

THE NATIONALS
for Regional Australia

OUR PLAN FOR
GROWING
OUR SOVEREIGN
DEFENCE
INDUSTRY

GETTING
IT DONE 
for Regional Australia

Key points

The first duty of any government is to keep Australians safe and secure.

Only the Coalition can continue to deliver the **stronger economy** to invest in **stronger defence, stronger security and stronger borders**.

Today's world, including our region, is increasingly volatile. The global pandemic and its disruption to international supply chains also pressed home the need to ramp up a sophisticated onshore defence industry.

We're investing a **record \$270 billion** in the defence of our nation, including the build and upgrade of more than **70 naval vessels**; the build of **more than 1,300 vehicles for the Army**; and the design and build of the **first Australian-made uncrewed combat air vehicle**, the MQ-28 Ghost Bat – protecting Australians *and* **building our vital defence assets locally**.

This record investment will ensure our personnel are equipped with the **state-of-the-art Australian-made ships, vehicles, aircraft and submarines** needed to keep us safe.

We're committing more than **\$100 billion** over the next two decades to develop sovereign Australian weapons manufacturing. We're backing Australian businesses to **locally manufacture cutting-edge guided missiles and weapons**, so that we won't have to rely on overseas missile suppliers.

Our **\$9.9 billion REDSPICE cyber and intelligence package** will build our sovereign capabilities and create 1,900 jobs, ensuring that Australia is best prepared to respond to a rapidly changing strategic environment. **\$5 billion in opportunities** will be available to **Australian industry, including SMEs**, to support this critical work.

This historic pipeline of work is creating **more than 105,000 jobs**. We need many more Australians to fill these roles, which is why we are supporting engineering scholarships and internships, and investing in apprenticeships and traineeships.

A re-elected Coalition Government will:

- **expand our successful Defence Industry Pathways Program** for school leavers to develop a nationwide pipeline of work-ready trainees, with a **\$108.5 million investment over the next four years** that will build on the Morrison Government's \$10 million pilot program in 2021.
- **extend our successful Defence Industry Internship Program**, placing third and fourth year engineering students in small and medium defence industry businesses.
- continue to **evolve the innovation ecosystem to accelerate the development and acquisition of new warfighting capabilities, and drive commercial success**.
- invest **\$454 million to accelerate** the MQ-28 **Ghost Bat** program, which will result in an **additional 46 Australian companies** engaged on the program.

There are more than **15,000 small and medium businesses** in the defence industry and over the last four years, we've backed them in with almost **\$30 billion worth of contracts**.

And our **strong economic management** has enabled us to approve and start delivering **more than 156 major projects since 2016, valued at over \$135 billion**.

In **Queensland and Victoria, we are building more than 1,300 state-of-the-art armoured vehicles**, in **Western Australia and South Australia, we're building and upgrading more than 70 naval vessels**, and under the historic AUKUS deal Australia we will construct **nuclear propelled submarines** in South Australia.

In stark contrast, the last **Labor government gutted Defence**.

Labor slashed more than \$18 billion from the Defence budget and reduced Defence spending to its lowest level since 1938.

Labor did not commission a single Australian-built naval vessel.

Six years of Labor neglect and mismanagement put Australia's future security at significant risk. That damage that has taken years to repair.

In uncertain times, Australia's defence and security can't risk Labor.

Our Plan

The Coalition Government is **building local to defend our nation**. Across the country, our long-term Defence projects will deliver the next generation of cutting-edge, Australian-made technology for the ADF.

Our historic \$270 billion investment in defence will see high-quality, state-of-the-art ships, vehicles, aircraft and equipment **delivered by Australian workers**.

The Morrison Government's investment in the defence industry is creating jobs across the country, and building a skilled workforce that can adapt to, and change with, our priorities.

We're committed to ensuring Australian industry is positioned to meet defence's future requirements, **maximising high-tech jobs** and economic growth for a stronger future.

