



# DEFENCE

SPECIAL REPORT



# WA defence sector aims

Local businesses are already winning ongoing defence work as WA positions itself as a sustainment hub.



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## Key takeaways

- WA businesses positioning for opportunities in supply chain for frigate, submarine builds
- Henderson precinct in pole position for sustainment work
- \$1.4 billion of onshore naval investments likely or under way

**M**ORE than 210 Western Australian companies are pursuing opportunities with French contractor Naval Group for its \$50 billion Attack Class submarine construction program.

Those businesses, Naval Group said, had either engaged in expression of interest processes or requested information on potential work.

No WA suppliers have yet been contracted, *Business News* understands, with the federal government and Naval Group having signed their strategic partnership agreement earlier this year.

But the level of engagement indicates WA contractors are angling for a major role in the submarine build, even if the final product is being assembled in Adelaide.

Two other major capital expenditure programs being

managed interstate will provide opportunities for WA contractors.

They are the build of the Hunter Class Frigates, which will be assembled in Adelaide by BAE Systems, and the Land 400 Vehicle Combat System, which is to be manufactured by Rheinmetall Defence Australia in Queensland.

That's on top of the one big construction project that will be undertaken in WA – the \$2.8 billion Offshore Patrol Vessels.

## Making waves

WA suppliers have won at least \$3 billion of defence contracts so far this financial year (see table, page 22), adding to previously announced works packages.

The biggest new contract was that signed by Naval Ship Management for the maintenance of the Canberra Class landing helicopter dock vessels, a 15-year, \$1.5 billion arrangement.

Naval Ship Management is a joint venture between Babcock and UGL, and based in Henderson, although most of the Canberra Class work will happen at the company's Sydney operation.

The business already has a big role as part of the Warship Asset Management Alliance with BAE Systems, the Commonwealth government and SAAB Australia, which are responsible for maintenance of the Navy's eight Anzac Class frigates.

WAMA won the circa \$2 billion contract in 2016, with an initial term of 6.5 years that will likely be extended until the end of life.

Most of that work is undertaken in Henderson.

NSM general manager Joe Smith told *Business News* the company would be doubling its workforce to about 250, with most of the new recruits to be in Sydney.

The next big sustainment contract opportunities would be for the Offshore Patrol Vessels, and then the Hunter Class frigates.

"The sustainment of the Offshore Patrol Vessels is the next major program that is on the horizon," Mr Smith said.

"The Commonwealth will soon be looking for a sustainment solution as they seek to prepare for transition from acquisition, and as is the current trend I imagine that solution will require a number of organisations to collaborate.

"We'd certainly see that we could add value to that solution, and we'd be one of several naval sustainment organisations who would have a long hard look at that."

He said sustainment opportunities for the Hunter Class frigates were still some distance away, with the first vessel to enter service in the late 2020s.

# THE BIG BUILDS

|  |                           | \$bn |                                |
|--|---------------------------|------|--------------------------------|
|  | Naval Group (France)      | 50.0 | Sea1000 submarines             |
|  | BAE Systems (British)     | 35.0 | Hunter Class Frigates          |
|  | Rheinmetall (German)      | 5.2  | Land 400 vehicle combat system |
|  | Lürssen & Civmec (German) | 2.8  | Offshore Patrol Vessels        |



Rheinmetall BOXER CRV for Land 400 Phase 2 trials at Puckapunyal, Victoria. Photo: Rheinmetall

Collins Class Submarine. Photo: ASC

## The big sustainment packages

|                              |                 |
|------------------------------|-----------------|
| Anzac Class Frigates         | WAMA Consortium |
| Hunter Class Frigates        | Not yet awarded |
| Collins Class Submarines     | ASC             |
| Shortfin-Baracuda Submarines | Not yet awarded |

# to build on contract wins

WA will be in a strong position to win the majority of this work, however.

"Aside from the Collins Class full cycle (mid-life) dockings, Adelaide is not really set up as a sustainment hub," Mr Smith said.

"Typically, from a sustainment perspective, proximity to major naval bases is key.

"It just adds time and costs to the Navy otherwise and is not practical from a crew perspective.

"Having the right network of suppliers and infrastructure is also important, and WA has that, although needs to consider further investment, particularly in relation to docking capability to accommodate the larger naval vessels."

BAE Systems general manager (Henderson) Luke Simmons said location was key for sustainment work.

