairs with respect to the charters for collaborative economic diplomacy between the Federal Government, the states and business. Queensland will seek to work in that framework to promote growth in its defence industry base, engaging with federal counterparts in trade and industry departments, as well as defence.

The role of the states in defence industry development, global supply chain engagement, export markets and trade shows needs to be more clearly defined and agreed at the highest level of government. The states have been urged by Federal Ministers, senior uniformed officers and minor industry associations to either compete for work placement or other defence events. However, with any level of support and additional financial commitment by the states above the normal taxpayer funding for defence commands the right for states to be heard in all of these matters. The extent to which states further support defence activities needs to be done on a consistent and transparent basis, avoiding the risk of market distortion and inappropriate use of taxpayers’ funds to further support large scale multi-national companies.

A collaborative, optimised and national approach to defence industry development, aligned with the strategies and principles of the Federal Government’s Industry Growth Centres Initiative, holds far more promise for strengthening defence industry. This should stimulate constructive competition consistent with a competitive federalism model, while avoiding excessive and wasteful duplication of initiatives across governments.

COAG regularly considers national security, counter-terrorism and other judicial and policing issues. In the context of DWP2015, it would be opportune for COAG to discuss defence matters and how defence industry development strategies can best support Australia’s Defence Policy, and the ADF. This could be complemented by an annual bilateral meeting between the Minister for Defence and the state or territory Minister with
lead responsibility for defence matters to progress state specific issues or development opportunities.

**Recommendation 3** – The role of the states be well defined and agreed by a charter or an equivalent mechanism under the banner of COAG, and that COAG give appropriate consideration to defence and defence industry development strategies at key points in the development and implementation of the DWP2015. Engagement with the states on strategic defence issues could be furthered strengthened through an annual bilateral meeting between the Minister for Defence and the state or territory Minister with lead responsibility for defence and defence industry matters.

- **Procurement**

  Australia is a net importer of defence platforms and subsystems, sourced from a wide range of Western nations. This includes commodity items and piece parts as well as major platforms, such as C-17’s Heavy Lift transport aircraft. The principle of buying through open competitive processes is well established, although governments may elect to take advantage of opportunistic buys (e.g. HMAS Choules), or sole source where necessary and appropriate.

Defence procurement and support differs from other Federal Government procurement processes because of the complexity and scale of requirements, and the fundamental end purpose of acquiring weapons and support infrastructure to protect Australia, its borders and its global interests. Overall defence acquisition and support expenditure gives rise to a significant economic impact and has the ability to improve or erode industry capability.

Fleet ownership modelling and analysis should be an integral component of procurement decisions, including trade studies informed by defence industry, to determine the optimal life cycle support and upgrade strategy. Resources should be allocated to create this analytical capability.

Buying new defence equipment from off-shore production lines will usually be cheaper at the time of acquisition, and may be a necessity where Australia must take advantage of reduced development cost and risk. However, Australia should take a strategic approach to sovereign risk of exposure to long supply chains, changing Original Equipment
Manufacturers (OEMs), state priorities, and changing costs, especially in time of conflict. Participation in global supply chains should not be driven solely by price. Before such decisions are made, a comprehensive support concept and costs trade study should be made, especially where mission critical items may need to be repaired quickly and locally. This should include a relevant and detailed industry analysis to identify existing or latent capability in the SME base, and implementation plan to ensure skills, technologies and capabilities are in place. Queensland is well positioned to assist defence capability planning in this regard.

**Recommendation 4 — Defence provides for a closer engagement between its Capability Division and state-based industry development organisations at the outset of project analysis and planning.**

For the foreseeable future, Australia will have the advantage of being able to buy off-the-shelf systems from a wide range of global suppliers. However, Australia needs the ability to maintain a technology edge to give tactical and strategic advantage, and the flexibility and infrastructure to rapidly develop and provide new systems and subsystems to give our defence force an edge. It also needs to nurture the industry capabilities required to sustain the off-the-shelf products and systems that have been procured.

There needs to be an emphasis on sustained and managed procurement against a realistic Defence Capability Plan. Smoothing out the gaps between acquisition projects and reducing delays in the acquisition process would also provide greater continuity and certainty to organisations.⁶

Government policy should reflect a determination to continue procurement reform with a view to improving efficiency, accountability, consistency, continuity of supply, and engaging industry earlier in the process. More specifically, this reform needs to ensure the long-term planning and acquisition of capability is undertaken in a sustained and managed process, minimising the ‘valley of death’ scenario that is impacting on the Australian defence industry. There should be streamlining of the defence tendering process requirements, which appear to add substantial cost to tenderers prior to the awarding of any contract to the successful bidder.

