

Not Relevant

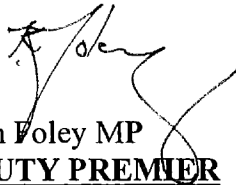
4 **Appointments**

401 DBMT160/004/032CS Defence Industry Advisory Board
WITHDRAWN

Not Relevant

8 RECOMMENDATIONS: It is recommended that Cabinet:

- 4.1 endorse the establishment of a high level industry – government board, to be known as the **Defence Industry Advisory Board (DIAB)**, to underpin the continued growth of the defence industry in South Australia;
- 4.2 endorse the membership of **DIAB** as detailed in Attachment A; and,
- 4.3 endorse the terms of reference of **DIAB** as detailed in Attachment B.



Kevin Foley MP
DEPUTY PREMIER
TREASURER
MINISTER FOR INDUSTRY AND INVESTMENT
MINISTER FOR FEDERAL/STATE RELATIONS

23/12/2002

TO: PREMIER FOR CABINET

RE: DEFENCE INDUSTRY ADVISORY BOARD

1. PROPOSAL

- 1.1 Cabinet to endorse the establishment of a high level industry – government board, to be known as the Defence Industry Advisory Board (DIAB), to underpin the continued growth of the defence industry in South Australia.

2. BACKGROUND

- 2.1 The establishment of a high level advisory board comprising senior defence industry representatives and the Premier and Deputy Premier to provide a strong input into State efforts to support the further growth of the defence industry in South Australia formed part of the Government's electoral platform.

3. DISCUSSION

- 3.1 The State has been successful in attracting a number of regional head offices of major defence companies to South Australia. South Australia is now home to the regional headquarters of key defence prime contributors, including BAE Systems, Saab Systems and General Motors Defence Australia, as well as the Australian Submarine Corporation. Other significant defence companies such as Tenix Defence Systems and Raytheon Australia have large proportions of their defence systems operations in South Australia. The Economic Development Board (EDB) is currently targeting the attraction of other defence prime contractors such as US based General Dynamics, Northrop Grumman and Lockheed Martin to South Australia. The State is also the home of two of the three research laboratories of Defence Science and Technology Organisation (DSTO).
- 3.2 The continued presence of these companies, the DSTO and attraction of new primes to the State are critical in maintaining South Australia as the defence state.
- 3.3 To capitalise on the State's strong position in this market place, it is proposed to establish a high level forum constituted by senior industry and Government representatives. Membership of DIAB needs to be at the highest reasonable level in order to maximise its potential impact. Vice Admiral (Rtd) David Shackleton has accepted the role of Chairman of DIAB. The proposed membership is detailed in Attachment A.
- 3.4 The aim of DIAB is to leverage the State's success in attracting and cementing a critical mass of the primes to South Australia by providing a formal process for the exchange of ideas and plans at a general strategic and industry development level. DIAB would create a very powerful lobby group centred in South Australia assisting in both the attraction of additional industry activity and encouraging other primes to look more closely at Adelaide as a priority location. The proposed Terms of Reference are detailed in Attachment B.

Economic, financial and budget implications

- 3.5 Nil budget impact. Cost of establishment and operation of DIAB will be sourced from EDB program funds (to be transferred in accordance with the cabinet submission of 2 December 2002: *to set up new arrangements for economic development in South Australia*).

State development, social, environmental and other impacts

- 3.6 The defence industry contributes 2.1% of State employment (approximately 14,800 jobs) and 2.2% of GSP.

Staffing implications

- 3.7 Staffing will consist of the Chairman of DIAB, plus five Advisory Board members and up to two project officers. DIAB is to be serviced from within existing EDB staff resources (through OED).

Consultation

- 3.8 OED has consulted with relevant industry participants who support the creation of DIAB.

4. RECOMMENDATIONS

It is recommended that Cabinet:

- 4.1 endorse the establishment of a high level industry – government board, to be known as the Defence Industry Advisory Board (DIAB), to underpin the continued growth of the defence industry in South Australia;
- 4.2 endorse the membership of DIAB as detailed in Attachment A; and,
- 4.3 endorse the Terms of Reference of DIAB as detailed in Attachment B.



