



## DMTC Annual Conference 2024 – CEO Keynote

### [Dr Mark Hodge](#) – CEO, DMTC Limited

Good morning and if I may, I'd like to repeat the welcome to the 2024 DMTC Annual Conference and to thank the Minister and all the other keynote speakers from this morning.

I'd like before I start the bulk of my remarks, to acknowledge the 'Welcome to Country' given by Selina Walker and thank her for her remarks on behalf of the Ngunnawal people. In acknowledging this I again highlight, as I have done at previous conferences, the importance DMTC places on walking the journey of reconciliation and as part of our broader effort to embrace diversity.

Diversity of thought is not why we do what we do, but it's a core ingredient of the 'how'.

So **why** are we here?

It could be said – and it has been – that DMTC's activities can most aptly be described as using collaboration as a multiplying, compounding force for creating industrial pathways for the Defence and National Security sector to access the best of Australian technology.

Harnessing the individual sweet spots of each partner and rolling them all up into an integrated outcome that genuinely moves the needle for each stakeholder group – the ultimate goal of course, being impact for our warfighters. As I told one of my children some years ago when he was interested in what his Dad did at work – ***we protect them, so they can protect us.***



Thanks also to Ivan<sup>1</sup> for acknowledging this in his remarks earlier. We can never forget this fundamental, unchangeable context for the work we all do.

If the business of innovation has taught us anything, it has confirmed that innovation – done right – is about finding new ways of doing things, new efficiencies, new knowledge, repurposing established practices and ideas and generally never settling for the old adage of “we’ve always done it this way”. Diverse inputs, from diverse places, and – when we have it right – diverse and several uses for each element of technology, each item of Intellectual Property, of know-how, as a result.

Multiple outcomes over multiple years from multiple sources benefiting multiple areas.

All in this room inherently engaged in a diverse enterprise. One with increasingly critical, complex underpinnings, and one which our nation and its people increasingly depend on us getting right. As I’m confident the DMTC team are undoubtedly only too fond of hearing from me – we are in the business of innovation, so let’s make sure we are innovative in how we do it – not just what we do, and look for those new thought processes, new frameworks and updated approaches. We at least owe it to ourselves to try. We have no business putting on the blinkers and thinking that we’ve cracked it and have the perfect system. There is always a better way.

I said in last year’s address that anyone with more than a passing interest in matters Defence and national security will of course know how much was going on at the time, and noted that we expected to soon learn of the revised priorities flowing from the Defence

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<sup>1</sup> Ivan Power, Chief Executive, National Reconstruction Fund Corporation

Strategic Review and some of the important AUKUS details that were starting to take shape. It was clear then and remains so today, that these reviews – the latest of which on the structure of our Navy was publicly released just yesterday – will fundamentally re-shape the broader Defence landscape and of course the work we do as well.

I also said last year that we didn't at the time know the detail of what the outcomes of deliberations around the DSR were, but that we knew that the role of innovation and technology would remain critical.

It's clear that such a fundamental set of reviews, policy documents and initiatives with such wide-ranging impact, the like of which our country has not seen in generations, was always going to create fundamental change throughout the sector. Last year many of the agencies and organisations in prospect as part of the DSR were either freshly minted or yet to be announced and so, some ten months later it is noteworthy that new agencies adding to the acronym-rich environment in which we all work, such as ASA, GWEO and ASCA<sup>2</sup> to name a few, are taking their place and starting to create serious gravitational pull in our sector.

The DSR of course highlighted that the incumbent structure and priorities of the Australian Defence Organisation and our entire national security apparatus were in need of a revamp in the light of the various geopolitical developments in our region and across the globe. Among its recommendations were the need for a clear refocus towards agility and asymmetry.

Do things quickly, do them cleverly, do them in a way that maximises the concept of force multiplication... things that give our Defence

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<sup>2</sup> Australian Submarine Agency; Guided Weapons & Explosive Ordnance Group; Advanced Strategic Capabilities Accelerator



practitioners a 1+1=3 benefit...extended range, increased warning times, faster capability development and – for a nation with a lot of the earth’s surface to protect but relatively few people to do it with – do it in a way that minimises the folks needed to deliver it.

Most of us understood that this pointed to – for example - more autonomy, faster weapons, smarter sensors, AI, quantum technologies and the like.

Unfortunately, while some details of how and what are emerging as Defence undertakes the immense task of reorganising to deliver capability and prosecute its mission for the Australian people, there remain in many ways more questions than answers.

This is not to criticise, but to state a fact. It’s a huge undertaking and was always going to take longer and be more complex than anyone could have predicted.