"We have quite a large portion of the fleet homeported here at HMAS Stirling," Mr Simmons told *Business News*.

"That's easy access, and strategically important we have them here in WA."

BAE has about 500 staff on site at its Henderson operation, with about 60 per cent trades and 40 per cent professional services, Mr Simmons said.

The company acquired Anzac Class frigates builder Tenix Defence in 2008.

"As part of (the maintenance contract) we have a major upgrade to the project, the Anzac midlife capability assurance program, where we're doing a range of engineering changes on the platform to make sure they're still in service and capable for future deployments," Mr Simmons said.

The vessels began service from 1996, and are likely to continue for decades.

"The Anzac Class will have to (operate until) 2045, so they'll require further upgrades and maintenance," he said.

"We're not sure what that level of work is going to look like at the moment, but (we'll ensure) we have the capability to continue providing service to the Anzac Class."

## Investment

There are four notable ship-building programs in the pipeline for Henderson.

The biggest is the Offshore Patrol Vessels, 10 of which will be built by Lurssen and Cimec in a contract worth \$2.8 billion, starting from 2020.

A hydrographic vessel for ocean research and two Huon Class Mine Hunters are also to be built in WA.

One program already well under way is the \$335 million Pacific Patrol Boat replacement program, where Austal is building 21 boats.

The federal government has nearly \$1.4 billion of onshore naval investments likely or under way, according to the BNiQ Projects list.

A \$367 million expansion of HMAS Stirling Naval Base is ongoing, with Doric the main contractor.

An additional \$1 billion is planned for Hunter Class and Offshore Patrol Vessel training centres, both to be at HMAS Stirling.

The state government will be pitching for more investments at the Australian Marine Complex at Henderson, including \$100 million for the Ship Zero concept, which includes a systems program office and through-life support facility.

Other moves might include buying a bigger boatlift.

AMC general manager Jonathan Smith said the state government office charged with supporting the local defence industry, Defence West, was planning to make the facilities

# \$1.5bn

## CANBERRA CLASS SUSTAINMENT CONTRACT

compatible with Attack Class and Hunter Class vessels.

"The vessels are getting bigger, they're longer so they use more wharf space, they're heavier so we need to have the lift capability that can get those vessels out of the water," he said.

*Business News* understands Sydney is the only location in Australia that has equipment large enough to dock vessels such as the Canberra Class, which one industry source suggested is a sovereign risk issue.

## Opportunities

One operation to have put on significant new staff in recent years is the federal government's ASC.

ASC is responsible for building submarines in Adelaide, but a big



**HOME:** HMAS Anzac (left) and HMAS Perth under maintenance work at Henderson. Photo: BAE Systems Australia



**AGILE:** Eve Clark says L3 Oceaia is taking on bigger competitors. Photo: Gabriel Oliveira

# Building on defence wins

“We were less than 70 people at the beginning of last year, now we’re past 100 and we’ll probably get to 120 shortly

- Eve Clark

chunk of ongoing work on the Collins Class is undertaken in Henderson, including mid-cycle and intermediate dockings.

ASC has grown its WA workforce from 175 when it opened in 2009 to more than 450 today.

General manager WA Craig Vandeeper told *Business News* ASC had been able to lift staff numbers despite pressure during the resources boom.

“Even during the resources boom, when trade skills were in high demand, ASC West was able to achieve workforce growth through offering competitive wages, a modern work site and professionally challenging, interesting work on one of Australia’s front-line defence assets,” Mr Vandeeper said.

“Workforce skills that are utilised in the resources and oil and gas sectors are easily transferable to shipbuilding and naval sustainment.”

He said there were about 100 WA businesses in ASC’s supply chain, including Cape, Chandler Mcleod, Trojan and Evolution Marine.

Another was Hoffman Engineering, which Mr Vandeeper said provided specialist measuring and machining services.

The federal government has floated the possibility of moving full cycle (mid-life) docking of the Collins Class submarines from Adelaide to Henderson, with analysis to be delivered to the Department of Defence in June.