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23/12/2002

ATTACHMENT A

DEFENCE INDUSTRY ADVISORY BOARD

Membership

- Hon Mike Rann, Premier
- Hon Kevin Foley, Deputy Premier
- Hon Ian McLachlan
- Vice-Admiral (Rtd) David Shackleton (Chair)
- Dr John White
- Prof Paul Dibb (advisory capacity only)
- Mr Jim Duncan
- Robert Champion de Crespigny, Chairman, Economic Development Board
- Roger Sexton, Chief Executive Officer, Office of Economic Development
- Donny Walford, Executive Director, Strategic Initiatives, Office of Economic Development

Coopted Industry Representatives

- Mr Nick Hammond, Chief Executive Officer, Saab Systems
- Mr Gerard Velayuthen, Business Manager, Electronic Systems Division, Tenix Defence Systems
- Mr Graham Sutton, Chief Executive Officer, Defence Teaming Centre
- Mr Steven Gumley, Chief Executive Officer, Australian Submarine Corporation
- Mr Paul Merrow, Managing Director, General Motors Defence Australia
- Mr Jim McDowell, Chief Executive Officer, BAE Systems Australia
- Dr D (Nanda) Nandagopal, Director, Systems Sciences Laboratory, DSTO
- Mr Neil Bryans, Director, Information Systems Laboratory, DSTO
- Mr Rod Equid, General Manager, Raytheon Australia Support Services
- Mr Peter Smith, Barton Vale Technologies

ATTACHMENT B

DEFENCE INDUSTRY ADVISORY BOARD

Terms of Reference

1. Role and Functions of the Board
 - 1.1. The Defence Industry Advisory Board (DIAB) will consist of up to eleven members including the Chair.
 - 1.2. Members will be appointed by the Premier for a two-year term, subject to review of performance every 12 months. DIAB members cannot be appointed for more than two consecutive terms, unless otherwise agreed by the Premier and Chairman, Economic Development Board (EDB).
 - 1.3. DIAB will meet monthly although more frequent meetings may be required in the first year of operation.
 - 1.4. Public communication by DIAB will be through the DIAB Chair in consultation with the Chief Executive, Office of Economic Development (OED) and/or the Office of the Premier, consistent with agreed protocol.
2. DIAB is responsible for:
 - 2.1. Recommending strategy and policy for consideration and implementation by the South Australian Government to promote the growth of the South Australian defence industries on a competitive and sustainable basis through, inter alia:
 - 2.1.1 Targeted investment attraction and promotion of South Australia as the favoured site for investment in a rationalised Australian defence industry.
 - 2.1.2 The development of the capabilities of existing firms with a base of operations in South Australia.
 - 2.1.3 The development of a strong flexible skills base, particularly high end skills.
 - 2.1.4 Ensuring the adequacy of infrastructure and research and development activities to meet the needs of expanding South Australian defence industries.
 - 2.1.5 Maximisation of commercialisation opportunities from South Australia's research institutions, particularly DSTO.
 - 2.1.6 Promotion of advantageous joint venturing and international partnerships for South Australia.
 - 2.2. Building on South Australia's strengths in such defence industry areas as Defence Electronics, Systems Integration, Manufacturing, Testing and Evaluation and Modelling and Simulation, Radar Systems, Engineering and Metal Fabrication, naval ship building and repair and aerospace.

- 2.3. Monitoring the performance of the industry against clear benchmarks and set ambitious but realistic goals and targets for its future development.
- 2.4. Exploiting technologies used in the defence industries to promote other industries using complementary technologies such as mineral exploration and resources processing, heavy engineering and the environmental industries.

3. Role and Responsibilities of the Chair

- 3.1. The Chair reports to the Chairman, EDB and works in consultation with the Chief Executive, OED, with access to the Premier and Deputy Premier.
- 3.2. The Chair sets the agenda and work plans for the Board and guides the Board in the development of strategies to achieve its goals.
- 3.3. Advise the Premier on issues relating to Defence Industry development.
- 3.4. Provide advice to the Chairman, EDB and the Chief Executive on funding priorities and mechanisms.
- 3.5. Establish and maintain linkages with the Premier, the Chief Executive, the Chairman EDB and the defence industry to support the work of the Board.