

Discussion paper  
response  
Submission  
No 38

## INQUIRY INTO DEFENCE INDUSTRY IN NEW SOUTH WALES

**Organisation:** McLean Management Consultants Pty Ltd and AMUSERV Pty  
Ltd

**Date received:** 17 March 2018

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**Not-in-Confidence**

**McLean Management Consultants Pty Ltd**

and

**AMARSERV Pty Ltd**

Submission to the inquiry into and report on opportunities to  
incentivise and grow the defence industry in New South Wales to  
generate economic development

For the



LEGISLATIVE COUNCIL

STANDING COMMITTEE ON STATE DEVELOPMENT

**Defence industry in  
New South Wales**

By

Michael McLean and Simon McEvoy

**12 February 2018**



12 February 2018

The Director  
Standing Committee on State Development  
Legislative Council  
Parliament House, Macquarie Street  
Sydney New South Wales 2000  
Internet [www.parliament.nsw.gov.au](http://www.parliament.nsw.gov.au)  
Email [statedevelopment@parliament.nsw.gov.au](mailto:statedevelopment@parliament.nsw.gov.au)

Director,

**NOT-IN-CONFIDENCE**

McLean Management Consultants Pty Ltd (ABN 93 003 502 510) and AMARSERV (ABN 31 905 782 330), are submitting a joint response to the 2018 NSW Defence Inquiry.

We are responding directly to the following Questions only:

**“Question 6**

What further steps can the NSW Government and the defence industry take to optimise its chance of success in securing Future Submarine basing and accompanying sustainment work on the east coast of New South Wales?

**Question 21**

- a) What further actions can the NSW Government take to provide additional support to businesses seeking to become ‘defence ready’? What form should this support take?
- b) What other examples of exemplar practice exist to support New South Wales industry become ‘defence ready’?”

Our submission and response to each question follows this covering letter.

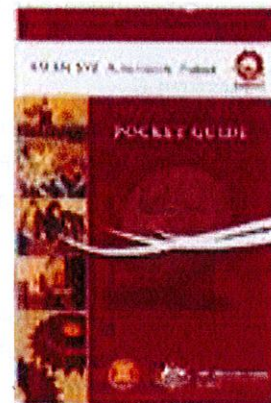
With respect to Q 6, McLean Management Consultants Pty Ltd has made one submission to the Rizzo Review and two related Commonwealth submissions as follows:

- **2011 Rizzo Review** – on risk mitigation strategies before Navy “Cut Steel”. (Chief of Navy 2015)
- **2015 Defence White Paper** submission on the “staged and partial relocation of FBE Garden Island”.  
<http://www.defence.gov.au/WhitePaper/docs/104-McLeanManagementConsultants.pdf>
- **2017 National Freight submission:**  
<https://infrastructure.gov.au/transport/freight/frieght-supply-chain-submissions/index.aspx>

For Q 21, Michael McLean of McLean Management Consultants Pty Ltd (MMC), has conducted several Supplier Development Programs for:

- **NSW Department of Industry and its previous NSW Manufacturing Council** to undertake independent research into industries that grow and attract investment and increase employment conducted under the International Marketing Institute of Australia, now Australian Graduate School of Leadership; the three industries identified were:
  - rail (it was suggested that should the automotive sector decline further in Australia then the rail sector but freight sector to support the road freight reductions, Inland Rail, Agriculture, Mining to contribute to emissions and greenhouse reductions for future international climate change targets)
  - clean /renewable energy, and
  - sustainable building and construction (all have been realised under the current NSW Government)

- **AusAID ASEAN Automotive Suppliers Development Program** through AMSAT International (ACT) and has published peer reviewed journal articles on the benchmarking then Australian Motor Vehicle Manufacturers and their Tiered Suppliers against similar ASEAN Automotive Federation members as they compete with “CHINDIA” (Kotler) IJQRM [A study of quality management practices in TQM and non-TQM firms Findings from the ASEAN automotive industry](#)