## WA BUSINESSES & PROJECTS AWARDED IN 2019FY (\$10 MILLION PLUS)

| Business                                 | \$m     | Service  |
|--|---------|--|
| Naval Ship Management                    | 1,500.0 | Landing helicopter dock vessels                        |
| Lockheed Martin & Calytrix Technologies* | 533.0   | JP9711 Simulation capability                           |
| Phoenix International                    | 388.0   | Submarine rescue and support                           |
| Kinetic IT                               | 59.1    | ICT service desk, 4 years                              |
| BMD Constructions                        | 33.9    | Airfields maintenance (including RAAF Pearce & Gingin) |
| Risk Management Technologies             | 33.5    | Software, support for WHS Mangement, 5 years           |
| Kinetic IT                               | 32.3    | Support services for integration management            |
| Duratec Australia                        | 31.8    | Aviation refuelling vehicle facilities                 |
| ASP Ship Management                      | 22.2    | Works package, HMAS Sirius                             |
| Raytheon Australia (Henderson)           | 20.9    | AWD combat system services & materials                 |
| Airflite                                 | 20.2    | Fixed wing training aircraft                           |
| One Tree Community Services              | 17.3    | Defence childcare program, 7 years                     |
| Badge Constructions                      | 17.2    | Joint Health Command garrison upgrade                  |
| Ertech                                   | 14.8    | Shoalwater Bay training area repairs                   |
| Duratec Australia                        | 13.3    | HMAS Creswell college works                            |
| Duratec Australia                        | 12.4    | HMAS Creswell mess works                               |
| Barpa Construction Services              | 10.3    | RAAF Base Curtin fuel installation remediation         |

## WA BUSINESSES & PROJECTS AWARDED IN 2019FY (SELECTION OF OTHERS)

|                             |     |  |
|-----------------------------|-----|--|
| L3 Oceania                  | 3.7 | Sustainment services - tactical satellite communications         |
| AccuWeigh                   | 3.5 | Scales   |
| Duratec                     | 3.0 | HMAS Stirling fuel works, and RAAF Curtin and Exmouth fuel works |
| Acuweigh                    | 1.9 | Scales   |
| L3 Oceania                  | 1.8 | Hardware spares  |
| Acor Consultants            | 1.4 | Fuel supply chain technical panel                                |
| Barpa Construction Services | 1.3 | RAAF Curtin building works                                       |
| L3 Oceania                  | 1.1 | Navigation radar   |

Source: Federal government tenders, BNIQ | \*Calytrix Technologies is Perth based.



**FLYING HIGH:** Kristian Constantinides (left) and Airflite defence program manager Steven Murphy. **Photo:** Gabriel Oliveira

That shift could happen as early as 2022, and bring about 700 jobs to the state.

A second business that has been hiring is Fremantle-based L3 Oceania, which is a subsidiary of US company L3 Technologies.

L3 Oceania general manager Eve Clark said there were huge growth opportunities that had supported an expansion for the business.

"We were less than 70 people at the beginning of last year, now we're past 100 and we'll probably get to 120 shortly," Ms Clark told *Business News*.

About 85 of those staff were in WA.

Part of the reason was the huge capital spending program under way.

"The other part of it is, as we're getting bigger and more established in this defence area and

recognised that we can do the integration similar to the big players, we're starting to move into bigger scope programs," she said.

"It's things like on the Offshore Patrol Vessels; our scope normally would be to provide just the electronic charting system, that's something we provide across the whole Navy fleet.

"What we've just gotten into is to provide the (integrated) navy bridge ... there's a lot of other equipment."

Ms Clark said L3 Oceania had also broadened beyond Navy work.

"We've expanded into Army (work), and now we're trying to get into aerospace and space as well," she said.

"A lot of the processes and rules aren't that much different across Defence."

### Aerial route

Perth Airport-based Airflite inked two new contracts in the past 18 months as it transitions from a long-term role serving the Royal Australian Air Force's Pilatus PC9 pilot training aircraft.

General manager Kristian Constantinides told *Business News* the company, which is owned by three families, had worked on maintenance of the planes for 25 years, but the aircraft were being retired by March 2020.

The replacement planes were contracted on an acquisition and sustainment model, Mr Constantinides said.

"What that does is it puts the power in the hands of the manufacturers, and the manufacturers have evolved to recognise that the value of selling an asset is only 30 per cent of the value of

**“As a general rule of thumb, 70 per cent of the value is in sustainment** - Kristian Constantinides

the program," he said.

"As a general rule of thumb, 70 per cent of the value is in sustainment."

Nonetheless, Airflite has a range of ongoing defence jobs and commercial work for its 250 employees.

The company's latest deal was to lease 12 planes to the Air Force to support a cadet engagement program, with four already on tarmac.

A second contract was to manufacture hydraulic rigs in support of the Navy's MH-60R Seahawk 'Romeo' helicopters.

