

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Wednesday 20 May 2026

MEMBERS

Sarah Connolly – Chair

John Pesutto – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Richard Riordan

Meng Heang Tak

WITNESSES

Colin Brooks MP, Minister for Defence Industry; and

Matt Carrick, Secretary, and

Danni Jarrett, Deputy Secretary, Industry, Trade and Investment, Department of Jobs, Skills, Industry and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2026–27 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, any comments repeated outside of this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Defence Industry the Honourable Colin Brooks as well as officials from DJSIR. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes, after which time the committee will ask you questions. Your time starts now.

Colin BROOKS: Thank you very much, Chair. Can I start by saying that it is my strong view that supporting the growth and the success of Victoria's defence industry is essential for our national security and industrial resilience. I am proud to have been appointed Victoria's first ever Minister for Defence Industry. It demonstrates our government's view of the importance of this sector for the Victorian economy, for jobs, but also, as I said, for our national security.

Visual presentation.

Colin BROOKS: As I mentioned in the previous hearing, the Australian government is embarking on record levels of defence investment, amounting to around \$425 billion over the next decade, and the equipment we manufacture and sustain here in Victoria makes a vital contribution to national defence programs. We have a strong, sovereign, skilled defence sector that generates \$10.9 billion of economic value every year. It employs over 29,000 people and generates some \$1.7 billion in annual exports. Further trade and investment opportunities for the sector will be supported by the government and by the actions that are outlined in our defence vision statement. The defence vision statement has an agenda to realise the defence opportunities that exist for Victoria and drive broader economic development for the sector and adjacent industries.

Next slide. Since the vision was launched, I am proud of the many achievements we have seen in the defence sector here in Victoria. We remain the only Australian state to host two of the Asia Pacific's largest AMDA trade shows, the Avalon air show in 2027 and Land Forces in 2028, which we have recently secured. These trade shows are essential. They attract key national and global decision-makers to Victoria. The 2500 businesses that make up our defence supply chain can showcase their capabilities, and this drives investment, employment and exports.

In February 2026 I was proud to be at the \$225 million Hanwha Armoured Vehicle Centre of Excellence, which completed phase 2 of its build, to see the first Australian-manufactured Huntsman self-propelled Howitzer roll off the production line. Our government's \$10 million Victorian Land Systems Fund supply chain uplift program supports businesses to create jobs, invest in equipment and conduct research to develop their capabilities so that they can work with Hanwha in its supply chain. It is now in its sixth round of funding. The supply chain uplift program, the SCUP, has a value of \$3.2 million in grants delivered to 44 companies since its launch in August 2022.

In November last year we saw over 60 defence companies on the Victorian Pavilion at Indo-Pacific. Events like these enable Victorian businesses to meet clients, to win work and build a pipeline of investment and employment. I also announced two separate memoranda of understanding – memoranda or memorandums; two MOUs – at Indo-Pac to help facilitate the continued growth of our supply chain and uplift the skills of our workforce for both AUKUS pillars 1 and 2. One of these was with Rolls-Royce to bolster defence industry skills workforce and technology to facilitate supply chain opportunities for Victorian companies and support Victoria's contribution to AUKUS pillars 1 and 2. Members would be aware that Rolls-Royce is the propulsion supplier for the AUKUS SSN submarines. One is with H & B Defence, the combination of Huntington Ingalls and Babcock, to support collaboration with training providers and deliver supply chain uplift programs to support improved global market access for Victorian businesses.

I held a number of meetings through my time as minister for industry, which encompasses the defence industry portfolio but not by name. We met with companies like Babcock, BAE Systems, Rolls-Royce and Talos to discuss Victoria's capability in supplying into the AUKUS program. I have met with Hanwha, both international representatives and local representatives. I might leave my opening remarks there, Chair.

The CHAIR: Thank you very much, Minister. The first 8 minutes are going to Mr Riordan.

Richard RIORDAN: Thank you, Chair. Minister, you pointed out in your summary the huge value the Avalon air show is to the state. It is on next March, but your government has failed to make any provisions in this budget or the forward estimates for what seems a relatively small commitment, a financial commitment to ensure that it goes beyond that. Why haven't you made the commitment?

Colin BROOKS: Firstly, we are very proud to again be hosting the air show next year. I talked about the benefit to the state. I think you agree with –

Richard RIORDAN: We are wanting to know why we are not getting the ink.

