

Introduction

Conduct of the Inquiry

- 1.1 The inquiry was referred to the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) on 7 May 2014 by the Minister for Defence. The JSCFADT then referred the terms of reference to its Defence Sub-Committee for inquiry on 14 May 2014.
- 1.2 The Committee received 49 submissions. A list of all submissions, exhibits and answers to questions on notice are listed at Appendices A, B and C respectively and are available on the Committee's website.¹
- 1.3 Public hearings were conducted by the Committee in Adelaide, Melbourne, Sydney and Canberra. Details of the hearings and the names of witnesses who appeared before the Committee are at Appendix D.
- 1.4 The conduct of the Inquiry was dominated by discussion of the impending release of the First Principles Review and consequent changes within Defence capability development and acquisition structure. The Committee chose to delay completion of the inquiry in order to take account of these developments.

Structure of the report

- 1.5 The report begins with the context of Australian defence industry, current Government policy, introduce the concept of industry as a fundamental input to capability and explain how these factors are relevant to defence exports (chapter two).

1 See <<http://www.aph.gov.au/jfadt>>.

- 1.6 The Committee then assessed current forms of engagement and assistance available to the defence industry, the performance of selected comparable countries (Canada, the UK and the US) and additional barriers and impediments to Australian defence exports (chapters three to five).
- 1.7 Lastly, the Committee considered the operations of the Defence Exports Control Office (DECO), which has regulatory responsibility for approving the export of defence materiel and technology (chapter 6).

Defence policy and capability planning

- 1.8 Following the release of the 2015 Defence White Paper, Defence intends to publish a 10-year Defence Capability Plan and a Defence Industry Policy Statement to provide defence industry with greater certainty about the Government's key priorities and timeframes. The Government has stated that the upcoming White Paper will be fully costed and provide long term funding guidance. This will likely be provided through the Government's intention to increase Defence spending to 2 per cent of gross domestic product.²
- 1.9 Defence's submission noted that programs relevant to defence exports 'will be reviewed in the context of the development of the 2015 White Paper and an accompanying Defence Industry Policy Statement.'³

2 Prime Minister and Minister for Defence media release, 'Delivering a World Class Defence Force', 4 April 2014, at <<http://www.pm.gov.au/media/2014-04-04/delivering-world-class-defence-force-0>> (viewed 26 August 2015).

3 Department of Defence, *Submission 41*, p.1.