



Australian Government  
Defence



# DEFENCE EXPORT CONTROLS

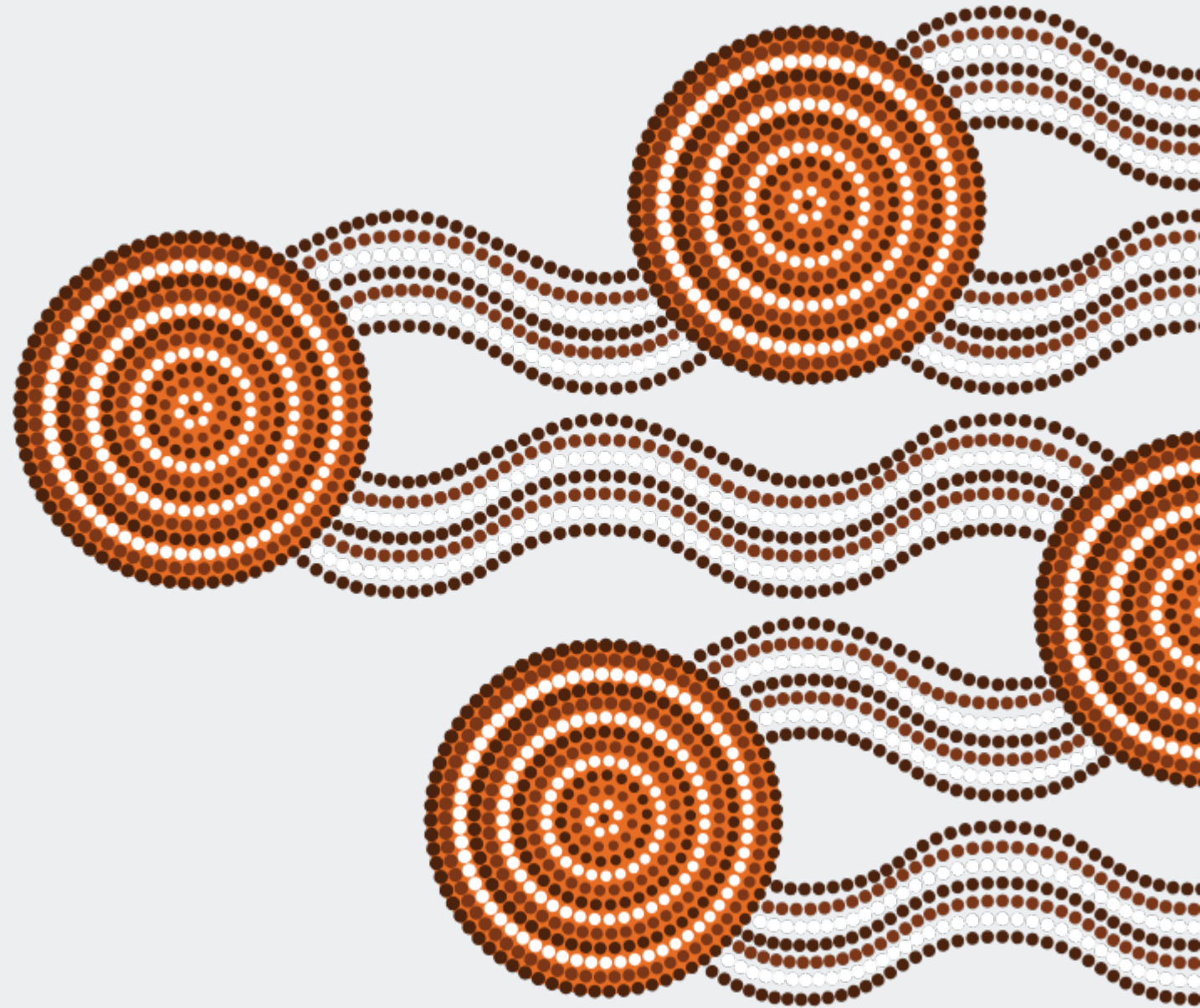
**Compliance Session**

Thursday 12<sup>th</sup> June, 2025

## Acknowledgement of Country

I would like to acknowledge the Traditional Custodians of the land on which we meet today, and pay my respects to their Elders both past and present.