The rigs provide a portable power source for aircraft hydraulics servicing.

Mr Constantinides said Airflite would be exploring export opportunities for the hydraulic rigs, and partnering with Sydney-based Tysci Technologies.

**ENIQ SEARCH** BAE Systems

There are **61** results from our index of **98,948** articles, **9,812** companies and **36,071** people

# Blacktree broadcasts from Belmont to Britain and places in between

A Belmont-based business is connecting military installations around Australia and across the world.

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BLACKTREE Technology appears to have made an astute call when it bought communications specialist Spirit River in 2015.

That acquisition by Belmont-based Blacktree shifted its focus to the defence sector, for which it now produces world-leading bespoke technology.

“It’s a world-leading bespoke product, we’re not competing necessarily with anyone” - Joel Nevin

The family business manufactures antennas and communications equipment in its warehouse.

Blacktree director Joel Nevin told *Business News* the business, which launched in 2002, produced ultra-high-frequency satellite communications antennas and radio frequency systems, which are collocated on defence bases.

“We manufacture a range of UHF Satcom equipment, which essentially operate from the back of the radio to the tip of the antenna,” Ms Nevin said.

“We’ll make a large three-metre antenna, we make the pedestal that they stand on, we make signal enhancing, signal improving equipment that sits in line from the radio.

“That’s used significantly by the Australian Defence Force. Spirit River and Blacktree ended up manufacturing equipment for all of the control stations in Australia.

“There are about 16 sites in Australia that have Spirit River or Blacktree equipment installed.

“It’s also been exported to several countries.”

The work is done locally, with five employees and six regular contractors at Blacktree.

In addition, there are about 20 local businesses in the supply chain for Blacktree, Ms Nevin said.

That included Benchmark Engineering in Malaga for machining work, and Action Laser Cutting in Bayswater.

“It’s made from ground up, we work from essentially the raw metal,” she said.

“It’s all made in Australia, made in Perth predominantly.

“(The metal) gets machine fabricated, welded, coated in some way and then assembled and tested here.

“That’s our bread and butter.”

Ms Nevin said sustaining the equipment was also a source of work.

According to the federal government’s tenders website, Blacktree has won 21 contracts in the past three years.

The biggest was about \$530,000 for support to channel control sites for the 12 months to December 2019.

Two recent wins included \$441,000 in April for electronic manufacturing machinery and accessories, and \$273,000 in May for construction and maintenance support equipment.

Blacktree also has a history of shipping overseas.

“Recently we did our largest ever export to the UK,” Ms Nevin said.

“Spirit River equipment has been exported to the US, Germany, Italy and Japan.



**HIGH FREQUENCY:** Joel Nevin says Blacktree makes its equipment locally. **Photo:** Gabriel Oliveira

“While it’s going to those countries ... it’s linked to NATO comms platforms.”

She said having a vertically integrated product was an advantage.

“It’s a world-leading bespoke product, we’re not competing necessarily with anyone,” Ms Nevin said.

A handful of other WA businesses have worked in the communications space for the defence industry.

One is Bayswater-based **Bushcomm HF Antenna Systems**, which manufactures high-frequency antennas.

Among those groups with which it has worked are the US National Guard, the United Nations in Africa and Asia, and the US’s Iraq deployment.

Lower frequency antennas are usually used for long-distance communications, while the highest frequency systems are used for line-of-sight signals.

**Unidata**, which specialises in environmental modelling and satellite telemetry, is also understood to have previously undertaken defence-related work.

**\$83,000**  
CDIC GRANT WON BY BLACKTREE

## Capability grants

Blacktree was one of 15 local businesses to win capability grants from the federal government’s Centre for Defence Industry Capability in the past two years, scoring an \$83,000 commitment.

The cash is allocated to businesses that are implementing recommendations from an adviser, such as mentoring, market intelligence or improving financial management systems, to make their businesses ready for defence work.

Businesses need to match the amount of the grant.

About \$3 million is allocated through the Department of

Industry, Innovation and Science into the grant system every year.

WA businesses have secured \$1.2 million of grants in the past 18 months.

The biggest winner was **Matrix Composites & Engineering** (see page 30), with four grants worth \$256,000.

Yangebup-based **Nexxis**, which supplies drones and robotic crawlers with cameras for inspections during maintenance, won three grants worth \$161,000, while Henderson-based safety accreditation provider **Wiltrading Stace** secured \$154,000 worth of grants.

