

# SADILP 2019 – Concept Paper



## Australian Industry Capability (AIC) Policy

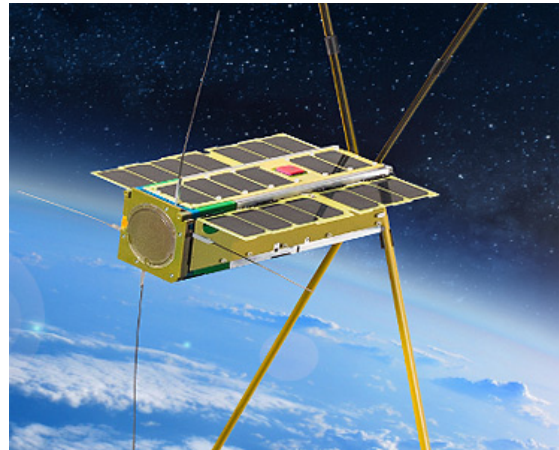
By

**Herve Astier** – Chief Executive Officer, Neumann Space

**Claire Pearson** – SQNLDR (O4) XO 87 SQN, RAAF

**Oliver Roch** – Engineer, Dedicated Systems Australia

**Dr Shruti Sardeshmukh** – Senior Lecturer, University of South Australia



## Executive Summary

With the upcoming major investments to upgrade the Defence capability comes the focus on developing Australian Industry Capability (AIC). The Defence Industry Policy Statement (DIPS 2016) recognised industry as a Fundamental Input to Capability (FIC), paving the way to identify and grow sovereign industry capability in areas of strategic importance.

As the AIC Policy evolves and large projects such as SEA 1000 and SEA 5000 unfold in real-time in South Australian (SA), we explored how the changes to the AIC Policy have created new opportunities for Australian Small and Medium-sized Enterprises (SMEs). We collected input from different stakeholders in the Defence Industry (SMEs, Primes, industry associations, publicly elected officials) on their awareness, understanding, trust and respect for the policy. We also investigated how Defence ensures accountability by successful primes to deliver upon AIC plans. Along with interviews with key informants, we also undertook a deep dive in archival information including policy documents, government reports, defence industry research papers as well as articles in the industry-relevant news outlets.

Our findings suggest that systemic challenges in the defence contracting process create barriers for participation of SMEs. The Australian Defence Industry is unique because of its structure – dominated by a handful of large international Primes and a lot of local SMEs; it lacks the strong middle rung of companies. Such an industry structure means the SME-Prime relationships are asymmetric, creating challenges for SMEs to participate in the Defence supply chains. Based on our research, the lack of a transparent, non-partisan, and integrated monitoring/accountability mechanism represents a key area for improvement.

To improve the effectiveness of AIC policy implantation, the recommendations developed in this paper focus on three areas:

- AIC Policy
  - Implement better communication of AIC public plans
  - Establish an independent monitoring panel and fines for AIC non-compliance
- Realistic Strategies for SMEs
  - Create a Defence Ready SME Accreditation Process
  - Facilitate SME collaboration
- Procurement Process
  - Reduce red tape and create a culture of trust
  - Reduce time to revenue and provide financial support

Rather than thinking of Defence and Industry competing for resources, it is important to leverage the synergies of the two. The policy documents show an increasing understanding of the role of industry as a fundamental input to the capability to support the Defence Forces. The qualitative nature of the AIC policy is unique and for the AIC policy to succeed, States, Commonwealth and Industry need to work together, putting aside petty political strife to strategically contribute to the long-term security and prosperity of Australia.