1. Building local to defend Australia

The Coalition is continuing its long-running investment in locally-built Navy vessels. Thousands of Australian workers and businesses are benefiting nationwide. In **South Australia** – where **at least 28 vessels are being constructed and upgraded** – over 5,000 South Australian jobs will be supported by 2030. These jobs are underpinned by our \$535 million investment in the Osborne South shipyard and securing land for the major expansion of the Osborne North submarine construction yard. Projects include:

- \$45 billion to build nine next generation Hunter Class Frigates.
- \$800 million to build two Arafura Class Offshore Patrol vessels, with both almost complete.
- Construction of at least eight nuclear propelled submarines in South Australia, creating thousands of jobs. Working with our AUKUS partners, the submarines will give our Navy unparalleled range and endurance to keep Australia safe.
- Up to \$6.4 billion on continued full cycle docking and life-of-type extension of our six Collins class submarines.
- Up to \$5.1 billion on upgrades to the combat management system of our three Hobart class air warfare destroyers.

A re-elected Coalition Government will invest up to \$30 billion in Western Australia on shipbuilding with the construction, and sustainment of more than 50 vessels. More than 2,000 local jobs are supported. In Western Australia, we're growing our sovereign shipbuilding and maintenance capability with up to:

- \$4 billion to build ten Arafura class offshore patrol vessels.
- \$500 million to build 21 Guardian class patrol boats for our Pacific neighbours.
- \$440 million to build eight evolved Cape class patrol boats.
- \$6.4 billion to build up to eight Mine Warfare and Hydrographic vessels.
- \$9 billion to build and equip undersea surveillance support ships.
- \$7.7 billion to build two joint support ships.

- \$600 million to build 12 replacement LHD landing craft.
- \$650 million to build a replacement for the Ocean Protector.
- \$2.8 billion to build future army water and landing craft.
- \$750 million to build a forward support vessel.
- \$2 billion to upgrade eight Anzac class frigates as part of the Capability Assurance Program.

Over \$670 million a year will continue to be invested in Full, Mid and Intermediate Cycle maintenance in South Australia and Western Australia for our six Collins class submarines, supporting more than 1,300 jobs nationally.

We will also invest **\$4.3 billion to build a large vessel dry-dock at Henderson**, so that we can construct and sustain large Naval and commercial vessels in Western Australia. This offers many new and exciting opportunities for local small and medium businesses.

The Coalition is backing Australian workers to deliver our next generation of Army vehicles and weapons, ensuring our diggers are protected on the battlefield. Local businesses have unprecedented opportunities to build this equipment. Our investment includes:

- 30 self-propelled howitzers and 15 armoured ammunition resupply vehicles that will be built in Geelong and Northern Tasmania – valued at \$1 billion and creating more than 300 local jobs, delivering on our 2019 election commitment.
- Building 211 new Boxer Combat Reconnaissance vehicles near Ipswich, Queensland, valued at \$5.2 billion and supporting almost 1,400 jobs nationwide.
- 1,100 Hawkei armoured 4x4s being built in Bendigo, valued at \$1.3 billion, supporting 210 local jobs and another 180 in the supply chain nationally.

Since 2017, the Coalition Government has invested more than \$150 million to support the design and build of the **first Australian-made uncrewed combat aerial vehicle, the MQ-28 Ghost Bat** (formerly known as Loyal Wingman). The joint RAAF and Australian industry team is **creating cutting-edge uncrewed capabilities using local manufacturing and digital technologies** to keep Australia safe as well as creating future export opportunities.

In partnership with industry, more than 35 Australian companies have already contributed to the Ghost Bat program, creating leading-edge military platforms for the ADF, strengthening Australia's defence industry, and growing our sovereign industrial capabilities. We will **invest a further \$454 million to accelerate this program** to deliver a further seven aircraft, which will result in the engagement of an **additional 46 Australian companies** and growth of more than **120 direct highly-skilled** engineering and technology jobs.

