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**CLOSING ADDRESS  
SUBMARINE INSTITUTE OF AUSTRALIA BIENNIAL CONFERENCE**

**CANBERRA**

**WEDNESDAY, 16 NOVEMBER 2016**

**\*\*\*CHECK AGAINST DELIVERY\*\*\***

I hope I can live up to the responsibility of closing the conference on what's obviously been a really informative couple of days.

Can I start by acknowledging the Ngunnawal people, the traditional owners of the land on which we meet, and pay my respects to their elders past and present. Can I acknowledge Mark Sander, the newly elected President of the Submarine Institute of Australia. I congratulate you on that. And thank you all for having me here and giving me the opportunity to spend a few moments articulating where Labor stands in relation to submarines and Australia's future.

The future submarine procurement is the biggest and the most important strategic challenge Australian defence today faces. It is the biggest military procurement in our history, and by some instruments it's the biggest procurement undertaken military or civil by an Australian government. And so it challenges Australian strategic and administrative defence public policy.

In saying that I understand that much water has gone under the bridge for getting to the point where we currently stand today, but this is a project that is going to be undertaken over a very long period of time and so it's absolutely inevitable that a future Labor government is going to play a role as the custodian of this project. Exactly when that will happen, of course, delves into the question of exactly what the political landscape is like and while can I say to you Labor feels pleased with where we sit at the moment in the political landscape, at the end of the day your judgement is as good as mine as to how we will fare in two years time at the next election. The truth then is that two years is actually a very long time in politics. But one thing I can absolutely say about that is this: Labor absolutely knows that we are not about to inherit government. Winning government involves earning government, and to do so means we have to be engaged in developing good public policy rather than focusing on playing politics.

I am a politician. I'm not a prude about this stuff. At the end of the day our business is a combination of politics of the moment and developing policy, but there are high roads and low roads that can be taken here and I want to say to you at the outset that it is very much our firm commitment to take the high road as a serious group of people who want to be developing policy for our future.

From my point of view as a person who's new to this portfolio what that means for me is that what I really see the next couple of years as being about learning. I'm really well

aware that I'm in a room full of people who are very much experts in defence policy, specifically in respect of submarines and I am far from an expert myself. But at the end of day it's actually your expertise that matters. It matters to me in terms of what education I'm able to undertake in talking to you, but ultimately it matters because it is the basis upon the decisions that all future governments are going to make, and certainly future Labor governments.

I do want to thank those of you who have had the time to speak with so far. Thank you for giving me the benefit of your wisdom. In advance I want to thank the rest of you who I've not yet spoken to, because you can be assured you'll be getting a tap on the shoulder in the not far too distant future and I'll be keen, very much, to learn from you.

Our attitude when it comes to national security begins with a bipartisanship. I don't mean by that that we stand in blind agreement with the Coalition, with the Government, and we absolutely have an obligation as parliamentarians, as an alternative government, to enquire and to challenge the processes and the decisions that government undertake.

This is not innately an area of party political divide. Whilst there are obvious differences between Labor and Liberal in terms of how we see Australia being governed, national security is not one of those areas of difference. Labor, like the Liberal Party, passionately believes the first priority of government is to provide for our nation's security. As a result there is much within this space that we obviously agree with the Government about.

I think one of my counterparts, the Minister for Defence Industry, Christopher Pyne who was speaking to you earlier today and talking about the opportunities that'll exist in the future for Australian defence industry with the proposed increase in the American defence industry budget under a Trump administration. He's right to point that out. That is a great opportunity for us and we will absolutely support the Government in all its endeavours to take advantage of that opportunity.

I also make the point that elections in this country are not won or lost on the basis of defence policy. So partisanship for partisanship's sake is not what we are about. In saying that, I want to make clear we will be seeking to hold the Government to account.

Labor of course has a deep history in relation to defence policy. We have a strong contemporary history when it comes to submarines and the current existing class of submarines, the Collins class.

It was under the previous Labor Government, met with the concern of readiness of the Collins class, that we initiated the Coles review. The recommendations that came from that review are recommendations that we implemented, which saw from the former Labor government a doubling in the sustainment budget of the Collins class, which now has the consequence of four of those boats being in the water and indeed five crews being ready.