## List of Acronyms

ADF	Australian Defence Forces	FBT	Fringe Benefits Tax
AG	Auditor General	FIC	Fundamental Input to Capability
AIC	Australian Industry Capability	GSC	Global Supply Chain
AIDN	Australian Industry Defence Network	PIC	Priority Industry Capabilities
All	Australian Industry Involvement	SA	South Australia
CDIC	Centre for Defence Industry Capability	SADILP	South Australian Defence Industry Leadership Program
CRC	Collaborative Research Centre	SIC	Strategic Industry Capabilities
DIPS	Defence Industry Policy Statement	SME	Small and Medium-sized Enterprises
DSTG	Defence Science & Technology Group	VFM	Value for Money
DTC	Defence Teaming Centre		

TABLE OF CONTENTS	
EXECUTIVE SUMMARY	2
LIST OF ACRONYMS	3
DISCLAIMER	5
CONTRIBUTORS	5
INTRODUCTION	6
AIC: HISTORICAL ORIGINS	6
NEW OPPORTUNITIES FOR AUSTRALIAN SMES	7
FEEDBACK FROM SMES	8
ACCOUNTABILITY MECHANISMS USED BY DEFENCE	10
RECOMMENDATIONS	12
CONCLUSION	13
REFERENCES	14

**The evolution of the AIC policy has seen an increased focus on SMES in the supply chain by primes. Has the policy created new opportunities for Australian Industry? Do Industry (both primes and SMEs) respect and trust the policy? How does defence ensure accountability by successful primes to deliver upon AIC plans?**

## Disclaimer

The contents of this report are the opinions and conclusions of the authors and do not necessarily represent the views of the author's organisations, the contributors, the contributors' organisations, the South Australian Defence Industry Program (SADILP) or the Defence Teaming Centre (DTC).

## Contributors

To inform this Concept Paper, our team engaged with the industry and government through a series of unstructured interviews and general discussions.

We would like to express our gratitude to the following individuals, who gave up their time to support the development of our concept paper:

- Serge Boniface – FIVA Group, Managing Director
- Chris Keane – BAE Systems, Chief Future Business
- Mike Holmes – elmTEK, Marketing & Business Development Manager
- Julien Mifsud – Naval Group Australia, Chief Operating Officer
- Rex Patrick – Australian Parliament, Centre Alliance Senator for SA
- Cedric Peltier – Economic and Cooperation Officer, French Foreign Affairs
- And a few others for their comments off records...

## Introduction

Traditionally Defence Industry has not been considered a core part of the defence process. One of the parliamentary reports laments the defence culture that “Defence budget is to equip Defence, not to support industry”.<sup>i</sup> Yet, there is increasing awareness that partnership with industry is important to Australia in order to develop sustainable sovereign capability. The Australian Industry Capability (AIC) is one incarnation of the desire to reap industrial development benefits from Defence contracts.

Over 97% of Australian businesses can be classified as small (0-19 employees), with 2.4% of businesses are medium-sized (20-199 employees)<sup>ii</sup>. Reflecting this pattern, Australian Defence Industry consists of large global primes, sub-primes, relatively fewer medium-sized businesses, and a large and wide base of smaller companies (<25 employees), which has created an industry structure with few companies in the middle tier.

The AIC Program aims to create opportunities for Australian companies to compete on their merits for Defence work on a value for money basis. As a part of this process, Primes are expected to involve local companies, including SMEs, in major defence capability projects. As a part of this process, SMEs have an opportunity to scale up and contribute to developing a middle tier or defence industry organisations.

### AIC: Historical Origins

Industrial policies related to Defence are not unique to Australia: in other countries, they often take the form of Offsets. Offsets<sup>iii</sup> are contracted obligations regulated by governments as they work with defence primes. Offsets can be of two types. Direct offsets are agreements often involve a transfer of technology and work engagement of local companies in delivering the product. On the other hand, Indirect offsets are not associated with the technology but involve working with the local industry by the primes.

Thus, incorporating the development of the local Australian industry as a component of defence procurement is neither new nor unique. Australian Industry Involvement (All) in 1986 was described as the key tool for maximising the involvement of Australian industry in Defence acquisition projects and for ensuring that in-country capacity exists to provide through-life support for ADF capabilities. However, the Auditor-General (AG)<sup>iv</sup> review of the All Program revealed that it was not practicable for Defence to demonstrate that the program had been meeting its objectives due to the absence of quantitative and/or qualitative performance measures.