All three are businesses that had previously focused on oil and gas contracting.

**BNIQ SEARCH** Matrix Composites & Engineering



There are **76** results from our index of **98,948** articles, **9,812** companies and **36,071** people



**CUTTING EDGE:** Acoustic damping material from Matrix could be used in new submarines, Aaron Begley says. **Photos:** Luke Carter Wilton

# Matrix the one for neo-materials

Defence work is providing opportunities for businesses with oil and gas prowess such as Matrix Composites & Engineering.

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IMPROVING the stealth capability of Australian submarines is one big goal for Henderson-based Matrix Composites & Engineering, which is broadening its focus from offshore energy into defence.

Matrix was an industry partner with British business Qinetiq and local universities awarded a \$1.5 million grant in March to develop stealth materials that will make submarines harder to detect.

Quieter submarines improve both survivability and operational effectiveness.

The cash was from the Next Generation Technologies Fund the federal government established in 2016, which will allocate \$730 million over a decade on innovation in areas such as quantum science and autonomous systems.

Previous Western Australian funding recipients have included the University of Western Australia's Microelectronics Research Group, which attracted \$2.9 million in funding for work countering improvised threats.

Matrix chief executive Aaron Begley said the company had

a number of opportunities in defence.

"There's opportunity for us on the frigates that are being built in Adelaide, the existing fleet of submarines and the new submarines," Mr Begley said.

The existing Collins Class submarines have been in operation for around two decades.

Their replacement, the Attack Class vessels, (also known as the Shortfin Barracuda) are currently in the design phase.

The Attack Class vessels will be built by Naval Group, with which Matrix is in early discussions.

Mr Begley said hull coating materials with acoustic damping properties was one example of what Matrix was working on, while other options were buoyant materials and structural work.

Structural work could include carbon fibre or reinforced glass fibre for the hulls of submarines.

Matrix has also developed a material called kinetica, used to absorb energy.

It is designed to crush under impact, to protect structures such as crash barriers or blast walls.

"If you can imagine a detonation ... that kinetic energy is absorbed by the kinetica material," Mr Begley said.

"It doesn't transmit any energy to what it's protecting."

Mr Begley said his team had made the decision to diversify the 20-year-old ASX-listed business beyond oil and gas about four years ago.

"With the industry downturn it was pretty clear we had to diversify," he said

"We looked at adjacent industries that could use our technology, manufacturing processes and skills.

"The maritime defence sector fits pretty well because the type of work we did historically was maritime oil and gas, subsea equipment in particular.

"Those skills are definitely transferable to the defence space."

Matrix has downsized its workforce during its transition, with current staff of 150, less than half the peak level.

As with many businesses undertaking to win defence contracts, Mr Begley said there was a process to be navigated to demonstrate capability.

But he was confident Matrix had the right credentials.

"In terms of capacity, we're the largest composite materials company in Australia," Mr Begley said.



**Being on the radar of the prime contractors that way really does open up channels to market** - Aaron Begley

"Most of our income is derived from export sales; we export all around the world - to the US, up into South Korea, Europe, South-East Asia, Brazil."

Those deals have included defence contracts.

"We've probably produced close to \$1 billion of export revenue (over the company's life)," Mr Begley said.

"We're globally competitive with what we do ... that opens up opportunities for us.

"Being on the radar of the prime contractors that way really does open up channels to market."

## Support

One further boost for the company was through the federal government's capability improvement grants (see page 26), from which it received four amounts totalling \$256,000.

Mr Begley said the government's thinking behind the grants was partly to support businesses

transition into defence and partly to build industrial capability more generally.

"There's a very cyclical defence spend," he said.

"It's probably very different in sustainment, that's where you can be a bit more defence focused.

"But when you're looking at getting involved in capital spend, they tend to like companies like ours who do things other than purely defence work."

## Endeavouring

Matrix isn't the only oil and gas business shifting towards defence.

Perhaps the most notable example is Civec, which bought east coast shipbuilder Forgacs Marine and Defence and built an \$80 million facility in Henderson as part of the shift.

Civec was richly rewarded, winning a share of the \$2.8 billion Offshore Patrol Vessel build led by Luerksen.

# Local defence ecosystem grows business

A strong network has developed in WA to help local businesses gain access to defence contracts across the country



**LEADERSHIP:** Linda Reynolds speaking at last year's IndoPacific Defence Conference. Photo: Immer Photography

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WESTERN Australia achieved two minor records when Senator Linda Reynolds was named defence minister and Melissa Price chosen as minister for defence industry.