Colin BROOKS: Well, we are. As I said before, I think you were here when this issue was raised earlier on. We are in discussions, and those discussions are commercial in confidence. I am hopeful that we will have more to say very soon.

Richard RIORDAN: So that means that the allowance will have to come out of a Treasurer's advance, will it, to fund that?

Colin BROOKS: That is to be determined, depending on how much it is going to cost. But those issues are commercial in confidence.

Richard RIORDAN: My understanding is that you have actually been pushing for this. You obviously support the Avalon air show but you have not received support from cabinet for further funding on this. I mean, it has traditionally been allowed for in the forward estimates and budgets in the past. Why wouldn't that be the same this time?

Colin BROOKS: No, I think you are telling a story or offering an opinion there. Like I said to you, the genuine answer is that we have locked in the next air show for next year, and we are working with –

Richard RIORDAN: That was quite some time ago, and it is a big event. You cannot go too much longer; they will need to know that they have got the funding and you have got a commitment, because clearly other states will be chasing something that brings so much business, won't they?

Colin BROOKS: Which is why we are in active discussions with AMDA.

Richard RIORDAN: Can you tell this committee when you would expect to have that publicly announced?

Colin BROOKS: As soon as possible.

Richard RIORDAN: We did hear similar wording with the MotoGP, Minister, where your colleagues said 'We're working on it, we're working on it' and failed to produce. Have you currently got an amount before you that the air show people are requiring?

Colin BROOKS: Like I said, we are in conversations, but I am not going to outline in a public forum the amounts that we are –

Richard RIORDAN: This is to the Parliament looking at the budget. This is an important part of the state's future.

Colin BROOKS: Yes, and I am not going to give you an amount so that people in other jurisdictions who would like to host the air show can use that figure. We are working very closely to secure a further tranche of air shows, and the conversations are commercial in confidence.

Richard RIORDAN: Should it concern this committee other of your colleagues can get \$13 million for machete bins but you cannot get a similar amount of money to host one of the biggest industry –

Colin BROOKS: I think what you need to remember, Mr Riordan, is that we are in 2026. The next air show is yet to come, and we have time to negotiate a future program for the air show. The next air show is not until next year.

Richard RIORDAN: It is less than 12 months away, and I am sure everything it has got planned is locked in, and I am sure they are already making provision for what they do beyond that. These are big international events, Minister. They do not just –

Colin BROOKS: I feel like we are going around in circles. I think we are in agreement that we want to see the air show remain in Victoria. We are working to achieve that, and we are all looking forward to air show 2027 being held in Victoria.

Richard RIORDAN: And the government is fully conscious that, like the MotoGP, other states are very keen to poach this from us?

Colin BROOKS: I reckon there would be lots of jurisdictions wanting to have the air show, but I think Victoria has a range of advantages, and we are in active negotiations to secure that.

Richard RIORDAN: Can we leave with this message, that before the end of this year, and certainly before the air show is underway March next year, there will be a commitment to continuing it?

Colin BROOKS: It will be as soon as possible.

Richard RIORDAN: The 2024 *Economic Growth Statement* said you would make Victoria the natural choice for defence-related contracts and outlined funding for investment facilitation, SME capability uplift and supply chain development. Since that statement was released, what specific defence or AUKUS-related contracts, investments or supply chain opportunities have actually been secured for Victorian businesses?

Colin BROOKS: Opportunities secured or funding?

Richard RIORDAN: What actual businesses have resulted from it? What opportunities have materialised?

Colin BROOKS: Okay. The first thing I would say is that there are many companies and large projects that we are working on at the moment through larger investment programs like the Victorian Investment Fund which will be announced in due course. There is a piece of work going on there to bring a pipeline of defence industry projects through. Then there is more recently announced investment in Victoria that we have advocated strongly for, like the three-quarters-of-a-billion-dollar investment in Thales in Bendigo for a seven-year run of the Bushmaster and Hawkei vehicles.

Richard RIORDAN: So that is as a direct result of that *Economic Growth Statement*, the Thales project? It is part of that?

Colin BROOKS: Well, we were advocating very strongly for that. I mean, this is a sector where we advocate, facilitate and provide grant funding to programs that are largely funded by the federal government, so our role is very clear in this, which is that advocacy role.

