

10 July 2014

Senator David Fawcett
Chairman
Defence Sub-Committee of the
Joint Standing Committee on Foreign Affairs, Defence and Trade
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SUBMISSION to the Inquiry of the Joint Standing Committee on Foreign Affairs, Defence and Trade into *Government Support for Australian Defence Industry Exports*.

Dear Senator Fawcett

ASC is pleased to provide this submission to the Inquiry of the Joint Standing Committee on Foreign Affairs, Defence and Trade into *Government Support for Australian Defence Industry Exports*.

ASC's core business is the design, construction, upgrade and through-life support of surface vessels and submarines for the Royal Australian Navy. While ASC does not manufacture goods for export, elements of ASC's core business requires ASC to export equipment, materials and data, particularly to the USA, Canada and Europe, in relation to both the COLLINS Class Submarine Program and the Air Warfare Destroyer Program.

ASC's submission primarily concerns the operations of the Defence Export Control Office (DECO).

Current DECO support

DECO provides invaluable direct and indirect assistance to industry in matters relating to the import and export of defence technologies. Services and changes of most value to ASC include:

- the direct assistance DECO provide to industry in determining Export Licensing requirements, and in navigating import and export procedures;
- DECO's new online import / export permit application system;
- procedural changes permitting multiple-permit submissions, and removing the requirement to submit officially-executed original documentation; and
- DECO's industry outreach program, including Export Control conferences and free e-learning training modules available from DECO's website.

Improvement Opportunities

Opportunities that if exploited would provide wide-ranging benefits to the Defence Industry include:

- Wider government consultation before the implementation of new regulations:

In the past import and export laws and procedures have come into force before DECO and related government agencies (eg, Customs) have worked through potential issues; finalised their own processes; or had the opportunity to consult with and educate industry.

Suspending the introduction of changes while these issues are resolved can have the result of leaving industry unsure of applicable procedures, resulting in delays and inefficiencies.

- The provision of detailed online guidance on recent Australian and US Export Controls Reforms

With a few exceptions, current guidance comprises high-level summaries. ASC sees an opportunity for DECO to work closely with industry to develop detailed Best Practice Guidelines for the implementation of Australian and US Export Controls regulations, thereby optimising industry compliance with complex new export (and import) provisions affecting both Australian and US defence technologies. The provision of a Best Practice Guide on Transitioning Defence Technologies from US International Traffic in Arms Regulations to US Export Administration Regulations control, for example, would be of significant benefit to industry.

- Advance notice of procedural change:

In the past the lack of notification to Industry of changed procedures has resulted in goods being detained by Customs at the Australian border, delaying projects and costing business in shipping charges and other losses. For example, recently the General Export Permit category was removed without notifying Industry and without providing details of the change on agency websites.

ASC would welcome a subscription service for notifications of changes via DECO and Customs websites. ASC also recommends that online help guides be created covering DECO's (and other relevant agencies) procedural requirements. Best practice workshops, support groups, FAQ's and Practice Alerts would also save business time and improve industry knowledge and compliance.

- Online provision of information on the status of online export permit applications

At present, Industry must contact DECO via phone or email to determine the progress of an online permit application. While a query response time of two working weeks may not seem extraordinary, significant costs can be incurred during that time.

We thank you for the opportunity to provide this submission.

Yours sincerely

Stephen Ludlam
CEO & Managing Director