

AAMA Opening Statement

The Association thanks the Committee for its interest in our formal statement to this inquiry.

Since our statement was submitted, the Terms of Reference of this inquiry seem to have been greatly expanded by adding an inquiry into many aspects of the Defence Materiel Organisation. I propose to confine this opening statement to some more observations, and they are no more than that, on the DMO.

I can understand how an outside body can be made responsible for procuring clearly identifiable items, like cans of baked beans, or more ammunition for an existing gun, or other items or even capabilities "off-the-shelf", even large and expensive items like additional transport aircraft but from an existing production line. There is clearly a need for efficient procurement processes in all of that and, unless particular modifications are also required or there are pressing time constraints, there should be little need for operational input.

I do *not* understand how a procurement agency that is dedicated to procuring such items in the most business-like manner can also be made responsible for managing major war-fighting projects, where scientific research, and operational strategic, intelligence and tactical inputs will need to direct the project throughout its development and production if the end-product is to be useful throughout its life in service.

The project management skills required seem to me to be quite different between maintaining the supply of baked beans and building a fighting ship or submarine. If the skills are different then I fail to see the justification for insisting that the responsibilities must remain within the one procurement agency.

Furthermore, it seems self-evident to me that, as much as possible, the people who will be expected to fight, and possibly die, in the outputs of "major defence capital projects", in this case ships and submarines, should have a major say in their capabilities. We should never again find ourselves in the reported situation when Cabinet was finalizing its position on the *Anzac* frigate project, when Prime Minister Hawke had to stop an interminable round of second-guessing by saying "Let the Admiral have his gun", referring to the 5" gun which has since proved so valuable.

If that is true, and the admiral involved said that it was before he died, then it calls into question Australia's defence decision-making processes and accountability at that time. We must never go back to those days.

Thank you.