The pair of appointments means the nation's two most senior defence portfolios will be held by WA politicians.

It also means that three of the six most recent national defence ministers have been representatives of the state.

Prior to Ms Reynolds, former senator David Johnston held the role for 15 months until 2015, while former member for Perth,

Stephen Smith, was defence minister from 2010 to 2013.

Whilst WA has not picked up as much work as some had hoped, in that time an ecosystem has developed to support local businesses aiming for more.

Senator Reynolds, in particular, has been a passionate advocate of WA companies getting a go in defence, and has been widely credited for her role in the selection of Henderson as Australia's second major shipbuilding hub.

The creation of a state defence issues portfolio in 2017, held by Paul Papalia, has also played a part.

Organisations that play a role in the ecosystem supporting

contractors include the Chamber of Commerce and Industry of WA, Australian Industry Defence Network WA branch, Defence West, and the Henderson Alliance.

In addition, there will be at least two major conferences to connect prime contractors, smaller businesses and high level names in defence this year.

One is Perth USAsia Centre and Defence West's IndoPacific Defence Conference 2019, which is in its second year.

It takes a broad strategic approach to defence issues.

The Submarine Institute of Australia's Submarine Science, Technology and Engineering Conference will be held

“When they understand that we have, by tonnage, the largest shipbuilder in Australia, they're just shocked” - Gordon Flake

in November, with a more technical focus.

## Indo-Pacific positioning

Perth USAsia Centre chief executive Gordon Flake said Perth was effectively Australia's Indian Ocean capital.

Professor Flake said WA's political representatives had been very successful in the past three

or four decades in giving the state a bigger role in national defence thinking.

Many significant ideas had been led out of Perth, including the concept of the Indo-Pacific region, he said.

“Kim Beazley (defence minister from 1984 to 1990) was responsible for dragging the Australian defence forces to



# Western Aus Defence

Western Australian  
Indo-Pacific  
Defence Confer

Western Australian  
Indo-Pacific  
Defence Conference



**DRIVING:** Paul Papalia is leading the state government's defence industry endeavours.  
Photo: Gabriel Oliveira

"Australians east of the Nullarbor are just shocked when they hear we have factories out here.

"When they understand that we have, by tonnage, the largest shipbuilder in Australia, they're just shocked."

Prime contractors would also be involved.

Professor Flake said one intended outcome from the conference was that it would help small businesses better understand the needs of prime contractors and governments.

"This is part of an effort to do more," he said.

Although much of the attention has been on where ships would be built, Professor Flake argued WA would be a big winner in sustainment and maintenance work.

"The South Australian (shipbuilding) capacity is much more of an industrial policy, it's a normative national decision to create jobs in (that state)," he said.

"Our relative proximity to the region, and deep resource ties give us an opportunity to ... build much more for the future.

"Maintenance and ongoing servicing is going to be in WA, not SA.

"Over the lifetime of a program, the value is much more in maintenance and servicing than it is in the actual build, in terms of ongoing jobs.

"That ties to our geography, if (submarines are) operating in this theatre, it'll take an extra five days to steam round to SA."

For the Submarine Institute, it will be the first time the organisation's technology conference is hosted in Perth, institute secretary Frank Owen told *Business News*, having previously held a politics and strategy conference here. Up to 400 delegates are expected.

"We recognise that there's a need to extend it out beyond where they build the subs, towards where the subs are maintained and sustained as well," Mr Owen said.

"There's an opportunity for the offshore oil and gas industry to look at diversifying ... and potentially for some defence companies that might not be operating in the offshore space.

"The whole idea is to see what synergies can be made between the two environments."

He said he expected senior representatives from the US



**CONNECTIONS:** Darryl Hockey says the Henderson Alliance wants to help local businesses link into supply chains.  
Photo: Attila Csaszar

“As much as half of that will need to be conducted interstate because SA simply just does not have the capabilities and capacity to be able to deliver those programs - Darryl Hockey

and France, in addition to local leaders.

Some of the more technical topics to be covered will include signal processing, hydrodynamics, integration of unmanned vehicles, pump jet propulsion and stealth technology.

### Strong support

The Henderson Alliance is one part of the defence ecosystem, with a focus on small and medium-sized enterprises.

It was created two years ago and now has more than 100 members, according to co-founder Darryl Hockey.

