

**Submission
No 4**

**INQUIRY INTO THE DEFENCE INDUSTRY IN NEW
SOUTH WALES**

Name: BlueZone Group

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NSW Parliament
Legislative Council
Standing Committee on State Development

6 June 2017

Inquiry into the Defence Industry in New South Wales

Our submission on the opportunities to incentivise and grow the defence industry in New South Wales to generate economic development is as follows:

Maximise opportunities for NSW-based companies from Defence's growing exports and investment in defence capability – in both acquisition and sustainment

- 'Australian Industry Involvement (AII)' and similar programs must be regulated to ensure that genuine activity takes place in NSW in acquisition
- Genuine activity means local production of complex manufactured items that enables engineer-to-engineer collaboration and discussion during production
- Local companies should receive special consideration during acquisition where experience gained in acquisition work will lead to long-term benefits in sustainment
- Focus on 'lowest cost' acquisition will always lead to advantages for overseas suppliers and ignores the many years of sustainment often required for Defence technology
- Exports must be supported by Defence acquisition of locally developed technology

Encourage defence industry innovation, research and education including developing the future workforce

- Target mechatronics/robotics at University of Newcastle as key enabler of the future unmanned battle space
- Build on the TAFE NSW 'SkillsPoint' for Innovative Manufacturing, Robotics & Science established in Newcastle
- Support industry for acquisition of new tools and technologies e.g. additive manufacturing (3D printing), robotics & mechatronics
- Support continuation of programs such as 'Supplier Continuous Improvement Program' (SCIP) that enable training at all levels in a workforce (technician, engineering, administration & business)
- Incentivise academic organisations to seek collaboration with SME businesses in commercialisation-focused research

Identify targets, programs and projects for defence spending in New South Wales

- Identify NSW as the lead State for maritime Unmanned Surface Vehicles and Unmanned Underwater Vehicles
- Build on University of Newcastle program for 'Maritime RobotX' – one of only three Australian universities competing in a global robotics competition
- Target establishment of a 'sovereign capability' for unmanned maritime vehicles in NSW through academia (University of Newcastle), TAFE and BlueZone Group experience in Unmanned Surface Vehicles and Unmanned Underwater Vehicles

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Maximise the economic benefits of locating defence force bases and defence industry in the regions

- Build on natural advantages such as the Port of Newcastle to re-establish Newcastle as a small ship construction, repair and maintenance capability
- Build on established infrastructure such as the ship-lift at Newcastle, purpose built for construction of six 'Huon' Class Minehunter Coastal ships
- Establish Newcastle as a submarine operational base with open water access for submarines
- Leverage the strong Hunter technical workforce that provides a ready supply of technical trades who can live and work in the region at less cost than in the Sydney basin

How to establish and sustain defence supportive communities

- Consider the example set by San Diego for support of defence communities operating in the city & surrounds
- Consider the San Diego example of a focus on 'BlueTech & Blue Economy' maritime technology space generating industry & jobs

Further enhance collaboration between the NSW Government and Commonwealth agencies

- Focus on NSW system of marine protected areas
- Implement 'best practice' use of robotic technologies for remote monitoring and management as a showcase for Commonwealth agencies
- Look to opportunities for commercialisation, industry and job creation resulting from leading-edge techniques of interest to global community

Any other related matter

- BlueZone Group (originally founded as ATSA Defence Services Pty Ltd in 2000) was the only 'start-up' resulting from the \$1bn Minehunter Coastal Project that saw six ships constructed 1994 to 2000 in Newcastle, NSW
- From founding by two partners, the company has grown to employ nearly 40 staff in 3 locations nationwide in high-tech, leading-edge jobs with diverse markets
- Defence is a high-technology buyer, and defence projects must be considered as a potential initiator or start-up companies
- Local start-ups are a 'win-win' – better support from industry to Defence to adapt to local conditions and sustainable job creation

Thank you for the opportunity to contribute to this inquiry

Yours Faithfully,

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About BlueZone Group

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In 2015 UVS and its sister companies ATSA Defence Services and UVS Trenchless were joined under a common umbrella, the BlueZone Group. These three companies share resources, offices and ownership and growth strategies for the group are centred around exploring and developing synergies between diverse markets in Australia. The common theme of all business operations is sales, support and service to customers operating in the challenging conditions of Australia's deep oceans, coastal seas, rivers and water infrastructure.

BlueZone Group maintains an Australia-wide footprint with 38 staff operating from offices and fully-equipped workshops in Newcastle, Melbourne and Perth. This model enables UVS to offer local service, backup and sales to customers across Australia in markets including Defence; Offshore Oil & Gas, Oceanographic; Hydrographic and Water Resources.

The strong sales capability of BlueZone Group is matched by a highly capable service and engineering capacity in underwater technology and systems engineering. BlueZone Group has completed multiple engineering projects for customers to meet tight deadlines and demanding operational conditions.

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