Between 1998-2010, there were three iterations of the defence industry policy<sup>v</sup>. The eventual 2010 Defence Industry Policy Statement (DIPS), moved away from protectionist offsets and articulated a role for Australian SMEs to become a part of global defence supply chains. Significantly, the DIPS 2010 also identified Priority Industry Capabilities (PIC) and Strategic Industry Capabilities (SIC), along with Australian Industry Capability (AIC) and Global Supply Chain (GSC) programs.

The next iteration of the Defence Industry Policy Statement (DIPS), in 2016 formally recognised industry as a Fundamental Input to Capability (FIC). DIPS also created opportunities for investment in innovation and collaborative research and development efforts in Australia. Equally importantly, it included SMEs as a part of the ongoing conversation on Defence Industry as CDIC was established to broker relationship between defence and industry, and also to guide and mentor Australian businesses to improve their international competitiveness for their role in the global defence supply chain. The subsequent Defence Industrial Capability plan (2018) focused on developing the medium-sized SMEs, and the Defence Policy for Industry Participation (2019) explicitly articulated the development local industry capability as part of economic benefit in assessing overall value for money as a part of the tendering process. It also clearly states that However, for larger (>4 Mil AUD, with 7.5 Mil for Construction Project) requires that economic benefits are considered to be a part of Value for Money (VFM)<sup>vi</sup>.

The AIC policy has been evolving over the last several years, and we expect more information to be released in the next several months. Acknowledging the fluid and evolving nature of the AIC policy, we aim to:

- Explore how the changes to the AIC Policy has created new opportunities for the Australian SMEs
- Gather feedback from SMEs as well as Primes on their awareness, understanding, trust and respect of the policy
- Investigate how Defence ensures accountability by successful primes to deliver upon AIC plans
- Develop recommendations to improve SMEs participation in the supply chain by primes

## New opportunities for Australian SMEs

The new AIC policy has indeed created some new avenues for start-ups and SMEs to scale up and become a part of the global supply chain. While there is a clear expectation from the Commonwealth perspective that defence is about the security of the country, there is an increasing understanding among the decision-makers that defence can also boost industrial development and can bring jobs and export capability.

The Centre for Defence Industry Capability (CDIC): Establishment of CDIC marks a key punctuation point in the AIC policy. CDIC has the capability with Defence, Primes, SMEs and Government to create a support system for SMEs to be integrated into the global defence supply chains. It also administers several programs that can help SMEs, particularly from the R&D perspective.

Among those programs providing opportunities for SMEs are:

- **Sovereign Industry Capability Priority Grants:** SMEs (< 200 employees) who are keen to invest in the Sovereign Industrial Capability Priorities can apply for funding through the Sovereign Industry Capability grant to finance capital equipment, specialist software, workforce training and administration etc.

- **Defence Innovation Hub** represents a long-term innovation program to develop cutting edge technologies in collaboration with Defence. This program also takes into account the “process” aspect of innovation, providing funding through all the early stages of defence innovation.
- **Next-Generation Technologies Fund** forms the third pillar of the defence innovation strategy. The Next Gen fund, of course, focuses on research and development in emerging and future technologies. A partnership between defence/DSTG, industry and University, this avenue presents an opportunity to dominate the technologies for the future.

However, while the official policy has the intent to make defence work more SME-friendly, the path for SMEs remains uphill. Unlike US, Canada, or the UK, where the defence industry structure is “middle/top-heavy”<sup>vii</sup>, the Australian defence industry is “hollow in the middle”<sup>viii</sup>, with only a handful of middle-tier companies and many SMEs. Working with defence is characterised by an upfront investment of resources and very long timeframes – creating challenges for resource-constrained SMEs. While a handful of local SMEs (e.g. Redarc, Supashock, Daronmont) have successfully won bids and have been contributing to the global supply chain in the industry, some industry associations<sup>ix</sup> have reported frustration on the part of their SME members calling for a review of the AIC program. The next section offers feedback from respondents from SMEs we talked to.

