

GOVERNMENT RESPONSE TO THE REVIEW OF THE CENTRE FOR DEFENCE INDUSTRY CAPABILITY

September 2020

Review Recommendation	Government Decision
<p>1. Sustaining the enhanced Defence and industry relationship forged through natural disasters and the COVID-19 pandemic: Through the adversity of the devastating summer bushfires and deadly COVID-19 pandemic, Defence and Australian defence industry forged a much stronger and respectful relationship. The CDIC should retain some of the initiatives to cement Australian defence industry as a FIC (Fundamental Input to Capability) including:</p> <ul style="list-style-type: none"> a) Being a single entry-point for businesses to Defence. b) Making it simpler and cheaper to engage with Defence through: <ul style="list-style-type: none"> i. Rapid, responsive resolution of arising issues. ii. Increasing efficiency of deliberate processes (congestion-busting). iii. Increased efficiency of invoicing and flow down through the full supply chain. 	<p>1a. Agreed. 1b. Agreed.</p>
<p>2. The role and purpose of the CDIC is helping Australian businesses win Defence work: The Review recommends that the CDIC's role and purpose be updated to reflect the 2020 FSP and increased Australian Industry Capability (AIC) focus, and progression of policy since the CDIC establishment in 2016.</p>	<p>Agreed.</p>
<p>3. The domicile and delivery model of the CDIC:</p> <ul style="list-style-type: none"> a) Option A – Retain the CDIC within DISER. b) Option B – Transfer the CDIC to Defence, but retain grants administration within DISER. 	<p>Option B – Agreed.</p>
<p>4. Increasing Australian small business opportunities to win Defence work:</p> <ul style="list-style-type: none"> a) Through an engagement framework, expand Australian business knowledge of defence industry opportunities with the intent of 'pulling' other businesses into the Australian defence industry. b) Lift the limitation of the CDIC services being restricted to businesses of less than 200 employees. c) Implement a CDIC outreach program to regional Australia. d) Expand the CDIC scope to include opportunities within all Defence delivery groups, not just CASG. e) Implement a CDIC focus stream for indigenous and veteran-owned small businesses and improving employment outcomes for veteran's post-separation from the ADF. f) Appoint a Small Business Advocate within the CDIC. 	<p>4a. Agreed. 4b. Agreed. 4c. Agreed. 4d. Agreed. 4e. Agreed. 4f. Noted.</p>

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<p>5. Apply the lessons of the COVID-19 pandemic to build resilient supply chains domestically and for export markets:</p> <p>a) Provide data-driven insights into the health of the defence industry supply chain through its engagement with the industrial base.</p>	<p>5a. Agreed.</p>
<p>6. Evaluate opportunities for outsourcing.</p> <p>a) Evaluate outsourcing opportunities for select Defence business training and development to consider regionally based elements of industry groups / associations rather than consultancies or large companies.</p> <p>b) In cooperation with Defence Science and technology (DST) Group, and Strategic Policy and Intelligence (SP&I) Group, evaluate outsourcing opportunities for select innovation stewardship to consider whether organisations such as DMTC might provide the required responses and informed management of businesses seeking to enter Defence innovation programs.</p>	<p>6a. Agreed. 6b. Agreed.</p>
<p>7. The specific objectives and expectation for the CDIC's support to Australian defence industry as described in the 2018 Defence Industrial Capability Plan (DICP) should continue to be pursued.</p>	<p>Agreed.</p>
<p>8. There should be representation from the Office of the Minister for Defence Industry on the CDIC Advisory Board.</p>	<p>Not Agreed.</p>
<p>9. A communication program should be developed by Defence for industry policy documents since 2016, including:</p> <p>a) 2017 Naval Shipbuilding Plan</p> <p>b) 2018 Defence Export Strategy</p> <p>c) 2018 Defence Industrial Capability Plan</p> <p>d) 2019 Defence Policy for Industry Participation</p> <p>e) 2019 Defence Industry Skilling and STEM Strategy</p> <p>f) 2020 Force Structure Plan</p> <p>g) Enhancement to the AIC Program framework</p>	<p>Agreed.</p>