



Budget 2016



Defence Investment

The 2016 Defence White Paper sets out the Government's vision to enhance Australia's defence capability, deepen our international security partnerships, and collaborate with defence industry and science and technology research partners in support of the nation's security.

We are investing in our defence to secure Australia. We are also investing to ensure that we continue to transition to our new economy of the 21st century.

Australia's defence capability edge is based on the quality of our training and the professionalism of our forces, in addition to Defence's ability to deploy, operate and sustain technologically superior capabilities that are networked to operate effectively together. Therefore we are ensuring that our defence industry is at the very cutting edge of technology developments.

The Government's significant investment in our defence and defence industries will also support long-term high skilled jobs in building, maintaining and sustaining cutting-edge defence ordinance and machinery.

A vibrant and strong local defence industry promotes innovation and technology, and provides advanced manufacturing jobs for Australians for decades to come. We will work to secure an advanced defence manufacturing industry here in Australia to drive new high-tech jobs for decades. We will ensure appropriate levels of skilling and technology transfer to our defence force and workforce.

The Government is creating an enhanced naval capability, both with surface ships and submarines, which ensures that for the first time we have a continuous naval shipbuilding industry in this country.

These acquisitions provide an additional boost to Australian industry and the Australian economy through the capacity we will have to engage and enhance our cutting-edge science and technology capabilities. There will be enormous potential knock-on benefits and enhanced opportunities for other Australian businesses supporting our defence industry.

Through our defence procurement program the Government is helping the transition into smart, high-value, export-focused industries in defence and across the entire Australian economy.

Defence industry transformation

Underpinning this defence transformation is the Government's commitment to grow Defence funding to 2 per cent of GDP by 2020-21.

The Defence Industry Policy Statement delivers a significant Defence capability modernisation program to provide the Australian defence industry with new opportunities to develop innovative technologies and deliver essential capabilities for our defence forces.

The Government will provide \$1.6 billion over the period to 2025-26 to fund:

- a Next Generation Technologies Fund to invest in strategic technologies (\$730 million);
- a virtual Defence Innovation Hub to encourage collaboration on innovation (\$640 million); and
- a Centre for Defence Industry Capability to help build the capacity of Australian industry to support Defence (\$230 million).

The Integrated Investment Program brings together for the first time all major elements of future investment in Defence capability – from specialist military equipment, through to Defence estate and infrastructure, information and communications technology, and the workforce – to create a comprehensive investment program for Defence. This provides greater transparency and certainty to industry on our Defence procurement plans, which was lacking under the former Labor Government.

A Naval Shipbuilding Plan for Australia

The Defence White Paper reaffirms the Government's commitment to a strong, internationally competitive and sustainable Australian naval shipbuilding industry.

In the most ambitious plan to regenerate the Navy since the Second World War, the White Paper sets out a range of new maritime investments, including:

- 12 regionally-superior submarines;
- 9 anti-submarine warfare frigates; and
- 12 offshore patrol vessels.

These capabilities are part of the Government's commitment to invest over \$89 billion in ships and submarines for the Navy over the next 20 years.

The next generation of Australian submarines meeting our unique capability requirements will be constructed in Adelaide in partnership with DCNS of France, subject to further discussions on commercial matters. This project is the largest and most complex defence acquisition Australia has ever undertaken.

The \$50 billion investment in submarines will directly support around 1,100 Australian jobs for decades to come and create a further 1,700 local jobs through the supply chain.

To support a continuous build of naval surface ships, the future frigates, offshore patrol vessels and up to 21 replacement Pacific patrol boats will be built in two Australian shipyards – major warships in Adelaide and minor vessels in Henderson, Western Australia.

These three projects, representing close to \$40 billion in investment, will directly sustain more than 2,500 Australian jobs and generate thousands of additional jobs with suppliers. There will be opportunities in both construction and sustainment activities around the country to participate in the Government's historic continuous naval shipbuilding strategy.

The Government is committed to maximising the opportunities for the Australian defence industry to participate in these programs. In particular, the new Centre for Defence Industry Capability will help small and medium enterprises identify opportunities to join the supply chains necessary to deliver these ambitious naval shipbuilding projects.