

## **Secretary's Opening Statement: 15 February 2023**

I thank you for the opportunity to make this opening statement.

Chair and Senators, next week will mark one year since Russia's illegal invasion of Ukraine<sup>1</sup>.

This is a conflict that continues to have significant strategic implications for us all.

If Russia's brutal invasion succeeds, it sends a message that belligerent states can achieve their objectives by military aggression.

This is a precedent we can never accept, be it in Europe or in the Indo-Pacific.

That's why Australia has provided Ukraine with approximately \$655 million dollars in support, including \$475 million dollars in military assistance.

Defence has stood up ADF Operation KUDU to deliver Australia's military support, including

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<sup>1</sup> Russia invaded Ukraine on 24 February 2022.

Australian-produced Bushmaster protected mobility vehicles and M113 armoured vehicles.

Australia's steadfast contribution to Ukraine's defence is an investment in a future in which military power does not determine international boundaries or a sovereign government's right to make its own strategic choices.

Defence's assistance to Ukraine is occurring in the context of significant regional and domestic Defence commitments.

We continue to prioritise defence and security engagement with our Pacific neighbours.

In December, Australia and Vanuatu signed a Bilateral Security Agreement, cementing our ability to work together in a range of security areas.

In January, the Prime Minister announced that we would seek to conclude negotiations on a bilateral security treaty with Papua New Guinea by the end of April this year.

Defence is working across government and with our colleagues in Papua New Guinea to implement this commitment.

Defence has also been providing significant domestic assistance.

Since the last Estimates hearing, Defence has assisted Victoria, New South Wales, South Australia and Western Australia following severe flooding.

Natural disasters in remote regions of Australia, like the Kimberley, are particularly challenging.

The Chief of the Defence Force and I are proud of the agility and responsiveness demonstrated by our personnel in responding to the wide scale flood emergencies.

As the Prime Minister and Deputy Prime Minister announced yesterday, the Defence Strategic Review Independent Leads, His Excellency

Professor Stephen Smith and Sir Angus Houston have finalised their Report. Sir Angus Houston presented the final report to the Prime Minister and Deputy Prime Minister yesterday.

The Review was an independently led examination of Australia's Defence force posture, force structure and capability, and Government will now consider the report and its recommendations.

The Deputy Prime Minister has indicated that after appropriate consideration, the Government will make public its response to the Defence Strategic Review.

The CDF and I are committed to delivering the Government's directions to Defence following its consideration of the DSR's recommendations.

Defence is working closely with our AUKUS partners, the United Kingdom and the United States, to develop the optimal pathway for Australia's acquisition of conventionally-armed nuclear-powered submarines.

We are on track for an announcement this quarter.

The acquisition pathway is more than just the platform.

We have also been assessing the safety, security, workforce and industrial base requirements to deliver Australian nuclear-powered submarines.

AUKUS partners are working together in close consultation with the International Atomic Energy Agency.

We are working to develop a safeguards and verification approach for Australia's acquisition of naval nuclear propulsion that will set the highest possible non-proliferation standards, and strengthen the integrity of the global nuclear non-proliferation regime.

Progress on developing advanced capabilities under AUKUS Pillar II has also been a high priority for Defence.

AUKUS is maturing as a genuine trilateral partnership, where partners engage as equals, mutually respectful of each other's sovereignty and focused on the rapid delivery of cutting edge capabilities that are relevant to all of us.

The AUKUS partnership will help us maintain our capability in the Indo-Pacific into the future, and complement our collective efforts to ensure regional stability and security.

The Government has commissioned Defence to prepare a new Defence Industry Development Strategy, informed by the Defence Strategic Review.

The Strategy will establish the framework for, and articulate the principles and direction of, defence industry policies and initiatives for the foreseeable future.

The Strategy will reflect the reality that shrinking strategic warning times and rapidly advancing technology mean that Australia must innovate quickly, and increase our industrial capacity in priority areas to deliver and support defence capabilities.

Our planning is focused on a strong sovereign defence industrial base that also leverages our close allies and partners' technology and industrial bases.

The Government and Defence are prioritising the establishment of the Guided Weapons and Explosive Ordnance Enterprise.

We are delivering the Enterprise through three parallel lines of effort: accelerated acquisition of guided weapons, increased local maintenance and domestic manufacturing.

In recognition of the scale and complexity of the Enterprise, Defence has established two new Guided Weapons and Explosive Ordnance-focussed divisions within the Joint Capabilities Group and the Capability Acquisition and Sustainment Group.

In January, the Government announced Defence has signed a contract with Kongsberg to deliver the Naval Strike Missile.

It was also announced that Defence will acquire the land-based, long range, surface-to-surface High Mobility Artillery Rocket System (HIMARS)

which includes launchers, missiles and training rockets.

While Defence has been able to leverage our strong and close relationships to ensure supply, the confluence of inflationary pressures, strained supply chains and growing global demand are having an impact on the price we pay.

That, in turn, has an impact on the Defence Budget.

It is one of the many and growing fiscal pressures that we currently face.

Hard conversations are ongoing within Defence to identify where funds can be redirected to meet our most pressing priorities.

This financial year we contributed \$146m in savings to the Whole of Government savings measure for Savings from External Labour, and Savings from Advertising, Travel and Legal

Expenses and an Ambitious and Enduring APS Reform Plan.

We expect this to grow in 2023-24 and beyond.

Achieving this saving will require Defence to look closely at its use of contractors versus APS and our Department is working to provide our Minister with a plan for reductions to our External Workforce numbers.

Defence has continued to support and facilitate closer engagement with our friends and partners.

Defence supported the Deputy Prime Minister's attendance at the Ninth ASEAN Defence Minister's Meeting-Plus (ADMM-Plus) in Cambodia and to Vietnam for the Inaugural High Level meeting of Defence Ministers.

Defence also supported the Deputy Prime Minister's engagements in the United States for the AUSMIN consultations followed by meetings in Japan. We also provided support to the Deputy

Prime Minister for his participation in 2+2 Ministerial Consultation with France and then for the AUKMIN Consultations in the United Kingdom. The Deputy Prime Minister also travelled to the US in February.

Australia's alliance with the United States remains fundamental to our security.

This year, Australia will host the 10<sup>th</sup> iteration of Exercise Talisman Sabre, the largest bilateral combined training activity between the ADF and the US military.

The Papua New Guinea Defence Force, the Republic of Fiji Military Forces, and His Majesty's Armed Forces of Tonga have been invited to participate in Exercise Talisman Sabre as part of the ADF contingent.

This will serve to further enhance our interoperability with the militaries of the Pacific.

Significant work is also continuing on a number of people-focussed reviews and inquiries, including the Royal Commission into Defence and Veteran Suicide, the Afghanistan Inquiry reforms, and efforts to recruit, retain and grow our workforce.

Building on the foundations laid by our Pathway to Change strategy, we are in the process of developing the next phase of our cultural reform program.

I thank the Committee, and welcome your questions.