## Feedback from SMEs

The AIC Policy has created awareness of defence-related opportunities for SMEs, and it is evident by the interest at the CDIC events. Defence work, while rewarding in the long term, is still very difficult to attain for most SMEs.

**Challenges in Primes/SMEs relationship :** The relationship between large primes /ADF and SMEs is inherently asymmetric, and many challenges stem from such asymmetry. SMEs typically have fewer resources, both financial and people, and naturally exhibit lower business maturity as compared to large multinational companies.

- **Barriers to Entry because of Business Maturity:** Working with Primes continues to be a challenge for SMEs because of “barriers to entry” in terms of business maturity. At the smaller end of the SME spectrum, companies may have the talent, and the capability to undertake highly innovative tasks. However, it is difficult for them to get their systems (quality, OH&S, cybersecurity) up to primes’ expectations. The upfront investment in business maturity has to be made ahead of any contracts and becomes a strain on financial resources. This is an issue from the perspective of Primes too – they can “Equip, Upgrade and Upskill with the development of an ecosystem/supply chain in Australia where possible” but are not capable of developing SME supplier base from scratch.
- **Long Game of Trust:** Defence decision-making cycles are typically longer as compared to other industries, creating long wait times. It can take years from the business development activities to getting a contract, making it “long game” which requires patience and deep pockets to fund the cash outflow. Further, the Defence Industry



in Australia is often based on trust and personal networks over the long term. Taking a long-term orientation, SMEs need to invest strategically to develop networks, reputation, and business maturity.

- **Prime outreach and challenges:** To comply with the AIC guidelines, Defence Primes often undertake roadshows and reach out to many SMEs. While this is a very positive development in term of information dissemination, it also creates challenges for SMEs they reach out to. Even after “being tapped on the shoulder” it can take two to five years for the SME to get the revenue. In the meanwhile, SMEs have to work to accommodate the operational challenges (next point) without any tangible cash flow back into the company.
- **AIC and type of work:** AIC involves large primes working with the local SMEs. However, the type of work given to SMEs also matters. The intent of AIC is not just about generating jobs and economic benefits, but also facilitate knowledge transfer to create an innovation ecosystem around defence industry in Australia such that the SMEs can grow and export to be a part of the global supply chain. Unfortunately, in many instances, the IP-generating work is not available to the SMEs. If SMEs do not get the IP-generating work, it will also constrain the total benefit of AIC policy for the nation.
- **Operational Challenges – Audits and Contracting:** Each prime has a process for Auditing. When conducted well, the audits can be a learning opportunity to benchmark with international standards and help SME business maturity. Yet, these audits can put a strain on resources as they take the time of key personnel at the SMEs. Larger companies often have greater access to resources such as legal or translation services – many with in-house legal departments. Working with global primes may involve negotiating documents in a foreign language, at short notice. Similarly, negotiating legal contracts can itself be a challenge for SMEs as they do not have legal department inhouse and legal costs can be prohibitive.
- **Performance Bonds/Security:** SMEs are resource-constrained, yet, work well to manage the cash flow. However, one of the big challenges they face is the performance bonds/security requirements that travel down the supply chain from the Defence. Most of the large companies in the Australian Defence Industry are the global primes or their Australian subsidiaries with access to large resources. SMEs, on the other hand, do not have access to the asset base necessary for securing the performance bonds, creating a barrier for them to bid into the process.
- **Red Tape :** Even with the clear focus<sup>x</sup> of cutting Red Tape in defence Industry continues to be a problem. For example, one of our respondents reported FBT rules as a challenge for appropriate training for personnel.
- **People issues:** Workforce and skilling continue to be a challenge for small and large companies. However, with a smaller resource base, it is harder for SMEs to attract key talent in a competitive talent market.

Primes need to actively engage with local SMEs as a part of their AIC plans. Some Primes, particularly those with long track records in Australia, have undertaken programs to support SMEs at least in some ways<sup>xi</sup>. However, SME participation in these projects is still

limited. Naval Group, the winner of the largest maritime contract, has yet to implement such program at a national scale and there seems to be strong demand, to not say impatience, on the SME's side. However, the Naval Group has recently made progress with their AIC team, and more communication is expected soon. Given the challenges in the process of SMEs working with Primes, we examined how the AIC policy and accountability mechanisms used by Defence.