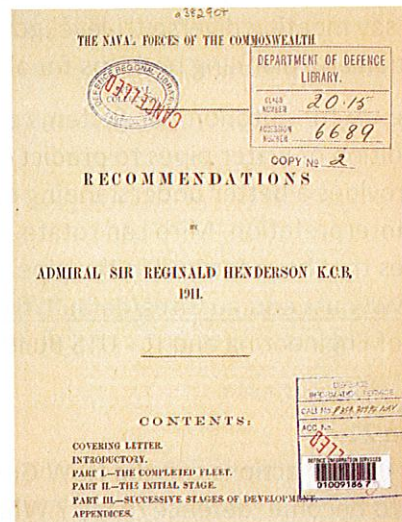
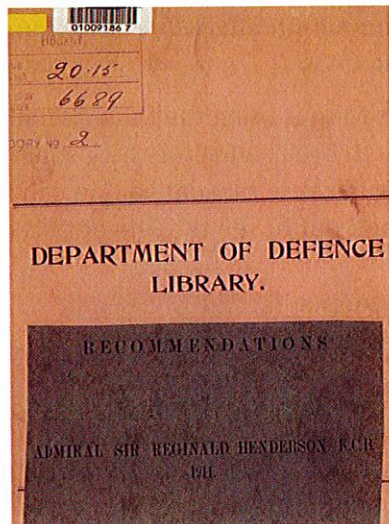


- **CASG Maritime Systems Division Independent Review and Benchmarking** [through Goal Group] of the Divisional Assurance Plan and Scorecard to evaluate all Royal Australian Navy suppliers (Primes and Tiered supply chains in Australia) and benchmark the DAP against other benchmarking approaches (which this submission refers)
- The **Commonwealth – Automotive Supplier Development Program** and Improvement Strategies through GM Holden to assist their Australian Suppliers improve performance against GMH’s key metrics of Safety, People, Quality, Responsiveness and Cost to supply them to their contracts but also to prepare them to diversify and sustain such Quality System Basic disciplines to enter other industries/sectors (aka Marand VIC)

## Question 6 response

### It is worth being cognizant of a notable historical defence report for context

This 1911 Report provides useful historical and national assessment for the location of the ‘Naval Forces for the Commonwealth’ by Admiral Sir Reginald Henderson KCB.



Refer Page 11 – location for the first Submarine flotilla – Port Stephens, NSW.

11. Port Stephens is also a very good harbour. My proposals only suggest its use as a Submarine Base for the present, but it should be surveyed and examined thoroughly, and land reserved, with a view to possible requirements of future Naval expansion.

MMC 2015 Defence Whitepaper Submission, recommended the staged relocation of some berthing, repairs and sustainment from Fleet Base East Garden Island to other NSW Ports.

<http://www.defence.gov.au/WhitePaper/docs/104-McLeanManagementConsultants.pdf>

Although Port Stephens is mentioned above, there would other reasons Department of Defence, RAN and CASG and its Defence primes could explore, and model. The NSW Government and Sydney Port Authority would have a view too on the increased cruise ship berthing and the value that tourism brings to NSW. We recommend and to be explored by the UTS Data Arena technology, and would suggest the following ports for future submarines:

1] Yamba then 2] Port Stephens 3] FBE could be “an ideal (port for) securing Future Submarine basing and accompanying sustainment work on the east coast of New South Wales”. [Other ports would be subject to Potential Intelligence Collector(PIC) issues].

### 360-degree Modelling and Simulation capabilities of UTS

Like other organisations, and for NSW Government could utilise the University of technology, Data Arena, to ‘see’ how all RAN bases and assets interface with the various current and future locations of the RAN fleet.

It would as have Sydney Water have done, model/simulate (with sufficient data) the location and support of the community and others infrastructure assets and tertiary education, housing/accommodation, freight and passenger transport, ports and access, through this Data Arena 360-degree facility.

