

- Acquisition and sustainment expenditure will be approximately \$100 billion over the next decade - the majority of the expenditure will be spent within Australian Industry.
- Australia's defence industry workforce numbers are expected to have to increase in real terms by almost 20% over the coming decade - workforce growth of this magnitude will be a challenge and could result in Australian firms' working to full capacity.
- Many of the proposed major acquisitions, including JSF, AWD, AIR 7000, Land 121, AIR 9000, stretch well beyond 10 years with follow-on sustainment contracts extending for 20+ years.
- Australia is the envy of many countries with respect to the planning guidance provided to industry on Defence expenditure. Specifically, the Defence Capability Plan provides industry with a 10-year overview of Defence's acquisition intentions. Few other countries provide such long-term guidance. The statement in the article indicating that we only provide industry with our 'capability requirements several years in advance' is completely incorrect and indicates a complete lack of knowledge of the Australian procurement processes.
- Of the six major defence prime contractors with a significant operating presence in Australia (Tenix, Boeing, Raytheon, Thales, BAE Systems and ASC), all have significant long-term contracts with Defence.
- The majority of defence companies in Australia are profitable. All major primes have Return on Sales greater than the comparable international companies.
- All major Defence companies are actively recruiting skilled staff and the statement that companies are only able to retain bare minimum staff levels is inaccurate.
- Defence is unaware of 'many' Australian firms being forced to exit the defence marketplace. In fact, the opposite is occurring with many new companies seeking to obtain Defence work.
- The decision as to whether or not to build warships in Australia is based on a number of factors. Cost of in-country construction is one consideration in Defence's value for money considerations.
- Defence recognises the contribution of SMEs within Australia's defence industry base. SMEs account for approximately 40% of Defence's in-country expenditure. The Defence and Industry Policy Statement 2007 specifically aims at improving SME access to Defence work.
- The CTD Program is but one aspect of Defence engagement with Australian industry on R&D - Defence, including DSTO, has a number of forums and initiatives aimed at maximising the level of Australian industry engagement in defence related R&D activities. Combined, Defence would spend well in excess of \$100 million per annum on defence industry related R&D activities.

- The CTD program has just been expanded to specifically improve the transition of CTDs into ADF operational service.
- The DCP does have flexibility to acquire new technologies and industry (through the Capability Development Advisory Forum - CDAF) is consulted on key aspects of the DCP to ensure that new technologies, systems and equipment opportunities are captured and presented to Government for consideration.