



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

Federation Chamber

PRIVATE MEMBERS' BUSINESS

Defence Industry

SPEECH

Monday, 26 March 2018

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker	O'Brien, Ted, MP	Question No.	

Mr TED O'BRIEN (Fairfax) (12:38): I'm delighted to stand in the chamber today to support the member for Fisher with this motion, because I don't think there are many areas of policy that demonstrate the difference between this coalition government and the Labor Party like that of defence. There is a \$200 billion recapitalisation program that is starting to make up for years of absence in this policy space. We all know there is no greater responsibility for government than the protection of its people—the safety and security of Australians. As this motion notes, we need to ensure that not only are we protecting Australians but we also have an industry that is sustainably doing so over the longer term. And that is why our Defence Export Strategy aligns perfectly with our defence industry strategy—about the need for us to build sovereign capability, capability in defence which is owned by Australians and defence products that are manufactured by Australians, so that as time goes on our Defence Force is truly a strong, sovereign Defence Force, a Defence Force that has an industry behind it with the intellectual property owned in Australia by Australian based companies. Only if we own the IP, the intellectual property, can we ensure that we are always first in the class, best of breed with Australian product.

This motion also goes to the importance of small and medium enterprises in that industry supply chain, and it is absolutely vital. Let me use as an example the recent announcement by the Australian government of the Project Land 400, which was awarded to the company Rheinmetall Defence Australia. This contract, which is for the building of 211 combat reconnaissance vehicles, is really in the sweet spot for where the Australian government wants to see defence industry continue. It's in the sweet spot because, firstly, we are talking about the single best vehicle in the world, the vehicle that will provide the greatest safety to our troops on the ground. There are many people who have loved ones out there on the frontline. Should I ever have a loved one of mine on the frontline, I'd want them in one of these vehicles because they're the best.

Secondly, it aligns with our policy and our strategy because the intellectual property of key components of this vehicle, including the turret, is going to be transferred from Germany to Australia. It will be owned and domiciled here in Australia. When the vehicles are exported to the rest of the world, as other countries, including our allies, want to have the best 8x8 CRV in the world, guess where they will be coming from? Australia. Do you know where the steel is going to be made for that vehicle? The steel is going to be made here in Australia. We're talking level 6 steel, level 6 protection grade. It was built only in Europe, until this contract. Because of the incentives by the Australian government strategy, we will have steel built in this country and exported from this country which is equivalent to the best in the world when it comes to the protection of troops.

What's more, we have small and medium enterprises right across the country—in particular, in regional areas of Queensland—that will be feeding their products and services into this contract—a contract worth \$5 billion with a maintenance estimate of \$10 billion. That's \$15 billion that will mainly go to businesses residing in Australia. When each of those small and medium enterprises joins that supply chain, it's not just jobs that will be created but long-term careers for all the people who join those companies. Those companies themselves have their own intellectual property, and, when they join such supply chains, their intellectual property will grow and refine. That is how we as a country develop a sovereign expertise, and that is why this government is so right with its policy when it comes to defence industry.