It can be difficult to see and comprehend such interplay and for future RAN basing and seeing how the Defence and other suppliers wishing to supply Defence and armed services, the Data Arena would enable the Government to plug in different scenarios and allow objective assessments of what could be immediate, mid-term and in defence a 50 year long-term horizon (as the last Future Submarine is delivered and could be nuclear powered) to balance the needs and expectations of its stakeholders.

<https://www.uts.edu.au/partners-and-community/data-arena/how-can-it-help-your-business>

It may be opportune to model aspects of current or future operations and show how various / operational conditions and say meeting diverse tri-level government planning requirements, can impact the optional designs, operation and planning horizons for all armed services and CASG.

“UTS Center for Autonomous Systems professor Jaime Valls Miro is using the Data Arena to assess the condition of water pipes to predict when they are likely to break and says the visualization room provides a better understanding of what is happening because raw data alone can lead to a limited interpretation. Miro can rotate, turn, and zoom in and out to see the fine details of cracks and holes that have formed in the pipe.”

[http://www.uts.edu.au/sites/default/files/UTS%20Data%20Arena\\_fact%20sheet.pdf](http://www.uts.edu.au/sites/default/files/UTS%20Data%20Arena_fact%20sheet.pdf)

Faculty of Engineering and IT - UTS Building 11, 81 Broadway, Ultimo.

#### Responses to:

##### Question 21

a) What further actions can the NSW Government take to provide additional support to businesses seeking to become ‘defence ready’? What form should this support take?

b) What other examples of exemplar practice exist to support New South Wales industry become ‘defence ready’?”


a) What further actions can the NSW Government take to provide additional support to businesses seeking to become ‘defence ready’? What form should this support take?

1. Develop and fully resource an implementation plan over three horizons that defence and its Primes require to consider in their strategic plans, tactics and operational support to operate and sustain their assets and resources
2. Support the Primes through the Centre for Defence Industry Capability in their Supplier Improvement Program whereby the Defence Primes select and encourage their tiered suppliers to have an independent Business Evaluation of the supplier’s business finances, marketing, business model, systems, people, location and other functions, to be considered for supplying that and other primes
3. Support the industries that are not Defence capable but do have capacity and competencies, to consider the CDIC support (For business with an ABN and between \$1.5m - \$100m
4. Support Defence Suppliers that will need to have additional international certifications, for such defence Prime, US and NATO Defence agency management systems and conformance as Lockheed-Martin debrief to SADIG and CDIC Defence and non-Defence NSW Business by the author such as ISO 9001:2015 Quality Management; ISO 14001 Environmental Management; ISO 10005 Quality Plans; ISO 10007 Configuration Management; ISO 27001 Information

Security; ISO 55001 Asset Management; ISO 50001 Energy Management; AS 2561 (Quality Costs) and AS 4536 (Life Cycle Costing)

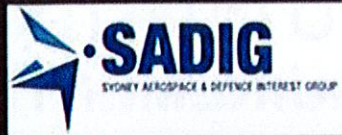
L-M: <http://www.lockheedmartin.com/content/dam/lockheed/data/uk/documents/QM003.pdf>