## Accountability mechanisms used by Defence

The 2016 Defence Industry Policy Statement identifies for projects over \$20 million "once in contract, Defence will enforce the contracted Australian Industry Capability Plan to ensure the benefits are realised." This is a very powerful tool : it means, the tenderers have a binding contractual obligation to deliver AIC Plans. A failure to meet contractual obligations is a breach of contract. If any breach is found (including failure to meet AIC Plans) industry must work with Defence to either remediate the issue or alternatively if this is not possible formally propose a new contract. Naturally, both of these instances cost industry money and time. Thus it is in the prime's interest to ensure that they meet the requirements in the first instance.

To ensure AIC Plans have the appropriate oversight, the AIC Plan includes the following requirements:

- Processes for monitoring and reporting on achievement of the AIC Plan,
- Identifying how reported achievement will be substantiated,
- A description of the assurance process to ensure that AIC Plan obligations are met, and,
- A description of the remediation process.

Under each template, there is also a series of reports delivered to the Commonwealth, including the Contract Status Report, which is the report related to the AIC Program. The Contract Status Report includes the following requirements:

- Report on achievement of the AIC Plan,
- Provide financial and schedule data,
- Describe remediation plans.

To ensure broader industry meets contractual obligations, performance reporting for projects occur on a regular basis (varying project to project, ranging from ever three months to annual reviews). This can involve a formal review of documents and outputs through to site visits with subcontractors to ensure all requirements are being met.

While the various industry reporting requirements place a significant burden on industry to be transparent, it also places a burden on Defence to audit this material and ensure it is indeed accurate. The key challenge for Defence and the broader Australian government is achieving the appropriate balance between oversight and overall cost. Additional oversight means more project officers and staff time to conduct these audits; this then translates to an overall increase in project costs. The Government of Australia must balance two competing priorities – Defence spending and supporting Australian Industry. Given the tremendous

resource constraints experienced by the defence, we recommend that the monitoring process should be resourced to remove the burden from the defence budget.

The challenges of implementing the AIC policy stem from the inherent tension between the role of defence and industry. The notion of defence industry embodies this duality of “Defence and Industry”. Indeed, it is both defence and industry, “mutually inclusive”<sup>xii</sup>. A natural reaction to managing such duality is to create the separation, such that Defence portfolio is responsible for protecting the nation and our interests, and defence contracts are expected to be awarded based on Value For Money (VFM) which takes into account cost, efficiency and effectiveness for defence.<sup>xiii</sup> Note that, the development of industry belongs to a different function of the government, the Department of Industry, Innovation and Science.

Yet, such separation undermines the complexity and interdependence of defence and Industry. The defence contracts are important for economic benefits, including job creation, knowledge and innovation spillover, and potentially export capability of Australian companies. On the other hand, a resilient, diverse, and Australian origin defence supply chain provides a capability for supporting the Australian Defence force in the complex geopolitical situations. Therefore, AIC policy is an acknowledgement that the Australian Industry can be a strategic asset in supporting Defence, encouraging closer collaboration between defence and industry.

In the past, Defence Portfolio has delegated the responsibility of implementation of AIC policy to the tenderers, often, the Primes. For example, for the current AIC plans, it is expected that the tenderers document monitoring and reporting AIC commitments as a part of their plan and the lead defence area for the contract is responsible for monitoring the AIC outcomes. While Defence is expected to introduce a risk-based assurance review program in 2019<sup>xiv</sup>, it is not publicly available at the time of writing this report.