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These reforms will only be achieved if the Defence Industry Division is led by experienced industry people, and the department head is provided with responsibility, accountability and authority to ensure that the new industry policy is adhered to and outcomes measured. The focus should not be solely on prime contractors, but also on macro SMEs and their respective supply chains, with a view to constructing the necessary level of life cycle support around fleet hubs.

**Recommendation 5 - The reform of the procurement and tendering process, particularly for major defence capability projects be continued.**

- **Science, Technology and Innovation**

Australia should implement policies that ensure that it leverages its entire science and technology base cost effectively and in a more timely way. Assurances that investment in innovation will have a very high probability of becoming part of a defence project will help ensure technology is pulled through to manufacture and operation. Australians need to be able to innovate and adapt, as the nation’s ability to adapt, based on its strategic priorities, not another nation’s, is a strategic advantage. Australia also needs to be able to access the intellectual property and acquire the right to use it. The country’s failure to significantly improve the agility with which it introduces technology must be addressed.

To this end, increased collaboration between Defence, industry and research agencies is required to ensure Defence and industry are at the cutting edge of technological advancements and research agencies are more familiar with industry operations and requirements.

- **Skills Development**

While there are many highly skilled Queensland SMEs working in the defence sector, the projected decline in electrical and electronic engineering and technology, an issue raised in the 2012 Skills Australia, *Building Defence’s Supply Capabilities* report, is still concerning. Within the trade sector this report also noted that there would still likely be a shortfall in the number of trades’ persons in electronics and communications in the period

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7 Ibid., p5
to 2020. Shortages in the number of trades’ persons in structural steel and welding were also anticipated.

The recent slowdown in the growth of parts of the resources sector in Queensland, has led to an increase in the skills pool - the notable exception being the aerospace sector. To address this element, more work is required by relevant government agencies, including the RAAF, to address the long-term skills requirements of this sector. The Queensland Government is already prioritising the development of these skills through the Great skills. Real opportunities. The Queensland Government reform action plan for further education and training.\(^8\)

SMEs require increased knowledge of defence procurement processes and defence requirements, including certifications, standards and accreditations to successfully supply into this sector. More generally, generic skills that include business management processes, project management, and inventory and logistics operations are required.

There is also a need for Government and industry to continue to work together to address the national shortage of science, technology, engineering and mathematics skills required to address the challenges in the defence and other industry sectors into the future.

**Recommendation 6 –** The increased collaboration between defence, industry and education and training provider agencies be encouraged to increase the uptake of Science, Technology, Engineering and Mathematics (STEM) in schools, trades and SMEs particularly in the aerospace sector.

- **Exports**

  Defence industry needs to be cost effective and lean. Value for money and efficiency of performance is required by demonstrating global competitiveness through exports. Australia needs to be a more active defence exporter – a more astute globally recognised trader. This will result in reduced costs to Defence and ensure value for money for taxpayers. Defence and Industry Policy need to adopt a stronger focus on generating exports as a positive by product of the nation’s defence expenditure.

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• **Stakeholder engagement**

As Australia enters bi-lateral or multi-lateral arrangements on new acquisitions, Australian industry should be engaged as early as practicable and supported by defence to help optimise and align support and enhancement capabilities. This will ensure that Australia has a reputation as a credible and knowledgeable buyer and operator.

The Queensland Government values the input from a wide range of stakeholders and engages with the peak industry bodies through DIQld, including, the AIG National Executive Defence Council together with Queensland based industry leaders. The Defence and Queensland Government Consultative Forum considers the strategic environment to identify and coordinate consideration of opportunities and challenges. DIQld also consults on a regular basis with the DMO’s Queensland Business Access Office and DMO Defence Industry Division to share information and advice on key industry issues.

**What is the future of existing industry support programs provided by Government?**

Significant benefits may be gained from elevating the status of DMO Defence Industry Division to a level of authority consistent with alignment of defence industry policy with strategic policy as recommended. It is suggested that Defence and DMO develop a clear and unambiguous industry engagement plan against which there are measurable performance indicators.

The Queensland Government will continue to work with the DMO and related organisations to support and grow the defence industry based in Queensland. The Queensland Government, in collaboration with the Industry Capability Network, conducts capability development seminars and workshops for SMEs working, or interested in working, in the defence industry. This complements the suite of products and services provided by DMO. These include Quad Chart Workshops and Defence Business development seminars. The Queensland Government also provides capability development workshops for SMEs on benchmarking and accessing supply chain opportunities which are equally applicable to defence and other industries. Queensland does not replicate Federal Government funded industry development programs running in Queensland.
Defence: ‘in and ‘of’ the community

What opportunities exist for Defence to contribute to economic development in regional Australia?

