

Defence industry in New South Wales

Site visit report

Canberra and Adelaide
October 2017



Site visit to Canberra and Adelaide

On 24 and 25 October 2017 the Standing Committee on State Development undertook site visits in Canberra and Adelaide in relation to its inquiry into the Defence industry in New South Wales.

Electro Optic Systems, Mount Stromlo, ACT

Formed in 1983, and publicly listed in 2004, Electro Optic Systems (EOS) is a leading Australian technology company operating in the defence and aerospace markets, and is the sole indigenous provider of military space based services and remote weapon stations for land based tactical platforms. EOS has a global presence with operating entities established in Australia, USA, Germany and Singapore. EOS Defence Systems currently operates from premises in Queanbeyan, New South Wales where it develops, markets, manufactures and supports remote weapon systems and related products for global military and defence.

The committee travelled to EOS's Mount Stromlo Observatory facility outside of Canberra and met with Dr Ben Greene, Chief Executive Officer, Electro Optic Systems, and Dr James Bennett, Space Environment Research Centre.

Dr Greene and Dr Bennet briefed the committee on the innovative work of EOS. Dr Greene briefed the committee on the operations of the EOS satellite laser ranging facility at Mount Stromlo, and the committee received a tour of the facility from Dr Bennett. The laser is part of a global network of some 30 observatories using laser light to measure distances to orbiting satellites.



Department of Defence, Canberra

The committee travelled to the Department of Defence, Brindabella Business Park, Canberra, and met with the following departmental officials:

- Dr Andrew Jacopino, Assistant Secretary Supplier Analysis and Engagement, Capability Acquisition and Sustainment Group
- Mr Matt Ramage, Assistant Secretary Industry Policy
- Mr Michael Frith, Acting Assistant Secretary, Material Procurement Branch, Capability Acquisition and Sustainment Group.

The committee discussed a range of Defence procurement issues including:

- how Defence procurement takes place and how procurement opportunities are advertised, and
- how Defence engages with defence industry to achieve value for money outcomes for Defence, but also promote the participation of Australian industry in the defence market.

ASC Pty Ltd, Adelaide

On the 25 October 2017, the committee travelled to ASC Pty Ltd at Osborne Naval Shipyard, Adelaide. ASC was established in 1985, and is wholly owned by Australian Government. ASC was the prime contractor for the design, manufacture and delivery of the Royal Australian Navy's fleet of six Collins Class Submarines. Upon completion of the Collins build program, ASC commenced a 25 year repair, maintenance and design upgrade program of the submarines, which is ongoing and will be phased out as the Future Submarine Program is implemented.

More recently, ASC was awarded the role of Shipbuilder for the Hobart Class Air Warfare Destroyer Project. The Osborne Naval Shipyard has also been confirmed as the build location of the \$50 billion Future Submarine Program.

The committee visited both the ASC North (Submarine construction and maintenance) and ASC South (Shipbuilding) facilities and met with the following representatives:

- Mr Stuart Whiley, Interim Chief Executive Officer
- Mr Martin Edwards, General Manager Submarine Capability Development
- Mr Colin Loudon, Production Manager
- Mr Schemko Bialek, Project Manager, Air Warfare Destroyer
- Ms Haley McDonald, Senior Communications Manager.

As well as a tour of the facilities, committee members discussed a wide range of issues impacting the Australian defence industry. This included:

- Australia must take steps to ensure that its sovereign capability interests are protected and maintained. Australian defence industry currently holds significant capability, however, areas of opportunity exist in asset design capability, as considerable IP is internationally based. In order to achieve improvements in sovereign capability, long term investment in industry, facilities, supply chains and workforce is required.

- Local industry can face challenges entering the supply chains of prime contractors as often decisions will be made overseas, and primes will tend towards using tried and tested, ‘low-risk’ supply partners. Therefore relationships between industry partners are important.
- Workforce challenges exist in securing and maintaining a workforce with the required technical skill set. Ongoing investment is required to develop the future workforce.
- While the physical build for the Future Submarine Program will take place in Adelaide, the opportunities for other state and territory based industry within the supply chains or future maintenance and sustainment work is recognised.