Further to your question, I have worked through the different levels of investment. A project like Thales in Bendigo – and I note that the federal Minister for Defence Industry was in Melbourne recently announcing work with a company called SYPAQ, which is a very innovative Victorian company specialising in autonomous systems but has become better known for those cardboard flat pack drones that went to Ukraine. He announced further investment there, so there are some big investments coming in. Then, just to finish off your question, I mentioned in my opening remarks the \$10 million land systems fund. One of those is the SCUP, the supply chain uplift program. As of today we have allocated grants to 44 companies across six rounds of funding, the most recent one announced today. I have got a long list here of the 44 companies, if you want me to go through them.

Richard RIORDAN: You might like to table them, just to supply my notes.

Colin BROOKS: I will table a list. Yes, I will supply the list to the committee.

Richard RIORDAN: That would be great.

Colin BROOKS: But can I just say, these are –

Mathew HILAKARI: Read it in.

Colin BROOKS: Sorry?

Mathew HILAKARI: You can read it in.

Richard RIORDAN: No, I am going to keep moving.

Colin BROOKS: I do not want to waste your time.

Richard RIORDAN: We have just got a minute left to go here, Minister. What line items in the budget is AUKUS support for industry covered under?

Colin BROOKS: That will be the \$11.5 million – excuse me while I just find it. There is funding that flows through from last year's budget through to this year as well, so there is \$11.5 million for the defence industry portfolio. There is \$7.6 million over four years to deliver aspects of the *Victorian Defence Vision Statement* for supply chains, and there is \$3.9 million over three years, to your question, that is funded through the *Economic Growth Statement* to support businesses to win work for AUKUS and broader defence supply chains.

Richard RIORDAN: Minister, you have got a dedicated specialist team to maintain relationships with defence primes and tier 1 suppliers. What have they achieved? Have you got some KPIs for that?

Colin BROOKS: Yes, absolutely. I am just thinking it might be a good time to –

Richard RIORDAN: You can table it.

The CHAIR: Thank you, Minister. We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair, Minister, Secretary, Ms Jarrett. Minister, it is indeed very good that we now have a specific portfolio of defence industry, and I note your passion for this area as well – quite right too, given that we do in this state in Bendigo manufacture the world-renowned Bushmasters, which are also saving lives in places like Ukraine.

Minister, you spoke in the presentation about the importance of this portfolio for our national security of course but also for its role in providing meaningful employment and career paths for Victorians. On that note I would like to draw your attention to the skills solutions partnerships, which are referenced in budget paper 3, pages 62 and 66 and specifically call out training for the defence industry as part of that. Can you please talk to me a bit more about how this funding will support upskilling for defence?

Colin BROOKS: Yes. Thanks very much, Mr Galea. It is a really good program. Again, it is not one that I can take credit for, because it came along before my time, but I am very proud to have it continue. This is a program that – and these are my words – fills gaps in important training areas for industry, to ensure that we have got industry working together with training organisations and building courses that are relevant to

industry. This is a program that addresses those gaps. It encourages collaboration and particularly focuses on new technologies. Across two rounds the program has produced \$6 million in matched funding to 11 innovative partnerships to develop the short courses that businesses require.

Earlier this year I had the great pleasure of announcing the recipients that were successful in the second round of the skill solutions partnership funding, and we launched this at RMIT in the city. One of the projects that was successful was a partnership between RMIT University and MEMKO, Navantia – and people will know Navantia as the Spanish shipbuilding company that has a large design presence here in Melbourne, with I think around 200 jobs – LEAP Australia and Engineering Education Australia. That was about strengthening our capabilities to contribute to AUKUS through a range of new stackable micro-credentials that people can study at RMIT. That is a really good example of what can be achieved under skills solutions partnerships.

Some of the subject matter that they are looking at through that particular partnership were model-based systems engineering, digital mission engineering, artificial intelligence and autonomy and cybersecurity. We know that AUKUS is a massive national endeavour – I am not sure that everyone understands the scale of the endeavour that is involved. In dealing with industry, talking about the AUKUS program, that scale means that this is a whole-of-nation project. Often people think of AUKUS as being a South Australian and potentially Western Australian program through shipbuilding and some of the sustainment work, but it is going to require all states, particularly states like Victoria that have the skilled workforce, the tertiary sector and the manufacturing base to be able to lean into that program. That is a long way of saying that is why we opened round 3 of the skills solutions partnership this year, and that is working its way through assessment. We look forward to announcing successful recipients in that program as soon as possible.

