



11 July 2014

The Hon Teresa Gambaro MP
Chairperson
Joint Standing Committee on Foreign Affairs, Defence and Trade

Dear Ms Gambaro,

Hawker Pacific Pty Ltd is pleased to provide feedback in relation to the Australian Government *Inquiry into Government Support for Australian Defence Industry Exports* and specifically addressing the terms of reference as detailed below.

1. Identification of barriers and impediments to the growth of Australia's Defence exports;
 - A significant barrier to the growth of our Defence exports is the complexity of the legislative requirements of export controls, and the risks and penalties associated with inadvertent breaches. When assessing export opportunities, export control compliance features in all risk assessments and often can be a defining factor when assessing the feasibility of an opportunity. Defence Export Control Office (DECO) provides a fantastic facility for known export requirements, but what is required to support Defence Industry further would be access to quick advice (even a self-service tool may be appropriate) to assist Industry in assessing their export requirements quickly without having to approach DECO for formal advice in every instance. This would allow not only allow Industry to engage with DECO under a self-guided mechanism, but would also allow Industry to build its knowledge in 'real time' resulting in more efficient interactions when required under specific and more complex circumstances.
2. How Government can better engage and assist Australian Defence industry to export its products;
 - Engagement through DECO is generally excellent and the advice provided is valuable to Defence Industry. Without this support Industry would experience significant difficulties in accessing export opportunities. DECO is a valuable service in understanding, and assisting Industry to comply, with the export controls regulations and export environment. It is critical to Australian Defence Industry that this service is maintained and improvements such as the self-assessment tools and other guidance documents allow Industry to access the specialised knowledge without over burdening the DECO.
 - Government support via the DECO for (partially) sponsored overseas Defence Trade Missions and participation in overseas Defence-related Trade Shows/Conventions/Exhibitions provides an exceptional opportunity for Australian companies to access directly into foreign nation user organisations (Defence organisations or Defence-related companies). Sponsorship in terms of financial support/coverage is only one aspect, but more importantly, the level of access enabled by having official Australian Government representation is significant. Equivalent access opportunities by most Australian Companies would simply be unachievable. Hawker Pacific strongly supports the ongoing resourcing and Government commitment to this important capability offered to Australian Defence Industry.

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3. The operations of the Defence Export Control Office;

- Interactions with DECO are always productive and efficient in relation to specific enquiries and the turn around on the online support tools are as advertised. The efforts to amend the *Defence Trade Controls Act* at the same time as the United States *International Traffic in Arms Regulations* (ITAR) and *Export Administration Regulations* (EAR) controls has resulted in significant confusion for Defence Industry. Unfortunately through this time of change with both key sets of legislative export requirements, Defence Industry has been burdened with a significant impost in terms of education and operational/system changes. In the future, it would be ideal if changes could be either 'harmonised', or even set to form some sort of alignment between the individual governmental requirements.

4. Assessment of the export support given to Defence industry by governments of comparable nations;

- Predominately the US trade controls provide the most comprehensive and punitive set of legislative controls that Australian Defence Industry must abide by. Whilst efforts are being made by the US State Department and related Federal departments to simplify these, this work in and of itself has created for the period of transition, a dual system which by Australian Defence Industry must understand and comply with. This 'dual' or transitory system of ITAR controls makes the risk for Australian Industry in engaging in export activities that much more complex, and may result in companies delaying or rejecting investment opportunities as a result of management activities required to ensure inadvertent breaches do not occur, or inhibit Australian Industry export growth due to the associated management overheads.

We appreciate the Committee's Inquiry into the Australian Defence Industry Export environment. This is an area where many organisations face constant challenges in operating in a global market, where the penalties for getting it wrong – despite all best efforts – are monstrous. Organisations are forced to decide between pursuing global export opportunities, establishing the required export compliance framework at substantial resource investment, or remain focussed on the limited local industry opportunities at a significantly lower risk.

Kind Regards

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