The Coalition's **\$9.9 billion investment in the Australian Signals Directorate's REDSPICE** package is the largest ever investment in Australia's intelligence and cyber capabilities that will triple our offensive cyber capabilities and double our cyber hunt and response activities. It will offer **\$5 billion in opportunities for Australian industry**, including SMEs, with a focus on building sovereign capability in partnership with industry. It will also **support new employment pathways** through partnerships with educational institutions, particularly in the areas of data science and analysis, artificial intelligence, cyber security and ICT engineering.

2. Building our Defence industry workforce

The Coalition's record investment in the Australian Defence industry needs skilled Australian workers to do the job.

We're implementing a range of dynamic initiatives to attract, train and retain the workers we need now and into the future. These include:

Expansion of the Defence Industry Pathways Program

A re-elected Coalition Government will **expand our successful Defence Industry Pathways Program** for school leavers to develop a nationwide pipeline of work-ready trainees for defence industry, with a **\$108.5 million investment over the next four years** that will build on the Morrison Government's \$10 million pilot program in 2021.

The program **fully funds** trainee wages (of around \$45,000) and expenses such as personal protection equipment. Trainee numbers will be boosted to up to 500 a year, for a total of **1,500 trainees by 2025-26**.

Graduates will develop the skills and knowledge to start an important and rewarding career. More than 50 defence industry businesses have registered to host and mentor the 120 trainees already participating at Henderson in the pilot. **More than 30 per cent of trainees are women**, increasing to a target of **at least 40 per cent** over the next four years.

We will work closely with defence industry and training organisations, particularly in regions offering **defence industry growth and jobs**. This includes:

- Newcastle and the Hunter region (aerospace).
- Sydney and surrounds (maritime and aerospace).
- Cairns (maritime).
- Townsville (land and aerospace).
- Brisbane and surrounds (land and aerospace).
- Darwin and surrounds (maritime, aerospace and land).
- Perth and surrounds (maritime, aerospace and explosive ordnance).
- Adelaide (maritime, aerospace and land).
- Bendigo (land).
- Benalla and Mulwala (explosive ordnance).
- Melbourne and surrounds (maritime).
- Geelong and surrounds (land).
- East Sale (aerospace).
- Hobart and Launceston (maritime).

Extension of the Defence Industry Internship Programs

The Coalition Government is **extending our successful Defence Industry Internship Program**, placing third and fourth year engineering students in small and medium defence industry businesses.

We're committing **\$14.4 million to expand the program to 2025-26**, with 120 placements a year and building on our \$10.3 million investment in 2020.

Over **60 defence industry small and medium businesses** are already involved, with interns placed in every state and territory.

Our extension will set a **target of 40 per cent female participation**, helping to grow the number of women engineers in defence industry.

Almost half of the completed internships in 2020-21 were **offered continued employment** with the host businesses, which are considering another 15 per cent for **future positions** after they complete their degree.

Extension of the Skilling Australia's Defence Industry (SADI) program

The Coalition Government is **extending the Skilling Australia's Defence Industry Grants Program**. The program is designed to reduce barriers faced by small and medium businesses in the defence sector when upskilling or retraining staff; develop skills within defence industry SMEs; and support defence sector SMEs to establish HR and training plans.

We've invested a **further \$20.3 million** to extend this program to 2025-26, building on our previous \$39 million investment.

We've also expanded eligibility for funding to industry associations.

National Naval Shipbuilding Pipeline Scholarship Program

Our National Naval Shipbuilding Pipeline Scholarship Program is preparing engineering students for critical roles in shipbuilding.

We're covering the costs of third and fourth years of study, helping buy educational material and providing a 12-week paid work placement in the defence industry.

The Coalition's \$5.4 million investment from 2020-2023 is already supporting more than 70 engineering students from the Queensland University of Technology and the Royal Melbourne Institute of Technology.

These students are specialising in disciplines critical to the future of the shipbuilding industry, including computer and software systems, mechatronics, and mechanical, electrical and electronic engineering.

The scholarship also aims to support and encourage more women to enter engineering.

Following the first 12-month program, seven students have been offered ongoing employment with their host industry partner, with a further seven students offered graduate positions.

