

To: Committee Secretary

Senate Foreign Affairs, Defence and Trade Legislation Committee
Parliament House, Canberra ACT 2600, Australia

From: Associate Professor, Dr, Taha Chaiechi

Subject: Defence Capability Assurance and Oversight Bill 2023

Dear Committee Secretary,

I am writing to provide my submission to the inquiry on the Defence Capability Assurance and Oversight Bill 2023, referred by the Senate to the Senate Foreign Affairs, Defence and Trade Legislation Committee. As an engaged citizen and an economist, I would like to address the economic implications of this bill and present several recommendations for consideration.

1- Economic Stimulus and Job Creation:

The Defence Capability Assurance and Oversight Bill 2023 has the potential to stimulate the economy and create employment opportunities. By ensuring robust oversight and assurance mechanisms, the bill can enhance the efficiency and effectiveness of defence procurement processes. This, in turn, can provide a boost to the domestic defence industry, fostering innovation, technology transfer, and the creation of high-skilled jobs. To maximize economic benefits, the bill should encourage collaboration between defence contractors, academia, and small-to-medium enterprises (SMEs) to promote research and development, local manufacturing, and export capabilities.

2- Industry Growth and Resilience:

A strong defence industry plays a crucial role in enhancing national security and economic resilience. The Defence Capability Assurance and Oversight Bill 2023 can contribute to industry growth by providing certainty and stability for defence contractors and suppliers. Clear guidelines and regulations regarding capability assurance and oversight will instill confidence in the sector, attracting private investment and fostering long-term partnerships. Additionally, the bill should encourage diversity and competition within the defence industry, promoting innovation and ensuring cost-effectiveness.

3- Supply Chain Efficiency and Localisation:

Efficient and resilient supply chains are vital for the defence industry's success. The bill should address the importance of supply chain management, including measures to ensure reliability, transparency, and accountability throughout the procurement process. Furthermore, promoting localization and domestic sourcing of defence materials and components can enhance supply chain resilience, reduce dependency on foreign suppliers, and contribute to economic growth. Encouraging local SMEs to participate in defence supply chains through capacity-building programs and procurement set-asides can further support economic development.

4- Defence Export Opportunities:

Promoting defence exports can significantly contribute to economic and defence resilience. The Defence Capability Assurance and Oversight Bill 2023 can facilitate the creation of an enabling environment for defence exports, positioning Australian companies to compete globally. By supporting the development and marketing of cutting-edge defence products and services, the bill

can enhance international trade, boost export earnings, and improve the overall trade balance. Increased defence exports diversify revenue streams, reducing economic reliance on specific sectors and markets, thus enhancing resilience against external economic shocks.

By considering the recommendations provided above, the Australian Parliament can maximise the economic benefits of the proposed legislation. This includes strengthening defence-related industries, encouraging research and development, facilitating defence exports, and investing in skills and workforce development. These measures will contribute to both economic and defence resilience, ensuring Australia's readiness to face future challenges.

Thank you for considering my economic-related submission to this important inquiry. I am available to provide any further information or clarification.

Kind regards

Taha Chaiechi

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