Michael GALEA: Thank you, Minister. Another program you earlier mentioned was the supply chain uplift program, which has also had a further round of successful grant recipients just recently. Can you talk about what that funding for these grants will deliver for those recipients and how that will support the industry?

Colin BROOKS: Yes, thanks very much. That is another really potent grants round that gets really good results for the grant amounts. This is all about supporting the land systems defence manufacturing facilities across the state, particularly driven off the investment in the \$225 million manufacturing facility down in Avalon for the Hanwha vehicles that are rolling off the production line. When the federal government did sign that contract with Hanwha to deliver its LAND 8116 Huntsman self-propelled howitzers – that is a \$1 billion program – and the \$5 billion to \$7 billion LAND 400 Phase 3 program to deliver the Redback infantry fighting vehicles, the Victorian government backed that investment with this grant round, which helps local businesses here in Victoria win work to supply into that program.

We took into account that defence procurement is highly complex – it is governed by strict standards for the purpose of ensuring that those that serve this country are kept safe, so there are a whole range of issues that companies wanting to supply into that program need to go through. It is targeted to support that uplift in capability, competitiveness and resilience of the supply chain, and it supports those businesses in the supply chain to do things like this, to gain relevant accreditations and meet industry-specific compliance requirements, to prepare tenders, to undertake minor facility upgrades and equipment fit-outs to meet some of those compliance issues, to develop new or enhanced current defence products or services or to undertake defence industry-related research and development.

Just to run through the grant rounds: we have unlocked six rounds of funding, as I have said. The last of those was announced today. That amounts to more than \$3 million and more than 1000 jobs. In round 1 there were five businesses at \$199,757, round 2 delivered \$277,516 for four businesses, in round 3 there was \$292,451 for four businesses, and then there was \$634,776 for 10 businesses. In round 5 we delivered \$801,766 for 11 businesses, and in the final round, round 6 so far, we delivered \$1.1 million for 17 businesses, creating more than 70 jobs. This is the biggest delivery of our investment yet.

I will just finish the answer to this question by saying I had a great opportunity earlier this year to witness the first AS9 Huntsman self-propelled howitzer roll off the production line down at Hanwha's Avalon facility with the federal Minister for Defence. What I would say is it struck me, talking to the workers in that facility, quite a few of whom have come from the old Ford auto manufacturing and broader auto manufacturing sector, the level of pride that these workers have in the work that they are doing, and the cutting-edge technology that is

being applied is really inspiring. So the fact that we have been able to play a supportive role in this is really something special.

Michael GALEA: Especially with that Geelong region, as you mentioned, and the former Ford factory there. They have then been able to then employ those people and have those exciting career prospects. It is now just over a year, I believe, since the release of the *Victorian Defence Vision Statement*. Minister, can you talk to me about how you intend to continue to acquit that statement under these budget measures?

Colin BROOKS: As I mentioned earlier, the defence vision statement sets out our key priorities in terms of advocating for defence industry investment here in Victoria. Over the last year we have moved into delivering more tangible outcomes aligned to the strategy's three core targets: secure investment, grow the supply chain and build skills and capability. We are into our second year of rolling out an investment of \$7.6 million over four years, which I just mentioned in answer to a question before. It has been funded to roll out the *Victorian Defence Vision Statement* and support our industry and supply chains to secure major defence contracts through advocacy, advisory and capability development and continue support for the Victorian Defence and Space Network and also our continued participation in key trade shows. When we have had consultations and round tables with Victorian defence industry businesses, one of the key things that they say that the state government can help them with is by continuing to support them to attend trade shows where they are able to engage with other businesses.

Our relationship with the defence industry is longstanding, with many defence primes, tier 1s and local-grown businesses choosing to have a footprint and to operate here in Victoria. We have got a proud history of defence and aerospace excellence, which has enabled us to play a major role in significant Australian defence projects. As I mentioned earlier, AUKUS represents a major economic opportunity for Victorian defence businesses. It is expected to entail expenditure of some \$368 billion, over \$100 billion more for the guided weapons and defence strategic review priorities. GWEO, as it is known – guided weapons and explosive ordnance – is a massive program that offers opportunity for Victoria that we are working hard on. We have got over 400 local supply chain companies with relevant capabilities for this national endeavour, and I have really been able to shine a light in many respects on Victoria's strength in advanced manufacturing and the capabilities in AUKUS work.