I would also like to pay my respects to the Aboriginal and Torres Strait Islander men and women who have contributed to the defence of Australia in times of peace and war.



**OFFICIAL**

# Agenda

Item	Description	Speaker
01	Overview	Emily Hall
02	Compliance Obligations and Approach	Ian D'Souza
03	Best Practice	
04	Managing Non-Compliance	
05	Support	Zoran Franicevich
06	Hear from Industry	



# We are Defence Export Controls

**Who:** Defence Export Controls (DEC) is the Commonwealth regulator for the movement of defence-related goods and technology.

**What:** DEC's responsibilities include assessing applications, issuing permits, monitoring reporting obligations and performing compliance audits etc.

**Why:** To safeguard Australia's national interests to ensure Australia is safe and prosperous and to support international security and human rights, including limiting proliferation of conventional-, biological-, chemical- and nuclear weapons.



# Changes Have Occurred

The **Defence Trade Controls Amendment Act 2024** (and supporting *Defence Trade Legislation Amendment Regulations 2024*) has provided two key changes:

- 1 **Licence-free environment (LFE)** between Australia / US / UK.
  - Under the LFE many military and dual-use goods, technologies and services can be transferred without permits between AUKUS partners.
- 2 **3 new offences** where permits may be required.

8 April 2024



*Defence Trade Controls Amendment Act 2024* received Royal Assent

1 September 2024



AUKUS licence-free environment commenced; permit applications for new offences became available

1 March 2025



Compliance transition period for new offences ended; criminal penalty provisions apply





# Complete List of Provisions

## Australian defence export control offences (as of 1 September 2024):

	Offence Provision	Description of Control	Part 1	Part 2 (Very Sensitive)	Part 2 (Sensitive)	Part 2 (Other)
<b>'Controlled' provisions</b> (covering items on the DSGL)			<b>Applies to DSGL ...</b>			
EXISTING	<b>Customs Regs (13E)</b>	Physical/tangible export of DSGL goods cross-border	✓	✓	✓	✓
EXISTING	<b>DTC Act (s10)</b>	Intangible supply of DSGL technology cross-border	✓	✓	✓	✓
NEW	<b>DTC Act (s10A)</b>	Intangible supply of DSGL technology to a foreign person in Australia	✓	✓	✓	✓
NEW	<b>DTC Act (s10B)</b>	Re-export or re-supply of certain DSGL goods/technology outside Australia	✓	✓	✓	✗
NEW	<b>DTC Act (s10C)</b>	Provision of certain DSGL services outside Australia	✓	✗	✗	✗
EXISTING	<b>DTC Act (s14A)</b>	Publication of certain DSGL technology	✓	✗	✗	✗
EXISTING	<b>DTC Act (15)</b>	Brokering of certain DSGL goods and technology	✓	* ✓	* ✓	* ✓
<b>'Uncontrolled' provisions</b> (covering items not on the DSGL)			<b>Applies to DSGL ...</b>			
EXISTING	<b>WMD Act</b>	Export/supply of uncontrolled goods, and provision of services that may be used in/assist a weapons on mass destruction (WMD) program	N/A			
EXISTING	<b>Customs Act (112BA)</b>	Export of uncontrolled goods that may be for military end-use (MEU)	N/A			

\* Brokering permits only required for DSGL Part 2 when goods or technology may be for WMD or MEU purposes



## Compliance Obligations and Approach

# Compliance Obligations and Reporting

## Know your obligations

- **Do you need a permit?** [Self-Help Tool](#)
- **Do you qualify for an exemption?** [Training materials](#)
- **Do you need bespoke/definitive advice?**  
[DSGL Activity Assessment](#) or [In-Principle Assessment](#)
- **Apply for a permit** [Online permit applications](#)
- **Register / report for AUKUS licence free environment**  
[Online application and pre-notification of intent to export](#)
- **Report activities under permit conditions**  
[Online permit applications/reports](#)