## NSW Defence Ready Supplier briefing – Learning from the JSF F-35, DoD CAS Group, Primes, Standards




**AIDN**


**Power of Collaboration**



**SADIG**  
SYDNEY AEROSPACE & DEFENCE INTEREST GROUP

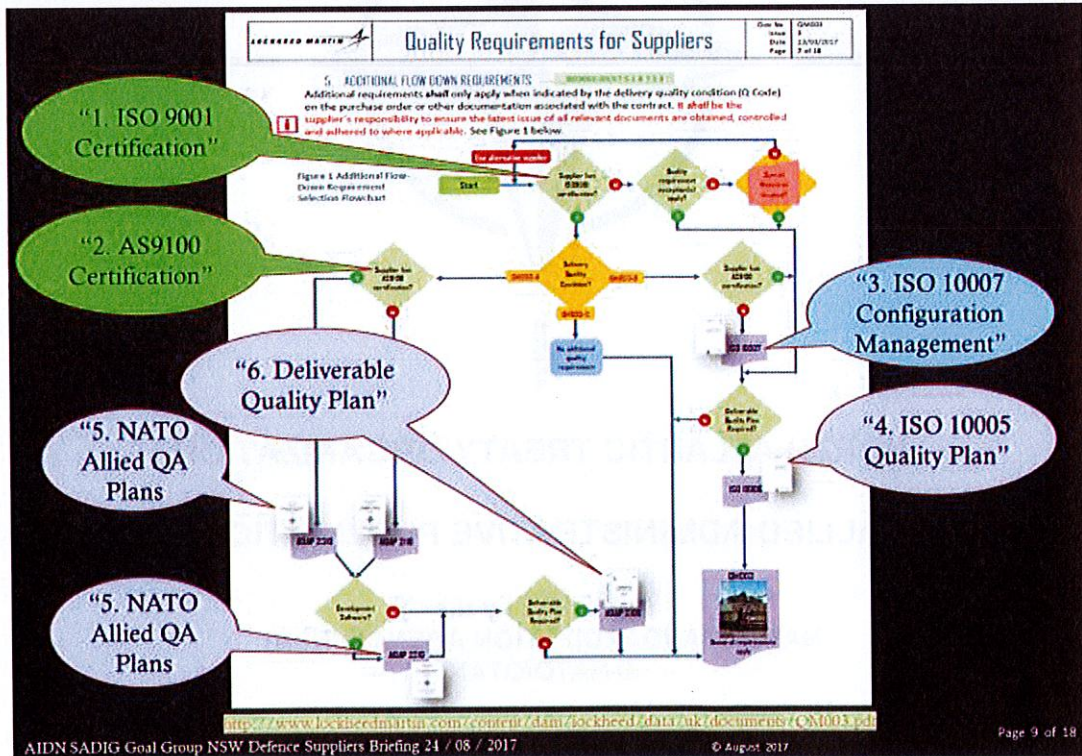


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Goal Professional Services Pty Ltd  
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**24 August 2017**  
**City Tatts, Sydney NSW Australia**

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NATO: <https://standards.globalspec.com/std/10027931/nato-aqap-2110>

# **NATO STANDARD**

## **AQAP-2310**

# **NATO QUALITY MANAGEMENT SYSTEM REQUIREMENTS FOR AVIATION, SPACE AND DEFENCE SUPPLIERS**

**Edition A Version 1**

**April 2013**



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**ALLIED ADMINISTRATIVE PUBLICATION**

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5. Support Defence Suppliers to align to the CASG Process Framework

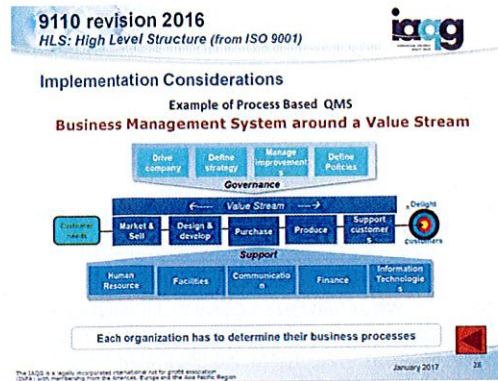
## Mitigating Supply Chain Risks – AS 9100D:2016 and DoD CASG

[https://www.sae.org/iaqg/projects/9110-2016\\_changes\\_pres.pdf](https://www.sae.org/iaqg/projects/9110-2016_changes_pres.pdf)

