

Secretary's Opening Statement: Estimates February

2024

Chair and Senators,

Defence has had a busy start to the year.

We are accelerating several critical bodies of work to implement the Government's priorities, building on the substantial progress made in 2023.

Defence continues to implement the Government's response to the Defence Strategic Review, with a focus on the Government's six immediate priority areas.

Key milestones since the last hearing include:

- agreement on a land exchange for the new submarine construction yard to be built at Osborne;

- announcement that Australia will start manufacturing Guided Multiple Launch Rocket System (GMLRS) missiles from 2025;
- supporting the growth and retention of a highly skilled Defence workforce, the Minister for Defence Personnel announced last month that approximately 85 per cent of eligible personnel have accepted the continuation bonus offer; and
- as part of efforts to lift our capacity to rapidly translate disruptive new technologies into ADF capability, the Government announced an additional \$399 million for the ongoing development of the MQ-28A Ghost Bat.

Work to develop the inaugural National Defence Strategy is almost complete.

Defence will present to Government for its consideration a fundamental reform of Australia's defence strategy, planning, force generation, posture, preparedness, force employment, and international engagement.

As part of this process, the Defence Integrated Investment Program will be reprioritised to fund immediate and longer-term investments to deliver an integrated focused ADF.

These reforms and reprioritisations align with the intent and recommendations of the Defence Strategic Review.

Since the last hearing, the government introduced significant new legislation to reform Australia's regulatory framework protecting our defence technology and information. This is part of a joint project with the US and UK to create a seamless defence industrial base with a licence free environment for Australian exports –

essentially an FTA for defence industry. This step is one of the biggest defence reforms in decades. It will be fundamental to progressing AUKUS and will unlock significant opportunities for Australian defence industry

The scale of US reform also illustrates Washington's commitment to AUKUS. Passage of the 2024 National Defense Authorisation Act through the US Congress on 14 December 2023, paves the way for the removal of all licencing requirements under the US International Traffic in Arms Regulations (ITAR), a policy objective of successive Australian governments for two decades.

The importance of this milestone is hard to overstate, especially in taking forward a conventionally armed, nuclear-powered submarine capability for Australia, which the Deputy Prime Minister has made Defence's top priority. We are accelerating workforce growth,

development and recruitment. Our first two cohorts of Royal Australian Navy officers have graduated from the US Nuclear Propulsion School and our first sailors have commenced their training.

The strength of that commitment is evident throughout the US Defense establishment, as I saw for myself at the Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility, where I met Australian industry personnel who are learning how to maintain these complex capabilities in preparation for the commencement of maintenance activities at Submarine Rotational Force - Fleet Base West.

Over the next 12 months, we will see a range of key milestones in this program – establishing the new specialised regulator for Australia's submarine enterprise, delivering the initial operating capability for

the Skills and Training Academy and key initiatives to deliver urgent industrial base growth.

The Director General of the Australian Submarine Agency will speak in further detail about the progress we have made on AUKUS Pillar 1.

We are deepening our diplomatic and defence partnerships with key partners in the Indo-Pacific.

Since the last hearing, Defence has supported the Deputy Prime Minister to participate in the Second India-Australia 2+2 Ministerial Dialogue and we hosted the Indian Armed Forces for Exercise Austrahind.

For the first time, ADF personnel have participated in both Exercise Yama Sakura and Exercise Keen Edge with Japan and the United States, which reinforce our existing activities, like helping enforce UN Security

Council sanctions on North Korea's illegal nuclear weapons program.

Engaging with our partners across the region is more critical than ever as the global order remains fragile.

Russia's illegal war against Ukraine drags on. The Middle East remains as volatile as ever, following Hamas' attacks of 7 October 2023. Houthi interference with shipping in the waters around the Arabian Peninsula is disrupting global trade.

In response, we have tripled our personnel contribution in support of maritime security operations in the Middle East and have provided support for the US-led coalition's strikes against Houthi targets. We are committed to working with our partners to uphold the rules-based order in the maritime domain and the central principle of freedom of navigation.

I thank the Committee for its indulgence and I now pass over to the CDF.