The Naval Shipbuilding College

Established by our Government, the Naval Shipbuilding College provides a coordinated, national approach to workforce development and skilling across the National Naval Shipbuilding Enterprise.

The College is working closely with industry to establish medium to long-term industry workforce needs.

3. Building our sovereign industrial capability

The Coalition is building a defence industry with the capability and resilience to help keep Australians safe. A strong, sustainable and secure defence industrial base is central to defending our national interests and is part of Australia's plan for a stronger future.

Building and maintaining a sovereign defence industrial base safeguards the Australian Defence Force's capability edge. It also means the Australian Defence Force can quickly integrate and respond to rapidly evolving technologies.

To ensure we are internationally competitive and innovative, we are focused on:

- a broader and deeper defence industrial base, where agile small to medium-sized enterprises (SMEs) are better placed to interact with Defence and global defence companies, while not solely reliant on Defence for their success.
- a strategic approach to ensure our investment in critical defence capabilities is prioritised, and Australian businesses are provided the maximum opportunity to be involved.
- an innovative and competitive defence industry with world-leading capabilities, developed through increased collaboration between defence, businesses, universities and the research sector.
- a robust defence industry export capability, where Australia's defence industry is a key player in international capabilities, providing greater stability for businesses across peaks and troughs in domestic demand.
- a Defence and industry partnership that enables Australia to position for the future by ensuring we have the right people and skills in the right places to respond to any change in the strategic environment, to seize opportunities and to manage increasing strategic and technological complexity.

Developing sovereign defence capability through innovation, science and technology

The Coalition will continue to back Aussie ingenuity and local businesses to develop those ideas that can give us the capability edge.

Over the next decade, we will **invest more than \$3 billion in Defence innovation, science and technology**. Our Defence innovation must create an edge in technological capability for our ADF.

A re-elected Coalition Government will:

- continue to **evolve the innovation ecosystem to accelerate the development and acquisition of new warfighting capabilities, and drive commercial success**. We will

draw on the recent Peever Review and remain consistent with the Defence First Principles Review.

We will streamline governance and reduce red tape, with new methods to leverage the way science, technology and innovation understand and solve warfighting problems. We will support industry with a focus on entrepreneurialism and commercial outcomes (particularly for dual-use technologies), venture capital and expanded export opportunities to our AUKUS, Five-Eyes and like-minded partners.

Our ongoing support builds on **almost \$600 million of Government investment in Australian businesses and research organisations since 2016** (through our Defence Innovation Hub and the Next Generation Technology Fund) so that we can build our sovereign capability and enhance the ability of businesses to develop cutting-edge ADF capabilities.

Sovereign Industrial Capability Priority Grant Program (SICP)

The Coalition Government has **extended the Sovereign Industrial Capability Priority Grant Program**, which supports Australian SMEs to supply capabilities critical to Defence. The grants will help Australian SMEs to invest in projects aligned with Defence's stated Sovereign Industrial Capability Priorities. These priorities ensure Australia maintains the skills, technology, intellectual property, financial resources and infrastructure for the ADF to achieve the Government's Strategic Defence Objectives.

The Coalition is investing an additional \$84.7 million into the program to extend it for another five years, effectively immediately.

We're backing local businesses to build up their sovereign and manufacturing capability to help our men and women in uniform keep Australia safe.

Since 2018, our Government has invested around \$70 million in the SICP to 105 Australian small and medium businesses. We're driving advanced manufacturing so we can build at home what we need to defend our country.

Capability Improvement Grant Program

The Coalition Government is continuing to invest \$3 million a year in our Capability Improvement Grant Program – getting Australian small and medium businesses “defence ready” with the capability to compete for Defence work.

Since 2016, our Government has invested over \$19 million in grant funding to 347 Australian small businesses, positioning them to win Defence work and supply essential equipment to the ADF.

Global Competitiveness Grant Program

The Coalition Government is continuing to invest \$4.3 million a year over the decade to help small and medium businesses develop their export potential through our Defence Global Competitiveness Grant Program.