It has led to a circumstance where Kim Beazley, a giant of Australian defence policy, saying earlier this year, and I quote, "Collins class submarines are a great Australian engineering accomplishment and to go from no background in submarine to building one of the best conventional submarines ever produced was a genuine national achievement." That is absolutely right.

I say all of that as that did occur against a backdrop of pretty serious criticism from the Coalition of the time, but I make the point now that I do not hear that criticism today in respect of the Collins class submarines.

In respect of the Future Submarines procurement, as I have been speaking to people and listening to what you've got to say about this, there has been a lot of criticism of Government over the journey - of both persuasions, really extending back to the last term of the Howard Government. That absolutely includes criticism of the former Labor government. Not for a second do I stand before you today saying that I think we got absolutely everything right in terms of our handling of submarines during our last period of Labor government.

I guess our responsibility now, as those of us involved in the making of public policy now, is to make sure we get this right going forward given the strategic importance of the Future Submarine procurement, and given the enormous size of the budget associated with it.

To that extent it is the case that we are critical of the way in which the Coalition government has handled the procurement over the last three years.

We are concerned that from the outset there has been confusion about the number of submarines that were going to form part of the Future Submarine procurement. That it has settled on 12, which has been our consistent position, is a decision which we are obviously very pleased about.

We were deeply concerned about former Defence Minister Johnston's characterization of the ASC as being unable to build a canoe. It was a contemptuous comment which was contemptuous of the state of our industry and the people who work in it.

We have been concerned about the way in which Prime Minister Abbott went about this procurement, seeing it as we thought he did not simply the lense of our nation's security, but through the lense of other political problems of the time. So as the Abbott government sought to build its credentials in relation to trade, this procurement seemed to become part of what was put on the table to close the Japanese Free Trade Agreement. Or perhaps what was seen through the proposal at that time was that the Japanese option was a quick, off-the-shelf fix to this procurement challenge. Either way, that period, in our view, delayed and distorted the proper processes of actually procuring our Future Submarines.

That all of that ended up in the context of a leadership contest at the beginning of 2015 in the Government party room was, in my view, a complete disgrace. Sadly, I have seen close-hand leadership contests involving prime ministers during my time in parliament, so I know what sort of things happen during that period of time, but that we saw our nation's single biggest military defence procurement ever tossed around that party room in order to get votes in respect of a single individual's career is breathtaking. It says everything about the way in which the Government, up until now, in the last three years we would say has treated this procurement decision. And in doing so we think it's been an affront to the Australian public, it fundamentally disrespects you, the defence community, but more importantly it undermines good public policy.

Now I didn't need to run through all of that with you but I'm sure for people in this room to think that over the last three years of politics, sometimes electoral politics, has played too big a role in the decisions that have been made around this critical national security decision. It goes, in our view, to a bigger sense in which the government has handled this portfolio. Already we've seen since 2013 three defence ministers, seen 8 ministers in the defence area, and we've seen a really important reform which is very much to the government's credit, the first Principles Review, which has looked at the way in which the Defence establishment operates and we really support and it is to the government's credit.

One of the mantras which comes out of that of course is One Defence. It's ironic now that we in fact have two Defence Ministers who might support that idea. Let me say to you, though, we have a very traditional view in respect of how this portfolio should be handled and we will have one Defence Minister reflecting One Defence.

In fact, the Future Submarine procurement is a perfect example of the way our nation's strategic interests intersect with Australian defence industry capability.

Now, there are a number of observations that we can make about all of that process in terms of where it leads us now.

Firstly, we are procuring an expensive product by virtue of the fact that basically the DCNS nuclear submarine will need to be converted to a conventional submarine. By virtue of that it is a unique platform, a unique capability, and that necessarily brings with it a degree of risk. That we have only one designer who has been contracted in the design phase raises a question about the competitive pressures which exist in this part of the procurement phase.

Now in making those observations let me make it completely clear none of that is a reflection of DCNS itself. I've met with DCNS. They are a fantastic company and the submissions that they've put before me they are really impressive in terms of what they are planning.

These are reflections about Government decisions. In terms of DCNS in whatever form it is asked to participate with the government, it is going to be a wonderful partner for the Australian government in respect of Future Submarines.

