



14th July 2023

Committee Secretariat
Foreign Affairs, Defence and Trade Committee
Department of the Senate
Parliament House
Canberra ACT 2600

Dear Dr Turner,

RE: Establishment of a Sovereign Defence Industry Capability Panel

Innovaero is a wholly Australian owned SME with a pedigree in aeronautical engineering and advanced aerial camera arrays for rapid wide area survey. Since 2019 we have become increasingly focused on large uncrewed aerial systems (UAS) for Defence. We are currently developing the OWL-B Loitering Munition, a next generation autonomous expendable UAS. OWL's kinetic warhead, being developed by the Defence Science & Technology Group, will be the first warhead developed and certified in Australia since the late 1970s. OWL provides a low-cost medium to long-range precision strike capability, a DSR priority.

Other significant initiatives include our partnership with BAE Systems Australia, announced at AVALON23, to develop a large uncrewed combat aerial system (UCAS), the STRIX. This partnership is recognition of our affordability, capability, and development speed.

DSR23 highlighted the need for rapid affordable development and introduction into service of new capabilities. We and many others, believe that there are nimble Australian SMEs that do this very well. Now is the time for government and Defence to have faith in Australia's sovereign industry.

Please find enclosed a proposal, conceived by Australian SMEs, to establish a Sovereign Defence Industry Capability Panel to support and grow Australian defence industry.

Regards,

Simon Grosser,
Chief Executive Officer

PROPOSAL TO ESTABLISH A SOVEREIGN DEFENCE INDUSTRY CAPABILITY PANEL

The Proposal

The establishment of a Sovereign Defence Industry Capability Panel comprising Australian owned and controlled companies that will support the delivery of capability to Defence.

Why

The Defence Strategic Review (DSR) states that it is essential to support Australian sovereign defence industry capability where it makes strategic sense. A sovereign defence industry is required to manage strategic risk, provide national resilience and grow our economy.

Sovereign Eligibility

To be considered eligible for the Sovereign Defence Industry Capability Panel (SDICP) companies should meet the following requirements:

- The company is more than 50% Australian owned and controlled.
- The company's IP contributes directly to Defence capability.
- The company holds appropriate Defence Industry Security Program accreditation.
- The company is prepared to undergo regular audits to verify ongoing compliance with the eligibility requirements.

Panel Selection Criteria

To be selected for the SDICP, Defence will assess companies against agreed criteria, including:

- The company provides capabilities aligned to the critical capabilities identified in the DSR, the Integrated Investment Program (IIP) and the advanced capabilities identified for AUKUS Pillar Two.
- The company demonstrates an ability to deliver capability outcomes within a timeframe required by Defence (e.g. within 3 years).

Companies eligible for the panel and with relevant products, but with products below the required level of maturity, may be supported to seek funding via other Government initiatives, such as the Advanced Strategic Capability Accelerator.

Implementation of the Panel

Defence would advertise the structure and membership of the SDICP (internal and external to Defence) to ensure Defence Capability Managers and other key stakeholders understand the sovereign capability products and services available via the panel.

When Defence capability requirements can be met by companies on the SDICP, Defence will consider:

- Sole sourcing the capability (product or service) from a SDICP company; or
- Mandating the capability (product or service) as a Defence Required Australian Industry Capability when more than one SDICP company has suitable capabilities (products or services); or
- Requiring justification by Defence for Government explaining why an international (non-Australian) company's capability is preferred over comparable capability available from a SDICP company.

Benefits to Australia

Establishing the SDICP would be a significant first step in accelerating and sustaining sovereign Australian defence capability and building supply chain resilience for the ADF's critical capabilities.

Implementing the SDICP would:

- support ongoing product development and technical refresh of Australian Defence capability products and should lead to improved export opportunities to our allies and trusted international partners.
- generate further investment and retention of local defence industry jobs and build industrial capability and capacity that contributes to Australian national security and the broader economy.