



13 October 2017

Committee Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021
Parliament House
Canberra ACT 2600

Email: jscfadt@aph.gov.au

Dear Secretary,

Re: Bipartisan Australian Defence Agreement.

The Australian Manufacturing Workers' Union represents over 70,000 workers who create, make and maintain. We represent workers in the defence industry across a wide range of occupations. We have a proud history of standing up for the workers who build, sustain, maintain and upgrade the materiel that the Australian Defence Force (ADF) relies upon to perform their vital task safely and efficiently. Our members support all three branches of the ADF, and include civilian employees within a number of the Department of Defence's various Groups, prime contractors to the Department and their supply chain.

The Terms of Reference for this Committee correctly include a wide range of strategic considerations which we will not touch on in our submission. While Australia's strategic goals and methods tend to enjoy bipartisan support, defence industry policy has always been at the periphery of the defence discussion in Australia.

Given our involvement in the defence industry, and the importance of bipartisan support in its long term sustainability and success, we will focus on the defence industry in our submission.

The long road to bipartisanship

The AMWU has supported a long-term plan to guide Australia's strategically vital defence industry. Long term planning and investment is required to achieve the sovereign capacity which we need to build, maintain, sustain and/or upgrade defence materiel to meet the unique needs of the ADF.

Parts of Australia's defence industry have themselves only recently become an object of bipartisan support. During the Abbott government, there were significant and meaningful moves that would have effectively ended the Australian shipbuilding industry. It was only following an extensive and effective campaign by the AMWU and its members that the policy of the government changed.

The benefits of long term planning and policy stability cannot be overstated. Not only are they prerequisites for developing a sovereign industry capacity, they improve productivity, keep prices down and, help to develop and maintain vital skills, to name a few. They also help to attract investment, allow local businesses to grow and enable Australian firms to engage with global supply chains and research efforts.

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While we currently enjoy a degree of bipartisanship around the role of the defence industry, the process that we followed to get here is not repeatable or sustainable. Indeed, the highly contested nature of the future submarine project created uncertainty around the future frigate project and had an impact on the entire naval ship building industry.

A better process for a better outcome

What is needed is a formalised process that delivers long-term policy stability for the defence industry through bipartisan involvement in decision-making. Given that industry policy is subordinate to strategic policy, it is vital that the entire policy making process has buy-in from all parties to ensure that the policy direction remains the same, regardless of who is in government.

This doesn't mean that the policy and strategic direction cannot evolve over time, it just requires engagement from both parties. This will ensure that the defence industry remains aware of what is required of it now, and what to expect in the future.

Any solution that requires a bipartisan approach to defence industry policy would necessarily require the government of the day to give up some of its executive power. Especially for defence policy, this is a significant ask. As such, any recommendation from this committee must make it clear that any and all operational matters would remain completely within the control of the government of the day.

The current Parliamentary Joint Committee on Intelligence and Security (PJCIS) is a reasonable model for developing bipartisan defence policy within Australia's modified Westminster system of government. There would need to be some changes, such as a requirement that important strategic documents (such as White Papers, force structure reviews, etc.), major purchasing decisions, legislation, regulations and a range of other long-term decisions be required to be approved by 60% of the committee before they could be progressed.

Like with most aspects of our legislation, these arrangements could still be undone or limited by a government with a majority in the House and Senate. However, given our strong democratic institutions, if a system of this nature was put in place with bipartisan support, it is unlikely to be undone unilaterally.

In summary, the AMWU believes that a strong, bipartisan commitment to long-term strategic and policy stability will have significant benefits to Australia's defence industry. Such a commitment would assist with developing a sovereign capability, encourage investment, improve productivity, lower costs and maintain vital skills. We believe a model, based on the PJCIS which focuses only on long term strategic, legislative and purchasing decisions, but with a 60% majority required, strikes the right balance between short-term executive imperative and long-term bipartisan planning.

TERMS OF REFERENCE

The Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade will inquire into the benefits and risks of a Bipartisan Australian Defence Agreement as the basis of planning for, and funding of, Australian Defence capability, having particular regard to:

- The efficacy of Australia's existing strategic planning processes and associated documents including – but not limited to – the Defence White Paper, Integrated Investment Plan, force structure reviews, Sovereign Defence Industry Plan and Naval Ship Building Plan – to deliver the best and most capable Defence force that Australia can afford.
- The opportunity cost of short-term and shifting Defence priorities.
- Precedents in Australia's parliamentary and political system for both independent and bipartisan inputs to national security policy.
- Efficacy of bipartisan and / or independent approaches to strategic Defence planning in other nations such as the USA and Denmark.
- The principles of a process to achieve a Bipartisan Australian Defence Agreement that would be effective within Australia's Westminster form of executive government.
- Any other related matters.

The Inquiry may also make observations and recommendations on whether a Bipartisan Defence Agreement should include the role and responsibilities of other agencies that contribute to Australia's foreign policy, intelligence and security, and Defence architecture.