
Sent: Friday, 15 August 2008 17:25
To: White Paper
Subject: WWW Submission: 8. Defence Industry [SEC=UNCLASSIFIED]

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Submission: Oceanic Solutions Pty Ltd provides consultancy services to a number of Original Equipment Manufacturers (OEMs) and Small to Medium Enterprises (SMEs).

This submission focuses on the plight of Australian SMEs, which the Government has, quite rightly, described as "powerhouses of innovation". However, Oceanic Solutions understands that the two Defence funding streams that SMEs often aspire to tapping into, namely the Capability & Technology Demonstrator (CTD) Program; and the Minor Capital acquisition program; had their funding levels reduced in 2008. This has diminished the opportunities for SMEs. Additionally, the CTD Phase 2 program seems to have stalled, with Defence unable to decide how these programs should be managed. CTD funding should be restored to at least 2007 levels, with management outsourced to professionals as it currently is.

SMEs are a fundamental element of Australia's national security, productivity and innovation. As well as those SMEs involved in through life support and in maintaining defence equipments, SMEs assessed by Defence as being 'critical' should include some that are smart innovators, e.g. of combat systems, networking systems, data fusion and display.

A current mantra of Defence and Government is that Prime Contractors should foster SMEs. It is Oceanic Solutions' opinion that Primes look after themselves first and foremost, and have little or no interest in nurturing creative and innovative work in SMEs. Defence and Government should nurture SMEs through CTDs, Minor Projects, and sole source contracts where products and systems clearly fill gaps in capability in order to give the Australian Defence Force the 'smart edge'. The Government is too reluctant to back winners from Australia. As Military Off the Shelf (MOTS) purchases from overseas vendors become more prevalent it will be vital to harness bright ideas from Australian SMEs to give us the smart edge over other countries that have the same or similar platforms.

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