The Queensland Government wholeheartedly supports driving regional growth to power the state’s economic and social development. The Queensland Government is harnessing the unique opportunities to support Queensland’s regions through programs which work as a catalyst to grow new jobs and investment, increase the diversity of regional economies and resilience of supply chains, and foster greater trade. Central to this approach is the RegionsQ Action Plan. To be released in 2015, it will outline the Queensland Government’s plan to continue to build vibrant and prosperous regions. The RegionsQ Framework is the first component, identifying achievements across six priority areas and Projects of Regional Significance, where a targeted place-based and collaborative effort can have significant positive economic outcomes for a region.

Queensland is uniquely placed to support Defence through our strong, geographically dispersed, regional communities. No other state has as many large regional centres, located significantly distant from their capital city. These include Townsville, Cairns, Rockhampton, Bundaberg and Gladstone, all of which have either a significant ADF presence nearby, or provide port and freight access for Defence. Outside of Darwin, these are the only communities located north of Brisbane which can adequately provide the economic and social services that are needed to support the ADF and their families in Northern Australia.


Northern Australia White Paper

The Queensland Government’s submission to the Australian Parliament’s Joint Select Committee on Northern Australia Inquiry into the Development of Northern Australia\(^\text{11}\) indicated a range Defence industry opportunities in North Queensland:

- diversification in regional supply chains
- resident attraction and encouraging defence personnel to remain in the area upon leaving defence
- re-use of defence facilities
- mine sites and associated infrastructure similarly present opportunities at their ‘end of life’ stage for re-use.

On the release of the *Northern Australia White Paper*, the Queensland Government looks forward to working with the Federal Government, including Defence, on the implementation of the white paper.

**Specific opportunities for cooperation with the ADF in Queensland**

The Queensland Government welcomes an opportunity to work cooperatively with Defence to build regional economies for mutually beneficial outcomes for the Army, RAAF and the RAN.

**Army**

Any movement of units or increased defence operations in regional areas would improve the local economy and the rate of development in the region through construction, expanding education, increasing health services and creating new or larger supply chains as defence contractors enter the region. Queensland would welcome and support the

movement of larger units to the state that would assist the ADF in its ongoing operations, access to training facilities, and reduce operating costs.

Historically, urban encroachment has forced base relocations to ensure continued operational efficiency. This trend is likely to continue. Early planning is required to ensure that unit transition is successful, both from Army operational and people perspective, and to ensure that the necessary infrastructure, education, health, housing, industry development, and other support, generally provided by the state are planned. The Queensland government holds substantial quantities of land, including alternatives sites for defence training and will provide all available support to defence to plan and manage any movement of defence, including working with regional defence suppliers to raise awareness of future service needs and supply opportunities. As the road, rail and support infrastructure increases throughout the state, opportunities exist for Defence to enhance training in a variety of terrain not easily accessible in the past.

**Recommendation 7** – Defence engages early with the Queensland Government to enable the Queensland Government to assist with planning for any relocation of units to or within Queensland, and to develop a joint understanding of requirements for future training areas for ADF and allied forces.

**Maritime**

The expansion of the Port of Brisbane may create opportunities for the RAN into the future. It has a number of strong attributes that would be beneficial to the RAN. The Port has Moreton Bay providing a protection buffer between the open sea and it is geographically well located in relation to the United States Navy base at Guam. It is one of Australia’s few nuclear ports.

Additionally South East Queensland offers attractive life style choices, world class education, health system, infrastructure and an industrial base capable required by naval units. It also provides a good recruiting pool for the RAN, with a large percentage of the RAN personnel recruited from this area (indications are greater than 15 per cent).
Early planning based on the “Faslane Model” could provide a good starting point for strategic planning.\textsuperscript{12} This must start relatively soon given that Queensland ports continue to plan for 30 plus years of infrastructure development under the auspices of the \textit{Queensland Ports Strategy}.\textsuperscript{13}

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\textbf{Recommendation 8} – Given the long lead times for port planning, it is recommended that Defence actively engage in the strategic planning for port infrastructure and development in Queensland. In particular, the Port of Brisbane is currently preparing a Master Plan, and early engagement by Defence is recommended to investigate the possibilities, and utility of, Royal Australian Navy (RAN) units becoming home based in Queensland.
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\textbf{Bajool}

Importation, storage and distribution of explosives takes place through Port Alma and via Queensland explosives magazine at Bajool. Local companies provide stevedoring and specialised transport. The nature of the explosives and the method of distribution places great stress on the logistics system. The Queensland Government believes that both the process and the risk management strategy could be improved through co-development of Bajool to expand infrastructure. The Queensland Government plans to submit such a proposal to Defence in the near term.

