

WA European Defence Business Association

Industry Forum 2020

Planned Address by the Honourable Kim Beazley AC Governor of Western Australia

Thursday, 19th March 2020 (*Event Cancelled)

I would firstly like to acknowledge the traditional owners of the land on which we meet – the Whadjuk Noongar people – and pay my respects to their elders past and present.

Natural partners

People often pay lip service to the benefits of strong international partnerships. They talk in general terms of friendship, shared values and mutual benefit. All too often this message is driven by political imperative rather than genuine belief. Adding unwanted baggage to relationships.

Australian-European partnerships on the other hand are a genuine fit. This is especially the case for WA and European defence industry – baggage is negligible or non-existent, mutual benefits weighing foreign direct investment and exports are significant, operational capabilities are notably enhanced, and opportunities for further growth are tremendous.

We do not compromise our moral fibre in doing business together.

We are natural partners.

We have strong historical ties in terms of alliances and immigration. We also have new, diverse and much coveted connections spanning a wide spectrum from culture to security. I am not sure I fully 'get' the Eurovision song contest yet, but I am pleased by Australia's acceptance into this competition, denied to many outside Europe. And in terms of security, NATO and Australia's enhanced partnership agreement is a key pillar of our ties. These ties illustrate a substantial, diverse and enduring connection.

The fundamental enabler of our partnerships

Trust, shared values and dependability are concepts of great importance to successful partnerships. This is especially the case when we are talking defence related industry. A necessarily sensitive area underpinned by trust and dependability.

Sometimes messages need to be a bit more clear cut. I remember when I was Defence Minister and Government policy was supportive of independence for French South Pacific territories. We noticed a number of odd French deployments. We detected a French submarine in the vicinity of New Caledonia. We noted a brigade of French Foreign Legion troops moving into Noumea. A bit of overkill when local agitation would sport 400 or so very lightly armed individuals. Then a request for a visit by the French Defence Minister. On that I consulted with the Chief of the Defence Force.

“What’s on?”, “Well” he said “you have a war like reputation and they may assume an intention to invade”. “That is ridiculous” I said, “we love the French.” “When he comes take him to the Australian War Memorial before he sees me – he will see how we commemorate that affection.” It didn’t work. He came to my office after the visit totally unassured. “*That is not a memorial to peace. It is a triumphant statement of you at war. You are a most war like people*”. In that visit, much work remained to be done.

The truth be told we are peace loving. The expeditionary nature of Australian forces speaks to a dependability and trustworthiness, which form the innate fabric of the Australian character.

Committing one’s own children to wars to protect our friends and values on far flung battlefields is the ultimate test of loyalty in partnership. For better or for worse, few ‘walk the walk’ of dependability any better when ‘the chips are down’. Australia’s commitments in the darkest hours and momentous conflicts of the last century will attest to this.

This character bodes well for our relationship. After all, Europeans too possess great integrity and often set the benchmark for the rest of the world. Those that think alike, and offer tremendous mutual benefit, are destined to have positive chemistry.

I believe that the doctrine of the European Union is quite telling. Fundamentally, it talks of Europe, not only through NATO, as a provider of peace and humanitarian contribution to its region and around the world. Admittedly, even the world’s most questionable regimes claim the same, but Europeans, like Australians, deliver.

Europe does not bully. Europe values the international rules based system over force majeure. European thoughts and actions are not programmed by an autocrat. They value altruism. This resonates greatly with Australia.

The University of Western Australia has just produced the report *What do we value*, intended for various audiences including industry, for better understanding the values of the people who make up our workforce. Based on 11 internationally recognised core value categories, Australians hold three values above all else; *benevolence*, *security*, and *societal universalism*. Benevolence emphasises the importance of dependability. Security covers safety, harmony and stability. While societal universalism emphasises equality, justice and protection for all.

Why does this matter to our respective defence industries? Because values directly impact our actions. And without this complementarity in values, Australians and Europeans alike would almost certainly be barred from forming, let alone sustaining, and working to fully realise the true potential of, our defence industry partnerships.

Much of all this refers to the inner workings, the heart, the soul, the mindset of who we are as people. But this alone does not bind our ties.

Converging interests

NATO, the European Union and Australian interests converge in the Indian Ocean. I am advised that the Indian Ocean has rapidly surpassed the Pacific and the Atlantic as the world’s busiest and most critical trade corridor. It links the economies of the Indo Pacific with Europe and the resource

rich regions of the Middle East, Africa and Western Australia, which power our economies. It is part of the global commons where NATO and Australia's interests intersect.

Let us also not forget that several NATO permanent members are located or have territory in the Pacific, which straddles the Australian continent. As a partner of NATO, Australian troops also recently served under the NATO banner. So, while proximity will always inform relationships, it is not the defining perspective in a globalised world.

Globalisation may be out of vogue for some, but it is undeniable that new technologies are breaking down barriers, creating many opportunities. Conversely, the resulting porosity of borders is probably creating just as many vulnerabilities. Cyber threats, unprecedented levels of foreign interference, disrupted as well as threatened trade routes, and coronavirus demonstrate this.