### Permit reporting (specified conditions)

- » *DEC51 Report for Licenses and Permits dual use*
- » *DEC52 Report for Chemicals*
- » *DEC53 Report for Military Export Licenses (MEL)*
- » *DEC54 Report for Report for Cryptographic Goods*
- » *DEC55 Goods returned to Australia*
- » *Serial Number Reporting*

### Additional compliance activities

- » *DEC56 Notification of intention to Export – Pre-Notifications*
- » *Voluntary Disclosure (self-reporting)*

**For advice and compliance reporting – [My Australian Defence Exports \(MADE\)](#) portal**





# AUKUS Exemption Pre-Notification reports/records

**Pre-notification must be given (and records kept)** when using the AUKUS exemption (i.e. licence-free environment) for Customs Regs 13E exports or DTC Act s10 supplies.

Information you will need to provide / retain for ...	Pre-Notification (13E / s10 only)	Records (13E / s10 only)
<b>Description</b> of DSGL goods, technology, or services provided	Provide in MADE	Keep Record
<b>Name of person</b> who received DSGL goods, technology, or services	Provide in MADE	Not Required
<b>Country</b> in which DSGL goods, technology, or services were received	Provide in MADE	Keep Record
<b>Date(s)</b> of activity / activities in question	Provide in MADE	Not Required
<b>Unique identifier</b> of permit	N/A	N/A

*Note: additional obligations may arise depending on the type of export (e.g. ITAR controlled items).*

**Records must be retained for 5 years** from the date of export/supply, or provision of services.  
Failure to retain or produce records is an offence under the *Defence Trade Controls Act 2012*.



# Record Keeping – New Offences

**Records must be kept** for the new Section 10A / 10B / 10C activities, whether they were conducted **under a permit** – OR – when **using an exception**.\*

Information you will need to retain in records for ...	Permit Activities	Exempted Activities
Description of DSGL goods, technology, or services provided	Keep Record	Keep Record
Name of person who received DSGL goods, technology, or services	Keep Record	Not Required
Country in which DSGL goods, technology, or services were received	Not Required	Keep Record
Date(s) of activity / activities in question	Keep Record	Not Required
Unique identifier of permit	Keep Record	N/A

*Note: the record-keeping obligations above relate only to activities covered by Section 11 permits (e.g. permits for Section 10 / 10A / 10B/ 10C). For brokering permits, records would also be required for the place in which the DSGL goods/tech/services were supplied from.*

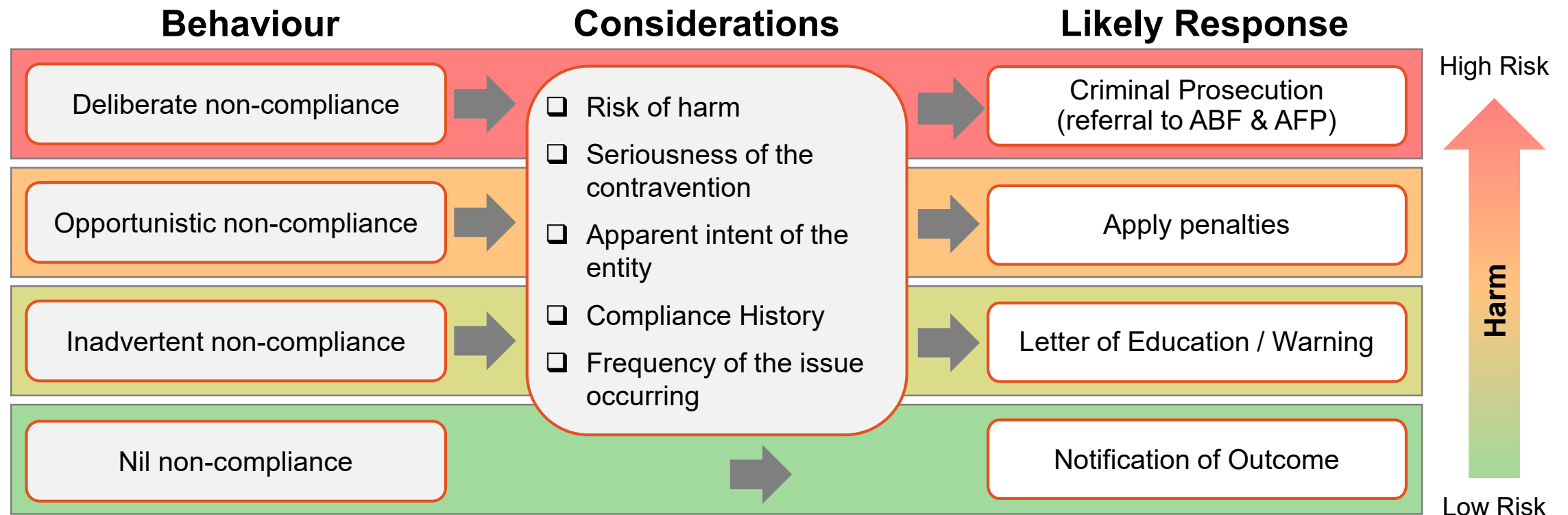
**Records must be retained for 5 years** from the date of export/supply, or provision of services. Failure to retain or produce records is an offence under the *Defence Trade Controls Act 2012*.