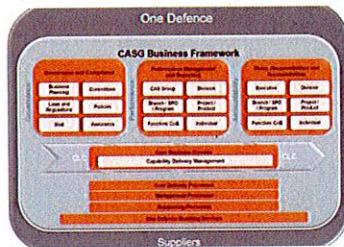
Like Automotive with Process Layered Audits, AS 9100D

**Certified organizations will be audited for their effectiveness:**

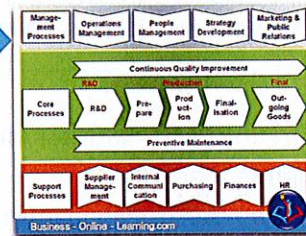
a **PEAR sheet (Process Effectiveness Assessment Report)** will be established by the certification body auditor for all Operation Processes (refer to AS9101)



DoD CASG to Primes to Suppliers “process interface and interrelationships”. CASG Smart Buyer



[http://www.defence.gov.au/CASG/NewsMedia/DMOBulletin/Business\\_Framework](http://www.defence.gov.au/CASG/NewsMedia/DMOBulletin/Business_Framework)




2/10/2018 Dept IIS EP Learning Event – Ourimbah NSW 20180209

6. Support Defence Suppliers develop process-based ISO 9001:2015 Quality Management systems as a basis for and required by Aerospace, Space, Defence industry for AS9100D:2016 and Automotive IATF 16949:2016

**Your [Certified] ISO MSS is to be documented by Business Processes NOT an ISO Standard**

TRANSITIONING from ISO/TS 16949:2009 to IATF 16949:2016



**AIAG** **Plexus INTERNATIONAL**

**“An organization is not required to reflect the new ten-clause structure and terminology in the documentation of their organization’s quality management system.**

The purpose of the new structure is to provide a clear presentation of the requirements; it is not intended to be a model for documenting an organization’s policies, objectives and processes.

If an organization’s quality system documentation is currently aligned based on the structure of a previous standard, you are encouraged to consider realigning your documentation according to your organization’s value stream instead. Aligning the QMS with the business structure allows organizations to customize their documentation based on their unique business needs.

Too many organizations impose a structure tied to the standard that is neither natural nor easy to understand within the organization.


AIDN SADIG Goal Group NSW Defence Suppliers Briefing 24 / 08 / 2017 © August 2017 Page 15 of 28

Yours faithfully MMC Pty Ltd and on behalf of Simon McEvoy of Amarserv,

Michael W McLean FAICD, FIMC CMC, FAOQ, JM  
Managing Director

 McLean Management Consultants Pty Limited (Est 1988)

-  ISO TC 176/WG 26 Taskforce 5 Convener for Integrated Use of Management System Standards HB Revision
-  ISO TC 176/SC2 Working Group 26 Member for ISO 10005 Quality Plans Guidelines Revision
-  ISO/TC176/TG02 – Member for ISO 9001 Brand Integrity project

 Nominating Organisation Delegate to  for:

- QR-008 Quality Committee ISO 9000/9001:2015, ISO 9002, ISO 9004:2017
- QR-008 Quality Committee Convener for HB-139 'A process approach for integrating management systems'

**SAI Global** Whitepapers <https://infostore.saiglobal.com/en-au/Standards/EMBEDDING-RISK-ISO-9001-SET-2017-1919583/>



CMC (Certified Management Consultant) is an international certification mark awarded by the Institute of Management Consultants Australia.

Simon McEvoy CMD - RANR, FAIN, MBA, JP

- Commander – RANR.
- Fellow – Australian Institute of Navigation.
- Justice of the Peace – NSW.
- Harbour Master – commercial and Australia's largest naval port and dockyard
- Delegated to exercise the Functions of a Harbour Master in the minor ports of:
  - Coffs Harbour, Lord Howe Island, Trial Bay, Port Macquarie,
  - Broughton Island and Port Stephens
- Pilotage - licenced as a pilot – commercial and naval, and pilot exempt ship master.