With this in mind, it is no wonder that Europe has a keen interest in geographies further afield. Whether it NATO being perhaps less interested in its immediate Eastern periphery, and more so in developments in the Far East and Indo-Pacific – analytical expertise and intelligence capability for which is often spearheaded here.

Or looking to Western Australian critical minerals and other resources, which can serve as the ultimate insurance policy for your energy needs and the continuation of Europe's tech industries – whether automotive, green or defence. As one example, Western Australia is the only significant non-Chinese supplier of rare earths anywhere in the world – these so called 'vitamins of technology'. Consider this in regard to the following.

Made in China 2025 is an ambitious strategy which compels Beijing to prevent foreign stakes in its own critical resources like rare earths. China is increasingly pressed to retain resources for its own awe inspiring domestic manufacturing, which is competitively supplanting other manufacturers from around the world.

To think that in 2005, the year of Hurricane Katrina and the London bombings, the US was the world's largest manufacturer on a value-added basis; far more than double that of China. Five years later, in 2010, China had overtaken them. Now China eclipses the United States.

While true that manufacturing is only one economic pillar, and one might be proactive in redress rather than alarmed, as noted in the opening statement of the Chinese State Council's strategy, "it has been proven repeatedly by the rise and fall of world powers that without strong manufacturing, there is no national prosperity."

Big tech and other strategic producers, including defence industry, are understood to possess often modest stockpiles of critical minerals – amounts they keep classified – and it appears they are insouciant when it comes to supply contingencies. This is a significant risk. As but one example, some 3300 items of American produced military equipment does not work without rare earths. This includes everything from nuclear weapons to night vision goggles – almost everything bar a rusty knife or pair of boots.

The dynamics of manufacturing and of the resources that feed production appear to be changing rapidly. Companies and industry-centric nations cannot risk looking only a few years ahead. They must invest to secure critical minerals for the longer term.

If you work on the assumption to 'just pay more for resources and then reflect that in your unit price', you will be sorely mistaken. Strategic resources often render traditional market forces invalid, and will be exacerbated by fourth industrial revolution technologies, and their unquenchable thirst for technology metals, like rare earths, as well as battery and other critical minerals.

I welcome European efforts to secure their supply of critical minerals including from this State. Our Future Battery Industries Strategy is but one essential area you may wish to look at – our rare earths is undoubtedly another. You need to perfect your security of supply and do this very soon. Your future industries, environment, innovators, economies, and overall prosperity depend on this. Make no mistake.

WA's defence industry stewardship

As WA defence industry is one of my core priorities as Governor, last week I visited several outstanding West Australian owned or based SMEs – all with great European industry connections in various ways. Thank you Total Marine Technology, Barrett Communications, and JFD Global for the inspiring visits.

It is great to have so many European dignitaries and other valued representatives here today. I wonder how many of you here actually grasp the true potential of our industry partnerships. The truth be told, the best is yet to come. We all stand to benefit tremendously and should champion the cause within our own circles.

My message to prospective European defence businesses looking to Western Australia – you have my support as the Governor of this State, former board member for Lockheed Martin Australia, as well as a former Australian Defence Minister.

Other things working for current and prospective partnerships are:

- The Premier of Western Australia, the Hon Mark McGowan MLA – while modest in down playing his role as a legal officer for our Navy, a person who understands and champions the defence sector;
- A West Australian Minister for Defence Issues, the Hon Paul Papalia CSC, another champion of the defence industry sector, with a distinguished military career, serving with Australia's most elite units;
- Mr Sean L'Estrange MLA, the shadow minister for Defence Issues, with both an impressive management consulting and military service career;
- The WA Government's Agent General based in Europe, Commodore Mike Deeks CSC (rtd), who also has both a distinguished military and defence industry career. Mike is most approachable and energised by possibilities surrounding new defence industry partnerships in WA;
- A West Australian Defence Advocate and defence industry expert in RADM Raydon Gates CSC (ret'd), based in Canberra in close proximity to our national leadership; and
- The new and rapidly enhancing team at Defence West, headed by Matt Moran. He and his team would love to hear from you.

Industrial capability and location

The global economic centre of gravity was once Europe, then North America, and now shifting just North of Western Australia – a State with a safe, secure, innovative and well equipped industrial base; often a world leader in certain heavy industries.

We are also the only place in Australia with so many defence primes and an impressive array of SMEs all co-located together. All supported by nearby naval shipbuilding, trade, artificial intelligence cum automation training centres. Not to mention the Australian Marine Complex and its Common User Facility, with secure facilities, a motivated work force, and all sorts of enabling infrastructure, including the world's most technically advanced floating dock.

Western Australia is a progressive place and we are committed to empowering the sector and exploring new opportunities. If you cannot make things work for your business model here, you might not be looking very closely. If I am wrong, then please tell us why. We are well and truly open for business.

There are many opportunities, especially when factoring other defence related and equally crucial sectors like law enforcement, emergency response, space and cyber – these sectors provide a major growth corridor for the attraction of investment and future projects. This includes through the establishment of a dedicated Australian Cyber Security Training Centre at Edith Cowan University which will grow C4I (Command, Control, Communications, Computers, and Intelligence) capability. Quite impressively, apart from being the headquarters of Australia's Cyber Security Cooperative Research Centre, Interpol has just six academic members of its Cyber Crime Experts Group internationally; two of these work at ECU.