\* Exceptions do not include de-controls such as **Fundamental Research**



# Defence Export Controls – Compliance Approach

DEC takes a **proportionate approach to compliance** using this response model.



# Penalties

Offence Provision	Description of Control	Penalty (Individual)	Penalty (Body Corporate)
<b>'Controlled' provisions (covering items on the DSGL)</b>			
<b>Customs Act Reg (13E)</b>	Physical/tangible export of DSGL goods cross-border	3 times the value of those goods; or 1,000 penalty units, or Imprisonment for 5 years	3 times the value of those goods; or 5,000 penalty units
<b>DTC Act (s10)</b>	Intangible supply of DSGL technology cross-border		
<b>DTC Act (s10A)</b>	Supply of DSGL technology to a foreign person in Australia		
<b>DTC Act (s10B)</b>	Re-export or re-supply of certain DSGL goods/technology outside Australia	Imprisonment for 10 years; or 2,500 penalty units, or Both.	12,500 penalty units
<b>DTC Act (s10C)</b>	Provision of certain DSGL services outside Australia		
<b>DTC Act (s14A)</b>	Publication of certain DSGL technology		
<b>DTC Act (15)</b>	Brokering of certain DSGL goods and technology		
<b>'Uncontrolled' provisions (covering items not on the DSGL)</b>			
<b>WMD Act (s14)</b>	Export/supply of uncontrolled goods, and provision of services that may be used in/assist a weapons on mass destruction (WMD) program	Imprisonment for 8 years	-
<b>Customs Act (112BA)</b>	Export of uncontrolled goods for military end-use (MEU)	Imprisonment for 10 years; or 2,500 penalty units, or Both.	12,500 penalty units
<b>Obtaining information from a person (relevant to the operation of the Defence Trade Controls Act 2012)</b>			
<b>DTC Act (s52)</b>	(a) the person is given a notice under subsection (2); and		
<b>DTC Act (s59)</b>	(b) the person fails to comply with the notice	Imprisonment for 6 months	-



## Best Practice

# New controls, new considerations

Controls	Considerations	Need to know
<div>10A</div> <p>Supply of DSGL technology to non-exempt foreign persons</p>	<ul style="list-style-type: none"><li>• <b>Citizenship/location based:</b> Foreign Country list; Five Eyes; AUKUS</li><li>• <b>Individual access:</b> Security clearances; Foreign Work Authorisations; Government employees</li><li>• <b>Time-based:</b> Grandfathering; Elapsed Time Period</li><li>• <b>Tracking-based</b> Services, Intangible technology transfer, Supply Chains, Re-exports, Maintenance services</li><li>• <b>Reporting-based:</b> How you record and track information.</li></ul>	<ul style="list-style-type: none"><li>• Where your data is stored or server located and how you control access.</li><li>• Citizenship status of who you are working with, who is around you and/or your end-user</li><li>• Who has security clearances</li><li>• Supply chains and risks associated with your end user</li><li>• Do your end-users understand their 10B obligations?</li><li>• How you are tracking intangible transfers within your organisation</li><li>• How you are recording due diligence when deciding a permit is not required.</li></ul>
<div>10B</div> <p>Re-export or re-supply of certain DSGL goods/technology outside Australia</p>		
<div>10C</div> <p>Provision of certain DSGL services by Australian person located overseas to a foreign person located overseas</p>		