Mr Hockey said although major naval construction was

not yet under way in WA, the alliance was active in getting members to become involved in the supply chains of prime contractors.

"That process is happening last year, this year and next year even before any ships are being built," he said.

"The big companies need to do due diligence on the SMEs to make sure they've got the requisite skills to be able to perform, to make sure they have their cybersecurity in place."

Some members have already had success, but it was difficult trying to become integrated in national supply chains from WA, Mr Hockey said.

recognise that we had to have a two-oceans strategy, that we couldn't just defend the Tasman Sea," Professor Flake said.

"When he pushed for, and was successful in the establishment of, Fleet Base West, that was really the start of Australia even thinking about the Indo-Pacific."

Professor Flake told *Business News* the centre's conference would include speakers from businesses such as Boeing and representatives of military across the Indo-Pacific, including Japan, the US and India.

"The intent is to build an ongoing forum here in WA that changes the way Australia thinks about our role and introduces our state and city to the region," he said.



**WORKFORCE:** Austal is taking steps to bring more women into its business. Photo: Gabriel Oliveira

# Local defence ecosystem grows business

“The main bulk of opportunity would be to contribute to the naval construction programs that are going to be occurring in SA, where there’s about \$85 billion worth of work,” he said.

“As much as half of that will need to be conducted interstate because SA simply just does not have the capabilities and capacity to be able to deliver those programs.

“While the vessels will be (assembled) in Adelaide ... services, technology, parts and componentry will be transferred over.”

The alliance was working with the state government to improve representation of local businesses looking east.

“A lot of the eastern states governments are working strongly with their small business sector in assisting them in entering the supply chain; we’re actively working with the state government to encourage it to do likewise,” Mr Hockey said

“We really want it (the state government) to take the lead, to

work alongside small business, and really target this opportunity to be involved in construction programs in the east.”

The state government’s advocacy of the industry is led by the Office of Defence West, which was established in 2017.

Matt Moran, who was an adviser to former defence minister Christopher Pyne, has recently been tapped as executive director.

The government earmarked about \$3 million in its recent budget for the office.

Defence West declined an interview for this feature, but a spokesperson said the office had hosted local companies on stands at expos.

The office has also developed the Defence Industries Strategic Plan, the spokesperson said.

Earlier this month, the government also announced a Defence Advisory Forum, which will give guidance on issues such as infrastructure and skills requirements.

The forum will be chaired by WA Defence Advocate Raydon

Gates, who was a rear admiral in the Navy.

Also in June, the state government said it would establish a Defence Science Centre, with about \$230,000 announced for an internship program in partnership with the Australian Mathematical Sciences Institute.

The program will support 10 PhD students to work on small business defence innovation projects.

## National cause

Mr Hockey said the Henderson Alliance would be working as part of a bigger national coalition of industry bodies – the Australian Defence Alliance – to lobby the federal government on big issues.

One such battle was ensuring that content rules were not manipulated.

“(We need to) make sure that big overseas companies can’t circumvent the spirit of developing an Australian sovereign industry,” he said.

“In the mining industry, they had local content requirement.

“The whole idea is to see what synergies can be made between the two environments - Frank Owens

“Some companies came in from overseas, set up an ABN or a post box, became ‘local’ and entered into the supply chain.

“We’re trying to prevent things like that.”

## Workforce development

One strong theme that emerged talking to defence contracting leaders is that there is not yet a skills shortage forming in the industry.

But that doesn’t mean there has not been thought given to preventing such an outcome.

Henderson Alliance’s Mr Hockey said there was already planning ongoing to make sure the state’s workforce would be properly prepared with skills needed for future shipbuilding work.

The peak requirements for some roles won’t be until 2027, however, he said.

In late May, Edith Cowan University and South Metropolitan Tafe announced a partnership with the federal government’s Naval Shipbuilding College, which aimed to create clearer pathways for students into shipbuilding.

The state government opened a new Tafe shipbuilding training facility at Naval Base in May.

That followed an investment of \$2.4 million.

Henderson shipbuilder Austal has also had a big focus on training, including hiring a women-only apprenticeship class this year as part of a bigger plan to boost female participation in the workforce.

# DEFENCE

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been the governor, Kim Beazley. As defence minister he oversaw the Hawke government's expansion of ... HMAS Stirling, which has been accompanied by the development of a very successful defence oriented ship ... building and maintenance operation. Before the development, south of Fremantle, about the only defence ...

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