This program provides direct support to business so that we can build our sovereign capability at home, and open new opportunities for SMEs to export to global Defence markets.

Since its launch in 2018, 68 Defence Global Competitiveness Grants valued at \$10.4 million have been approved to 51 Australian businesses.

Getting 'Defence Ready' Pilot Program

This ground-breaking pilot program, in conjunction with Newcastle-based defence industry association HunterNet, is helping local businesses win Defence contracts.

The \$430,000 Defence Ready Pilot is free of charge and provides vital information and education to prepare companies new to working with Defence, or businesses wishing to improve their Defence work bidding.

The workshops cover tendering, cyber security, export controls, business continuity and workplace mental health.

Our Record

Building Local

- More than 70 vessels are being constructed and upgraded in South Australia and Western Australia.
- More than 1,300 vehicles are being manufactured for the Army in Victoria and Queensland.
- The first Australian-made uncrewed combat air vehicle, the MQ-28A Ghost Bat, being designed and manufactured in Victoria and Queensland.
- \$100 billion over 20 years invested to develop a sovereign capability to manufacture guided weapons in Australia for our Defence Force.
- Mandated local industry involvement for all major Defence projects above \$20 million requiring an AIC Plan.
- More than 156 major capability projects worth more than \$135 billion have been started since 2016.
- Since 2019, our Government has committed to 33 capital infrastructure and facilities projects worth over \$6.2 billion.

Jobs

- Our \$270 billion investment in Defence capabilities is supporting over 105,000 jobs across the economy.
- More than 15,000 small and medium businesses are supporting the ADF and thousands of jobs.
- More than \$30 billion in contracts for small and medium businesses to support our ADF over the last four years.
- Since 2019, we have supported over 11,000 highly-skilled professional and technical trade jobs in the delivery of Defence infrastructure projects, including project management specialists, engineers, architects, concreters, electricians, builders and plumbers.

Restoring Defence funding

When last in office, Labor slashed the Defence budget by more than \$18 billion and failed to commission a single Australian-built ship. The Coalition's responsible economic management has returned Defence spending to above 2 per cent, and increasing.

Covid support for defence industry

- \$1 billion defence industry recovery package. Supported more than 4,000 jobs, small and medium businesses in our supply chains and included \$300 million for the national estate works program.

- Bringing forward \$190 million of investment in infrastructure projects in the Northern Territory.
- We engaged furloughed Qantas and Virgin Australia technicians to support additional maintenance to the C-27J Spartan aircraft.
- Fast-tracking payment for more than \$30 billion of invoices to suppliers to support cash flow for businesses.
- Established the COVID-19 Industry Support Cell to support defence industry businesses impacted by state/territory COVID restrictions. Kept the wheels of industry turning and provided a one-stop shop for support.

Supporting small businesses

- In the last four years, \$30 billion in contracts has been directly awarded to small and medium businesses that supply Defence.
- We have mandated local industry involvement in major Defence projects above \$20 million requiring an AIC Plan.
- We've established the Office of Defence Industry Support (ODIS) to help local businesses get defence-ready and to enter – or expand – their footprint in the defence market.
- Established the Defence Industry Secondment Program – placing Defence personnel into Australian businesses to understand the day-to-day pressures and operations of a small business.
- We're taking a “big stick” to large companies, holding them to account on their small business commitments.

Cutting red tape

- We are **cutting red tape** for defence companies to help them do business with Defence.
- Big changes to Defence procurement rules will slash the time it takes for Defence to approve large acquisition projects **by up to 25 per cent**.
 - Projects could see **up to a year** wiped off the time it takes to get approved.
 - These are major benefits that will **save industry millions** of dollars.

The Risk of Labor

Labor is weak on Defence and our sovereign defence industry.

Labor slashed more than \$18 billion from Defence and failed to commission a single new Australian naval ship.

Under Labor, Australia's Defence spending fell to just 1.56 per cent of GDP – its lowest level since before the Second World War.

If we had kept Defence spending at the same rate as Labor, **there would be \$55 billion less** spent today. That's a real **investment and capability gap**.