# Best-practice measures

Areas to consider for your defence export-related policies, systems and processes:



## Compliance

- Set up an Export Controls Compliance Program with dedicated unit/SME.
- Clear accountability and responsibility
- Conduct audits
- Maintain Risk Register
- Develop Compliance Checklist
- Conduct risk assessments



## People

- Screening processes
  - Citizenship
  - Security clearances
- Conflict of interest
- Staff Training
- Assessment and certification
- Incident reporting



## Technology

- Security Classification and Markings
- Need to know (IP)
- Approval to access
- Location of servers/ data storage
- Compliance software
- Firewalls and segregation
- Authentication requirements



## Physical building

- Foreign visitor access
- Seating arrangements
- Secure areas/ computers
- Monitor any visitor breaches (e.g. taking photographs)



# Best-practice measures

Areas to consider for your defence export-related policies, systems and processes:



## Distribution

- Employee travel: Consider dedicated devices
- Videoconferencing: Be aware what is being shared with foreign entities.
- Meetings: Who is attending?



## Contracts and Legal

- Notify consignees of their 10B obligations.
- G2G agreements / Treaties
- Legal decisions: Consider how changes interact with other Australian laws and foreign laws to develop informed policies.



## Records

- Ensure records are accurate and retrievable
- Develop clear record-keeping roles for collaborative projects
- Resolve how you will track controlled intangible technology sharing (Meetings, emails etc.)



# Compliance Red Flags:

## Avoid inadvertent violations of Australian Export Laws

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- ❑ Suspicious or unusual destination
- ❑ Evasive or refusal behaviours
- ❑ Use of obscure third parties
- ❑ Discrepancies in shipping routes or export documentation
- ❑ Unusual Requests
- ❑ Freight forwarder listed as the destination
- ❑ Suspicious customer backgrounds
- ❑ Mismatch in goods/technology for destined end-use
- ❑ Payment Irregularities
- ❑ Complex ownership structure and frequent account changes
- ❑ End User is unknown or questionable
- ❑ DSGI items are incompatible with technical capabilities or industrial profile of end user or destination country



# Invest in compliance

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Investing in compliance upfront makes good business sense.

- **Investing now** in a dedicated compliance program, training and legal advice can help avoid breaches later that may lead to costly legal fees, penalties and reputational damage.
- **Being a responsible and ethical organisation** contributes to your market advantage by helping access international markets with robust compliance frameworks.
- **Building a reputation of trust** strengthens Australia's global standing within our alliances and international relationships. This has positive externalities for you and your organisation.



## Managing Non-Compliance

# Reporting Breaches of Non-Compliance



- DEC understands that errors can be made when dealing with controlled goods, technology or services, or military and dual-use goods and encourages entities/individuals to report possible breaches of compliance as soon as they are identified.
- DEC will work with organisations to determine if a breach has occurred, why it has occurred and what, if any, corrective actions should be undertaken.

[DEC.Compliance@defence.gov.au](mailto:DEC.Compliance@defence.gov.au)

**If you suspect a potential breach – Submit a Voluntary Disclosure Report** by using the [My Australian Defence Exports \(MADE\)](#) portal





# Current Trends and Patterns on Non-Compliance

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## Industry, Government and Higher Education/Research fail to comply due to:

- Lack of understanding of dual-use goods, technologies and services
- Inadequate screening of end-users and consignees
- Insufficient record keeping, especially in collaborative projects
- Failing to meet reporting obligations under permit conditions
- Misunderstanding that permits can be extended or granted retrospectively



# Training Materials

There are a series of stakeholder outreach sessions, eLearning modules and guidelines documents to help you be compliant on our website.

