



THE HON. JOEL FITZGIBBON MP Minister for Defence

Saturday, 2 May 2009

GOVERNMENT TO SUPPORT DEFENCE PRIORITY INDUSTRY CAPABILITIES

As part of the 2009 Defence White Paper, the Minister for Defence, the Hon Joel Fitzgibbon MP, outlined the Government's commitments to Defence's Priority Industry Capabilities.

"The Government is committed to ensuring that certain strategic industry capabilities remain resident in Australia. The Australian Defence industry plays an important role in support of Australian Defence Force capability – from the provision and maintenance of military equipment to the delivery of a wide range of support services," Mr Fitzgibbon said.

Priority Industry Capabilities are defined as those industry capabilities that confer an essential strategic capability advantage by being resident within Australia, and which, if not available, could significantly undermine Defence self-reliance and Australian Defence Force operational capability. For these capabilities the Government is prepared to intervene in the market to ensure that Priority Industry Capabilities remain healthy and available.

"Growing local Defence industry will require ongoing investment in skills development, workforce growth and improved productivity," Mr Fitzgibbon said.

"The Government will remain closely engaged in Defence industry policy to ensure Australian industry provides the maximum support possible to the Australian Defence Force while maintaining control of cost, schedule and quality."

Priority Industry Capabilities will be derived from and approved as part of the Defence Planning Guidance considered annually by Government. Defence will monitor a range of industry capabilities and, where necessary, provide recommendations to Government on appropriate intervention strategies to support specific Priority Industry Capabilities.

Possible intervention strategies might include demand management by Defence, export promotion and support, skills development, investment facilitation and long-term contracting arrangements to assist firms in terms of access to finance and productivity investment decisions.

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“An important new support mechanism for Priority Industry Capabilities will be the establishment of Priority Industry Capability Centres of Excellence at a cost of \$9 million over the next four years,” Mr Fitzgibbon said.

These centres, which will be established in partnership with industry, will have a number of roles including managing skill enhancement programs, targeting research and development activities and exploiting commercialisation and export opportunities.

The Government has decided not to publicly identify in detail the specific capabilities which are likely to attract Priority Industry Capabilities support as doing so may confer an advantage to an adversary which, in turn, might seek to threaten critical strategic vulnerabilities.

Publication of the Priority Industry Capabilities could also compromise Defence's commercial leverage. However, companies that provide a priority industry capability may be made aware if interventions are required.

The 2009 Defence White Paper represents the most comprehensive statement on Defence ever produced. It affirms the Government's commitment to the defence of Australia, the protection of our sovereign interests and the security and stability of our region.

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