The previous Labor Government **sat idle for six years** and oversaw what can only be described as a **“valley of death”** for the Australian defence industry.

Labor **couldn't manage the economy**, so they raided the Defence budget.

These cuts saw **capability gaps** open and **thousands of defence industry jobs lost**.

Labor is run by the unions, which means important defence industry contracts would be jeopardised by the ACTU.

Labor can't be trusted to keep our defence industries strong.

Labor can't be trusted to keep Australians safe.

In uncertain times, Australia's defence and security can't risk Labor.

COALITION	LABOR
<p>70+ vessels being constructed and maintained in South Australia and Western Australia. 1,300+ vehicles being manufactured for the Army.</p>	<p>The previous Labor Government sat idle for six years and oversaw what can only be described as a ‘valley of death’ for the Australian defence industry.</p> <p>Labor did not commission a single Australian built ship.</p>
<p>\$100 billion over 20 years invested to manufacture guided weapons in Australia for our Defence Force.</p>	<p>Defence investment was slashed by Labor to just 1.56% of GDP – the lowest level since 1938.</p> <p>In their last three years in Government, from 2010-2013, the Labor Party cut Defence spending by 10% in real terms.</p>
<p>Our \$270 billion investment in Defence capabilities is supporting over 105,000 jobs across the economy in multiple industries.</p>	<p>Labor gutted \$18 billion from the Defence Budget, bringing it to its lowest level since World War Two.</p> <p>If we had kept Defence spending at the same rate as Labor, there would be \$55</p>

COALITION	LABOR
	<p>billion less spent today.</p> <p>Labor’s only commitment is to a “Force Posture Review” which is cover for their secret plan to justify slashing the Defence budget again, like they did when they were last in Government.</p> <p>Labor cites its 2012 “Defence Posture Review” as a model - yet in the 2012-13 Budget it slashed Defence spending to the lowest level since 1938.</p>
<p>More than 15,000 small and medium businesses support the ADF and thousands of jobs in the process.</p>	<p>Labor has no plans for the defence of our nation or to grow a sovereign defence industry.</p> <p>In 2007, Labor made a commitment to increase defence spending each year by 3% in real terms.</p> <p>Instead, they cut the Defence Budget by \$18 billion – bringing the defence budget to its lowest level since 1938.</p>
<p>Since 2019, our Government has committed to 33 capital infrastructure and facilities projects worth over \$6.2 billion.</p> <p>These projects have supported over 11,000 highly skilled professional and technical trade jobs in the delivery of Defence infrastructure projects.</p>	<p>Labor couldn’t manage the economy, so they raided the Defence budget.</p> <p>These cuts saw capability gaps open and thousands of defence industry jobs lost.</p>
<p>We are cutting red tape for local defence companies and have mandated local industry involvement in major Defence projects above \$20 million.</p>	<p>Labor cannot be trusted when it comes to our nation’s defence or growing a sovereign defence industry.</p>
<p>We’re taking a “big stick” to large companies, holding them to account on their small business commitments.</p>	<p>Labor couldn’t manage the economy, so they raided the Defence budget.</p> <p>These cuts saw capability gaps open and thousands of defence industry jobs lost.</p>
<p>We’ve established the Office of Defence Industry Support (ODIS) to help local</p>	<p>The previous Labor Government sat idle for six years and oversaw what can only be</p>

COALITION	LABOR
businesses get “defence ready” and to enter – or expand – their footprint in the defence market.	described as a ‘ valley of death ’ for the Australian defence industry.

Cost

The Coalition Government is investing a further \$108.5 million in the Defence Industry Pathways Program for school leavers, to develop a nationwide pipeline of work-ready trainees, with this cost to be met from within Defence's Integrated Investment Program.

Funding for other policies in the Coalition's Plan for Growing our Sovereign Defence Industry is already provided for within Budget estimates.

THE NATIONALS
for Regional Australia

 For further details of The Nationals' Plan go to: www.nationals.org.au