Examples of WA-European defence industry partnerships

Current WA-European defence industry and related partnerships are also impressive. There are many examples.

The partnership between Luerksen and Cimtec, including their establishment of the Australian Maritime Shipbuilding and Export Group (AMSEG) is but one. This partnership underpins the Offshore Patrol Vessel program (SEA 1180), which sees the construction of 10 out of the 12 vessels about to commence at the Henderson shipyard. Not to mention opportunities to export world class capabilities to like-minded nations in the Indo-Pacific region.

Rheinmetall is another European prime engaged with West Australian industry as part of Phase 2 of Land 400. Local SMEs here in WA are contributing expertise towards the delivery of 211 Boxer 8x8 Combat Reconnaissance Vehicles. These SMEs help Rheinmetall in their considerable efforts to ensure they deliver the best possible capability. We are pleased to hear Rheinmetall have been shortlisted to undertake Phase 3 of this project; it would be great if we could partner further.

Now to BAE. Western Australia is proud to work closely with BAE and we want to maximise opportunities for WA to be involved in the Hunter Class Program supply chain. This is not only in everyone's best interest – it is probably not possible without a major contribution from WA industry.

Other European-WA industry partnerships encompass:

- Navantia (as part of SEA 1654) who are currently delivering two Auxiliary Oiler Replenishment vessels which will arrive in WA in the coming months for final fit out and commissioning;
- Thales, responsible for the sonar suite on the Collins class submarine. In fact, this French company is a great example to others, having invested in Australia over a decade ago, now building the flagship armoured troop transporter, Bushmaster, in Australia – combining Australian and European technologies and workers, and exporting these back to Europe for the Dutch and British armies;
- Then there's the lesser known EU-ADF partnership ensuring defence and maritime safety by way of Romania's build of our new icebreaker vessel – a 'triathlete' for scientific research, ice breaking and resupply, integral to our interests in the Southern Ocean and Antarctica; finally
- Airbus, combining with local expertise for their Zephyr high altitude pseudo satellite program, an early preview of which I had the pleasure of seeing in Wyndham, in the Northwest of our State. Also a program being evaluated for WA Police work and emergency services.

To our European friends who might not grasp the vastness of Western Australia, the distance by road from Perth to Wyndham, is several hundred kilometres further than from London to Moscow. But our State's open roads might see you pass but a handful of people. This isolation is not only ideal for Airbus' Zephyr program, but as a point of interest, Wyndham offers the world's most predictable weather patterns, which is tremendously helpful for testing drone, pseudo-satellite and other military technology.

Space

Not only Airbus, but the European Space Agency also benefits from our space-friendly geography for their spacecraft communication; not to mention the cross-pollination of our respective industries. But make no mistake: Western Australia is not just a 'suitable piece of real estate', insurance policy for industrialised nations via our critical minerals, or home to a 'second-fiddle' industry; our industry are trail blazers, defining humanity's place in the fourth industrial age.

We see Fugro, the Dutch geo data company doing some very exciting things in remote operations and robotics in the offshore arena, born out of their self-starting West Australian bred staff. Along with the European Space Agency, they join many West Australian entities propelling this State's expertise in terms of remote operations and robotics on space and on earth; above all others, in many regards. This includes the likes of the mighty NASA, whose playground, like this State, shares a tyranny of distance, and many similarities with our extreme environments. Whether on the bottom of a sea floor, controlling the world's biggest robot in a far-away desert landscape from a control centre in Perth, or analysing deep space.

While not at liberty to talk specifics, some of the world's most elite units that you will know very well, refuse to acquire specialist military equipment from their own countries, and exclusively demand products from West Australian owned and operated business. Or looking to the Perth-based marine propulsion and gyro stabilisation company VEEM, who as reported this week, produced the world's largest and most powerful gyrostabiliser for Europe's second largest shipbuilder. Or perhaps Blacktree Technology's satcom antennae and other systems exported

from Perth to all across Europe. This shows how our technical knowhow can mix it with the best in the world. Please come and learn from us. We would love to learn more from you as a trusted friend.

Advice to Europeans

Before I wrap up, I would like to offer two final points of advice to European defence industry wishing to partner here. Firstly, make sure you factor how to support sustainment. And secondly, make sure you de-risk the build. This includes, as one example, considering which locations genuinely have further capacity to do shipbuilding.

WA has a Strategic Infrastructure and Land Use Plan for Henderson, which will enable future naval maritime construction and sustainment to be undertaken. The Plan is considering short, medium and long term requirements for Henderson. I might add that the State's well established defence industry is complemented by many companies working in the oil and gas and mining industries that have capability applicable to defence, offering further opportunity.

Conclusion

In conclusion, when you deal with our State you are dealing with someone who shares your values. A State who either strives for, meets or redefines the gold standard in excellence. A State who's investment opportunities promise to be lucrative if not essential to our collective prosperity. Let us strive for new partnerships. The sky is the limit.

Thank you.