Link to:

- [eLearning, Training and Outreach](#)
- [Compliance-specific Information](#)



Topic Deep Dives: weekly 30 minute webinars focused on key topics	
AUKUS licence-free environment	<a href="#">Resources</a>
Section 10A – onshore supply	<a href="#">Resources</a>
Fundamental research and foreign nationals	<a href="#">Resources</a>
Section 10B – offshore re-supply	<a href="#">Resources</a>
Section 10C – defence services	<a href="#">Resources</a>
Compliance and reporting obligations	<a href="#">Resources</a>
Sector Information Sessions: virtual sessions with government partners tailored to major sectors	
Industry sector session	<a href="#">Resources</a>
Higher education and research sector session	<a href="#">Resources</a>
In-Focus: holistic guidance to support compliance, including tips and tricks	
Group A and B	<a href="#">Resources</a>





# Where to Get Help and Assistance?

1. Visit the Defence Export Controls website  
<https://www.defence.gov.au/business-industry/exporting>
2. Use the MADE portal self-help tool and guidance materials
3. Email [exportcontrols@defence.gov.au](mailto:exportcontrols@defence.gov.au)
4. Call 1800 333 362 (1800 DEFENCE) 'Option 4'  
between 8.30-16.30 AEST

**DEFENCE  
EXPORT  
CONTROLS**



# Building a Culture of Compliance From Strategy to Execution

DEC Compliance Outreach Session,  
12 June 2025

Presented by Zoran Franicevich,  
Director Trade Compliance, Thales

[www.thalesgroup.com](http://www.thalesgroup.com)



# Building a Culture of Compliance – From Strategy to Execution

## Who We Are

- Thales Australia – Defence and high-tech systems used across land, sea, air, and cyber; a system integrator of combat solutions and manufacturer of weapon articles; service provider in defence capability management and cyber security

## Our Compliance Framework

- |  |   |
|--|---|
| ✓ Executive-level sponsorship & board visibility | ✓ Dedicated Export Control Department, Policy and Compliance Management framework |
| ✓ Embedded Audit Program & ongoing risk reviews  | ✓ Regular Training & Awareness (incl. Engineering, Procurement, Projects)         |

## Purpose of Today's Talk

- Share a real example of a compliance gap and our practical, scalable response
- Offer SME-relevant tips to strengthen compliance processes

# Example – Classification Gaps & Permit Misuse Risk

## The Challenge

- Inconsistent classification (DSGL, ITAR/EAR, HS Codes)
- Supplier data used without validation
- Permits applied incorrectly or not reconciled
- Lack of automated checks in ERP

## Response

1. Created Central Classification Team
  - Engineers trained to classify under DSGL, validate ITAR/EAR, assign HS codes
2. Supplier Governance
  - Suppliers must provide justifications; Thales verifies before customs clearance
3. Permit Matching Process
  - Permit reconciliation and validation forces data input → triggers review
4. Training & Process Ownership
  - Simplified guides, live training sessions, onboarding & refresher programs

**SME Tip:** Even basic Excel trackers + documented logic can reduce risk significantly



# Strengthening Systems, Responding to Non-Compliance, & Future-Ready ERP

## What We're Doing Now

- Central Recordkeeping for AUKUS Exemptions
- Logging all eligible transactions in a central repository
- Provides audit trail and facilitates transparency

## Implementing ERP Automation – Controls & Blocks

- Automatically block LFE-eligible exports
- Shipment paused until Trade Compliance reviews & pre-notifies
- Ensures no unauthorised use

## Handling Non-Compliance

- Root cause analysis
- Reporting lines to executive leadership
- Reinforcement through training and process changes

**SME Tip:** Pre-shipment checks (even manual ones) can significantly improve compliance confidence

# Compliance Doesn't Have to Be Complex – SME Scalable Takeaways

## Lessons Learned

-  **Governance is key**  
Even SMEs benefit from assigning a compliance champion
-  **Classification matters**  
Record who decided what, when, and why
-  **Training works**  
Prioritise engineers and front-line shipping staff
-  **Centralise records**  
Especially for permit-free or exemption-based shipments
-  **Systems**  
Use ERP or any available tools (e.g. SharePoint, forms, logs) to support workflows

## Final Thought

- Compliance isn't just about avoiding penalties – it's about enabling secure, confident, uninterrupted and lawful business.



# Thank you

[www.thalesgroup.com](http://www.thalesgroup.com)