\textbf{Disaster Relief and Response Issues}

ADF support for relief and response operations in Queensland has been a key component of recovery from recent natural disasters, and the Queensland Government is extremely grateful for this assistance. Recent ADF support includes:

- \textit{Operation Larry Assist 2006}
- \textit{Operation Queensland Flood Assist 2011}

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• Operation Yasi Assist 2011
• Emergency Support Force to South East Queensland 2012
• The response to severe weather in Townsville (2012)
• Operation Queensland Flood Assist II.

The majority of this assistance has been for large-scale events beyond the capacity of local governments, and where Queensland Government agencies required additional support. All events have met one or more of the criteria for the provision of emergency Defence Assistance to the Civil Community as articulated in the Queensland Disaster Management Arrangements.\(^\text{14}\)

The Queensland Government acknowledges ADF assistance in natural disaster relief and response can be financially costly. However, it is important this capacity is maintained for large-scale events or for local emergency assistance, especially given the predicted increase in frequency and/or severity of disaster events. While local governments and Queensland Government agencies have improved their disaster management capabilities since recent disaster events, the vital support of the ADF has assisted communities with their recovery.

**Recommendation 9** - existing ADF capacities for disaster response are maintained or enhanced, including: delivery of critical supplies; reconnaissance; safety and security; removal of debris and clean up assistance; repairs and engineering and utilities works; air support and transportation assistance; search and recovery operations; logistical support; assistance with mass casualty and mass fatality management, including Queensland Government responsibilities under the Australian Government’s COMRECEPLAN, COMDISPLAN and OSMASSCASPLAN\(^\text{15}\); and evacuation support.

The Productivity Commission *Inquiry into Natural Disaster Funding Arrangements* is considering the allocation of funding between the different phases of disaster

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management, including risk management and mitigation measures. Should the Federal Government response to the Inquiry reduce the levels of assistance available to state and local governments for response and recovery operations through the Natural Disaster Relief and Recovery Arrangements, the ongoing support of the ADF will be vital when events require additional Federal Government support. As the Queensland Government outlines in its submission to the Productivity Commission Inquiry into the Natural Disaster Funding Arrangements

“…the Federal Government’s focus on realising the economic potential of Northern Australia… will see more infrastructure and services placed in an area that is susceptible to natural disasters. The Queensland Government supports the vision to capitalise on Northern Australia’s strengths and advantages in agriculture, cattle, energy, tourism, education and health services, but recognises the challenges that will arise due to tropical weather conditions.”

The ADF’s ongoing commitment to support Queensland communities following disaster events will be integral to the development of Northern Australia.

Future Infrastructure

The Queensland Government looks to work collaboratively with the Federal Government, including with Defence, to improve infrastructure to provide for the sustained growth of the Queensland economy, and which will assist Defence in its logistical needs, including the movement of defence personnel and equipment.

The Queensland Transport and Roads Investment Program (QTRIP) 2014-15 to 2017-18 outlines the 4-year program of $18.1 billion in works for transport infrastructure across local, state and national networks to achieve the Queensland Government’s priorities and

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ambitions for the state as well as preserving and maintaining the wider transport network for the safe and efficient movement of people and freight.

Drafted in collaboration with the Federal Government for works on the national network, QTRIP will deliver an $8.5 billion program to fix the Bruce Highway over 10 years (2013-14 to 2022-23). Works will improve safety, flood immunity and capacity, consistent with priorities outlined in the Bruce Highway Action Plan.

In addition, the $635 million Warrego Highway Upgrade Program will deliver safety, capacity and infrastructure regeneration and renewal upgrades at various locations on the Toowoomba to Miles section of the highway and will enhance safety and reliability of the transport network essential to the Surat Basin’s economic growth and the traditional agriculture and tourism industries.

Another key priority project is the Toowoomba Second Range Crossing (TSRC) project to construct a 41km bypass route to the north of Toowoomba, running from the Warrego Highway at Helidon to the Gore Highway at Atholvia Charlton, at a total cost of $1.606 billion, jointly funded by the Federal and Queensland Governments. This project will provide an alternative range crossing for the increasing traffic volumes that pass through Toowoomba and over the Toowoomba Range, especially heavy vehicles.

The Queensland Government’s *InfrastructureQ – the State Infrastructure Plan*, to delivered in early 2015, will identify a credible pipeline of projects to ensure sustained growth of the Queensland economy. The *InfrastructureQ Directions Statement*, summarises the key policies and features of the forthcoming *InfrastructureQ*.

Into the future, the Queensland Government’s *Strong Choices Investment Program* proposes to allocate $8.6 billion to 11 investment funds designed to support and stimulate economic growth around Queensland, including $1.5 billion in the Rural and Regional Roads Fund, $1.5 billion in the South East Queensland Roads Fund, and $700 million in the Rural and Regional Economic Development Fund.

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