Last year at Indo Pac, the premier naval maritime exhibition, as I said before, I signed an MOU with Rolls-Royce and H&B Defence. Under the Rolls-Royce agreement, we will work with them to support Victoria's contribution, both pillars 1 and 2. Again, what attracts Rolls-Royce to working with Victoria is our world-class university sector and highly skilled workforce and the scale of our manufacturing base. Rolls-Royce is the only private company in the world with the ability to design, manage, manufacture and decommission reactors within the one single entity. Under the H&B Defence agreement our government will work with H&B Defence to support collaboration with education and training providers to pilot new defence-focused skills programs and also, importantly, to deliver supply chain uplift programs to Victorian businesses to better comply with US and UK shipbuilding requirements.

We have also held a Premier's defence round table, bringing together industry and the higher education sector to discuss future skills and course needs. With the defence vision statement as the backdrop to our discussions with industry and key decision-makers, we have been able to send a really clear message to the sector that we stand ready to support the mission of the Australian Defence Force, keeping –

The CHAIR: Apologies, Minister. I am going to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good morning. Just on that topic of trade shows we were just covering earlier and from what was in the slides, Minister, you released a media release yesterday saying Victoria will host the 2028 Land Forces expo. Can I ask: how much state funding will go to hosting Land Forces in Melbourne in 2028?

Colin BROOKS: Again, these are trade shows that we negotiate with the organisers to operate, and so those figures would be commercial in confidence.

Aiv PUGLIELLI: Okay. And figures anticipated to host the event over the estimates would also be commercial in confidence?

Colin BROOKS: Well, yes. We are not in a position to indicate the costings for that because of the commercial-in-confidence reasons.

Aiv PUGLIELLI: Okay. Can I ask: were protests the reason that Land Forces was moved to Perth this year?

Colin BROOKS: Not from my point of view.

Aiv PUGLIELLI: From anyone's point of view?

Colin BROOKS: Not that I know of, no.

Aiv PUGLIELLI: Okay. What kind of lobbying efforts did you or the department undertake to bring this event back to Melbourne?

Colin BROOKS: The answer to that question is similar to the answer that I gave on the air show. We engage with the organisers to secure a deal to host this important show here in Victoria. It is worth noting the value of the show to the economy here in Victoria and the jobs that I mentioned before – \$10.9 billion worth of economic value this sector has to our state, 29,000 jobs that rely on the sector and an opportunity to grow those jobs over the future. Shows like this are important in terms of showcasing Victoria's capability and bringing all the key decision-makers to Victoria.

Aiv PUGLIELLI: So you met with them. But, I mean, what did we offer to get them back? Clearly it is competitive with other states. Is that correct?

Colin BROOKS: Yes. And as I said, the exact amount that we pay for that show is commercial in confidence.

Aiv PUGLIELLI: Okay. The media release I referred to claims that Land Forces showcases innovation not only in defence capability but medical technology, humanitarian assistance and emergency relief. One of the companies at the previous Land Forces created a drone used to kill Victorian humanitarian worker Zomi Frankcom. How does the department handle that contradiction in communications – trying to market weapons companies as humanitarian?

Colin BROOKS: The list of people who would have participated in the previous Land Forces, like any of the shows – the same with the air show – would have been a matter at the time for the organisers of the event. Certainly –

Aiv PUGLIELLI: I mean, the media release was released by you yesterday, though. How are we handling that contradiction? We are talking about weapons companies.

Colin BROOKS: Yes, that is right.

Aiv PUGLIELLI: How is this humanitarian?

Colin BROOKS: I think we are fairly open about the fact that the main purpose of this is to promote defence industry, so no-one is shying away from that.

Aiv PUGLIELLI: Thank you.

The CHAIR: Apologies, Mr Puglielli. Minister and officials, thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is going to take a break before beginning its consideration of the portfolio of housing and building at 11:20 am. I declare this hearing adjourned.

Witnesses withdrew.