The unfortunate truth however, is that Defence industry needs to be doing stuff, or it won’t be an industry anymore. I doubt anyone thought things would have been so uncertain for so long, but the consequences are biting hard all across the sector and many are operating in a very tough environment. Some – organisations and people – are leaving the sector, perhaps never to return, which will make mobilisation all the more difficult when it is required.

So what to do about it and, perhaps, what not to do.

I think it’s important to recognise that a vast and wide-ranging policy document like the DSR is by nature a blunt instrument and will inevitably miss or might be seen to deprioritise areas which we know remain critical.

Two quick examples: one, innovation in sustainment, and two, Chemical, Biological, Radiological & Nuclear protective capabilities



which are demonstrably asymmetric and broadly accepted to be necessary for ongoing prioritisation and investment.

This has been widely recognised and we know will ultimately find its home within the newly structured organisation and we know of course that CJ Health “is to be adequately resourced” in this regard, although where from remains unclear, and much uncertainty still persists, resulting in delays, pauses and halts to program activities which are known to be highly valued and necessary.

Unfortunately, the absence of certainty has resulted in sector priorities being characterised in some quarters more by what isn’t in, than what is. A document that rightly calls for agility, flexibility and speed to capability can’t be implemented with such rigidity as to rule out creative pathways to partnership and developing responses to requirements and challenges. Or to put it another way, a series of reforms as fundamental as the DSR require a more disciplined and mature response than simply to use templated responses from the last time.

The impact of all this is that our current circumstance risks longer term impact to our ability to mobilise and put our collective shoulders to the wheel in responding to the myriad challenges we face. Capability to respond to challenges requires investment and while all in the sector appreciate the complexity and challenges involved in refocusing, starting and stopping key areas, there is a clear need across the sector for more clarity on where, when and how Defence needs us to step up and support.

Now, I’m very conscious of how easy it is to point out what isn’t happening, and I of course want DMTC and our partner group to be part of a solution, rather than part of a problem. In this context there is some welcome clarity beginning to emerge from across



Defence in some key priority areas, and I invite you to listen to presentations from across our program portfolio and our guest speakers over the next day and half which will outline some of the continued, new and prospective program activities that Defence and DMTC, with our broader partner group will be embarking upon.

Additionally, I was also hoping to be able to announce details of a structural partnership between DMTC and Defence in a few key areas where our core capability, collaborative model and track record has been leveraged to put in place a framework for delivery against some key elements arising from the DSR and its various progeny initiatives. We are working with Defence on some final elements of the partnership and details will be announced as soon as possible, however it is most certainly worth acknowledging the partnership of Defence – most notably DST and CASG - in recognising the importance of DMTC and its partners, and the key role we will collectively be asked to play in delivery of some of discrete elements of innovation and industrial capability in coming years.

We know that the overall conditions in Defence are challenging, not just for Defence industry, but for those within Defence itself. Defence is like few other sectors in that it is characterised so strongly by and through the partnerships it creates, and those that are required to deliver the complex, risky and critically important outcomes required.

In this regard, collaboration has seldom been more important in and for Defence than it is now, and it is crucial that we work together not only to achieve our shared goals, but also to share the load as we emerge from this current period of challenge stronger and more ready to quickly mobilise to deliver.



My colleagues and I hear as many of you undoubtedly have as well, different versions of “we’re not able to let you know what our priorities are just yet, but when we do we will need you to get cracking immediately and ramp up...”. We all look ahead to the “get cracking” bits in anticipation, but there are one or two key traps that I think should be avoided in order to keep further delays to a minimum:

1. Don’t reinvent the wheel, but be clear eyed about which wheels work. To my mind, the 2016 Defence Industry Policy Statement remains broadly as relevant today as it was when it was released, of course with a few key tweaks and updates to acknowledge the change in focus...One being the expansion of local industrial capability into alliance industrial capability. In many ways, ASCA is the natural extension of the bold initiatives taken in the establishment of the NGTF and Innovation Hub, with most of the key principles surviving or evolving, but largely remaining completely recognisable in ambition and underpinning narrative.

Many of the key elements made sense then and make sense now – probably because they are fundamentally sound and, if supported, maintained and built upon, will enable the important innovation and industrial capability objectives to be realised more quickly and effectively than if Defence succumbs to the temptation to “start from a clean sheet of paper”. Build on what works – clean sheets of paper frequently result in the need to reinvent things that already exist and have been refined and improved over time. Of course DMTC was listed as a key element of the 2016 DIPS and so I would say that, wouldn’t I?

It's clear that a balance between continuing what works and initiating new activities has much to offer. By contrast, poorly executed initiatives and investments have a nasty habit of becoming white elephants, or at best perpetuating mediocrity, which nobody wants or needs.