Nor is this a reflection on French submarine building and designing capacity. We have utmost respect for that, but it is ultimately a reflection on the way in which the Government has gone about the procurement business.

All of that, in our mind, does raise some questions about Australian industry involvement in the journey in respect of Future Submarines.

I want to be clear upfront: we really welcome the Government's commitment to build all of these submarines in Australia. That is a very important statement for Australian industry, but below the headline statement there is a degree, or there are a number questions, about exactly how that would play out. During the course of the last couple of days in respect of the upgrade of the maintenance of the Collins, which is intimately connected with the Future Submarines procurement, questions have been raised about the training capacity and the staffing capacity which exists in Australia to fulfil the Collins upgrade and sustainment program.

Obviously, we're talking about a really long timeframe. The first boat won't be in the water until the early 2030s, the last boat in the middle of the century. That does mean the Collins upgrade itself, and indeed the sustainment over the journey, is a really important issue. From the backend of that period, from the mid 2020's through until the 2040's, the maintenance of Collins is going to be an expensive undertaking, and we must not see there be a capability gap in the ultimate transition between Collins and the Future Submarine.

In making those criticisms it is self-evident from what I've said, had we been managing affairs over the last three years we would have done things differently, and I guess that's a nice point for me to make, but at the end of the day it's an academic point, because the real question of Labor that you ask of us and I need to answer is 'what will we do, whenever the time comes that we become the custodian of this program?'

If that does happen in two years time what we will be inheriting, therefore, is an expensive product. It is an expensive process by way of the need to sustain Collins, and it will be a delayed capability which has a risk associated with it by virtue of being a unique design.

I guess from all of that I put the question: does anyone seriously suggest that we, elected to government, should accept all of that without question?

The truth is that if we were elected in two years' time we would have a responsibility, and we would indeed have an obligation to look at every detail of this procurement process and to actively manage it, and that will be the responsibility and obligation of every government between now and the middle of the century in terms of managing this project.

Now, standing here today, four months into this role, two years out from a prospective election I don't have all the answers as to how we would go about that. Indeed, for me, as I said earlier, these two years is absolutely about learning, and principally learning from you. What can I do is absolutely undertake that we will do this in a serious, sober way and doing our best to take the high road, doing our best to press on with good public policy and not on the politics of the moment.

There are some key criteria about how we go about this task which I can articulate today. The first is that we think it is absolutely critical that the decisions we make in the future do not involve delay. Indeed, the length of this project is such that we need to be operating in way, if it's possible, to shorten time frames rather than lengthen them. That does mean

that we can't start it all again and we're not about to. It does mean to a very large degree we have to accept the state of the drawing board as we receive it.

To that end, there is nothing we are going to do anything which gives rise to any element of sovereign risk. There's going to be honouring contracts, honouring the existing undertakings. With all that we are doing in Australia right now, in terms of procuring material to build up our defence, it is absolutely essential that Australia be seen as a safe place to invest and as a safe place to do business, and absolutely so in the defence industry. Under Labor, stability will absolutely matter.

We are big believers in developing sovereign defence industrial capability. That is a key tenet of our thinking, both from a strategic point of view, so that we are able in this country to build and to sustain the key pieces of material that we acquire, but also from an economic point of view because in our view - and it won't surprise you - Australian jobs absolutely matter.

So, all of that will be very key in terms of how we think about this project. We want an Australian ship building industry, and the continuous ship build that has been put forward is absolutely something that we support, but we want a continuous submarine building industry as well, so that when this is over Australia is a country which has the capacity to build and to maintain a submarine.

Over the next two years, for me and for Labor there is a lot of thinking to do, there is a lot of looking, there is a lot of listening, and principally to you. We really, I really, need your help. In return what I can absolutely assure you is that we will be really open about our thought processes and about the consideration that we go through in terms of understanding and assessing the Future Submarines procurement project.

It is for us, in that sense, an absolute partnership between us and you, because we think that only through a partnership of that kind will we ultimately get the best outcome in relation to the Future Submarines procurement. Given its significance in terms of our national security, given the size of the project - which is enormous - it is absolutely essential from our nation's point of view and from our national security point of view this is procurement and this is a project that we get absolutely right.

Thank you for having me.

ENDS

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