Well-meaning investments in infrastructure are only as useful as the length, quality and context of ongoing commitment to maintain support to actually do things with the infrastructure, and set up frameworks that allow it to move and evolve with the times. For example, each state has least one version of styles of bricks and mortar structures, around digital manufacturing and the great risk in “factories of the future” initiatives is that they risk becoming “relics of the past” without careful and clever ongoing support.

Physical infrastructure – in and of itself – ages. Collaborative infrastructure does not, provided of course that it remains flexible and adaptive...again of course, I would say that, wouldn't I?

It is only through balanced investment – not only from Government, but also from the research and industrial sectors – that these ventures can continue to display value and return on the considerable investment involved.

2. Don't forget that a rising tide floats all boats. While there is undoubted benefit in Defence as a practitioner customer for the innovation it funds being prescriptive in the outcomes it seeks from these programs, it must also be balanced and complemented by the need to ensure that the sector is innovating with guided momentum, and not being asked to hit a moving target from a standing start.





The current circumstances I've spoken of earlier - in which the sector is largely awaiting direction from Defence on what products and capabilities it requires - risks atrophying the ability of the sector to rapidly mobilise against an evolving threat. The early days of the Diggerworks model in which DMTC was centrally involved provides an excellent example, of how innovation can be rapidly, and effectively deployed against constantly emerging and evolving threats, by ensuring that a vibrant innovation ecosystem is established and supported by tasking with ongoing problems and challenges, articulated as themes, rather than individual bits of kit. If done well, these challenges rarely articulate a desire for "that product", or "that component", but rather express challenges in terms of general trends that need to be addressed. This inevitably drives a broad response from a network of research and industrial organisations, aimed at a thematic challenge which can be rapidly mobilised towards a particular requirement as and when the need arises.

It is much easier to merge onto a freeway at speed. Difficult and dangerous, if not impossible, to do it from a standing start. Investment in innovation and industrial capability should be prosecuted by way of a portfolio approach which balances challenges to develop particular products or platforms where and when Defence has exquisite knowledge of precisely what it wants, and other investment which is more thematic in nature, where Defence has understanding of capability areas in which it needs to respond, or build strategic weight. This builds a platform capability across the sector which can then rapidly respond to specific challenges – be they in building new kit, or sustaining current or legacy platforms.



Investment in this manner is often – even usually – highly cost effective and if managed correctly, a strong vector for retiring technical risk and ensuring that Defence capability is effectively and efficiently maintained by a mobile, committed and agile local sector.

There is precedent for this not only in the Diggerworks program (which in and of itself now has more of a T&E<sup>3</sup> focus), but also in other programs such as the example I gave at last year's conference of the evolving engagement in the years leading up to and through the early years of Sea 5000 program. In the interests of time I will wait to elaborate on this in the AUKUS panel discussion tomorrow but, briefly, this has resulted in some of the capability developed being deployed in the Osborne shipyard and, importantly, also in modified packages for other maritime and land platforms here and across the world. Diverse application of de-risked technology.

So analogous to these discrete examples, DMTC strongly contends that, while there is much we don't yet know about key elements to emerge from DSR and AUKUS, for example, there is enough that we do know to prioritise a move to mobilising Australian industrial innovation in the broad direction we know will be needed. We need to start down the on-ramp as a matter of urgency, or merging with the freeway traffic will be next to impossible in any meaningful way.

From a DMTC perspective, I often talk in terms of what I believe our superpower to be. I can bore you all to tears with the nexus between our not-for-profit structure and how it interacts with the nuances in our IP model. I can talk about our long-developed

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<sup>3</sup> Test and Evaluation



structural flexibility, manifest in our quality and collaboration standards and our various systems.

These are all critical, but ultimately our superpower rests in the ability to apply this, wrapped up in our culture and relationships and genuine shared purpose and how we apply those structural elements to our work. The people we work with and the collective vision we all share is the collective critical ingredient that can't easily be replicated – and we know people have tried. We know DMTC's work has saved lives, saved money and contributed to literally dozens of quite stunning capability outcomes for Defence that quite simply would not have happened without the shared purpose and commitment of all the organisations in our network.

As a sector, there is so much pent-up desire to step forward in collaboration with Defence to deliver this and support the important objectives of Defence in an increasingly complicated and, unfortunately, dangerous world.

There has been a lot of motion involved in the repurposing of the different moving parts in Defence. The time has come to translate the motion into movement.

If the answer of how to do this is wrapped up in another committee of review, then we have seriously misinterpreted the meaning of agility and speed to capability.

Thank you.