As a part of the research for this report, we also spoke to publicly elected officials. Some elected officials have used Freedom of Information Act and Parliamentary Inquiries as means of assessing AIC outcomes. Yet, such processes are often viewed as adversarial and politically motivated. Based on our research, the lack of a transparent, non-partisan, and integrated monitoring / accountability mechanism represents a key area for improvement. We also found that SMEs would benefit from greater clarity around business maturity requirements of working with Primes. Finally, we also found systemic challenges that create barriers for effective participation of SMEs in the defence contracts. Our recommendations include recommendations for AIC policy, for SME support as well as for the procurement process.

## Recommendations

### 1. Recommendations for AIC Policy:

#### **a. *Implement Better Communication of AIC public plans:***

Currently, the publicly available AIC Plans do not contain a clear explanation about how much content will go to Australian SMEs. As a requirement, public AIC plans should explicitly report how much work will go towards the Australian companies (SMEs and larger companies) vs towards Australian Subsidiaries of International Primes. The primes also have a part to that in their role to communicate realistic expectations to the SMEs. Finally, finding a way to reduce the influence of politics on the AIC topic would certainly be beneficial, although it seems to be a utopia.

#### **b. *Establish Independent Monitoring Panel and Fines for AIC Non-compliance:***

We recommend the creation of an independent AIC Monitoring panel with Commonwealth, State, and industry (primes, SMEs, and industry associations) representation to track the AIC progress at regular intervals and generate a public report. The panel will follow transparent and ongoing monitoring and reporting process for assessing AIC outcomes. This will ease the financial burden of monitoring AIC from the defence budget. Such monitoring, combined with appropriate contractual incentives (e.g. liquidated damages, make-good obligations) for AIC implementation, can help improve AIC outcomes.

### 2. Recommendations for Realistic Strategy for SMEs

#### **a. *Create a Defence Ready SME Certification Process:***

SMEs need to be proactive and realistic about working with the Primes and “get in shape” ahead of time in order to successfully participate in the global defence supply chains. Partnering with CDIC and Industry bodies such as AIDN and DTC, it would be valuable to create a “Defence-ready” certification process. A certification of this kind will clarify the “rules of engagement” and reduce the mist of information around what it takes to get the defence ready. Further, it will create a common ground for SMEs to work with all the defence primes. Such accredited SMEs will present a diverse and resilient supplier base to work with for the Primes and reduce the auditing burdens for both SMEs and Primes.

#### **b. *Facilitate SME Collaborations:***

While the international primes struggle to deal with SMEs, SMEs can collaborate to bid for contracts and work with primes. Such collaboration strategies have been successfully employed in the past, and that model can be implemented more broadly.

### 3. Recommendations for Procurement Process (Defence and CASG)

#### **a. *Cut Red Tape and Create Culture of Trust:***

Defence tendering process and the subsequent processes of working with Primes are fraught with red tape. While policy documents<sup>xv</sup> purport to cut red tape as one of the objectives, it continues to be a problem. Culture changes, along with better resourcing in CASG resourcing, can help reduce the barrier of red tape. CASG and

Industry need to work together to reduce the culture of passing the risk onto smaller players, create a simplified contracting process, and develop agile, trust-based supply chains in defence Industry.

**b. Reduce Time to Revenue and Provide Financial Support:**

Defence industry involves longer time frames for decision-making. Such a reduction in time to revenue has major cash flow implications for SMEs. Reducing time to revenue through streamlined procurement, while working with financial institutions can help SMEs support the customer better. Similarly, State/Commonwealth may provide partial support for SMEs to achieve accreditations mentioned in Recommendation 1.

## CONCLUSION

Both Defence and economic development are important for the whole of Australia. Rather than portraying Defence and Industry as competing for resources, it is important to leverage the synergies of the two. Rather than focusing on petty political interests and competing for pork-barrel projects, States, Commonwealth and Industry need to work together, strategically sharing the work for the long-term security and prosperity of Australia. We have provided recommendations for AIC policy, Industry including SMEs and CASG/Defence for more effective implementation of Defence Industrial Policy such as AIC.

It is too early to say if the AIC policy will be successful; we can conclude that the AIC Policy is good and unique in its aim for achieving a balance between the need for economic benefit and sovereign capability. Yet, AIC implementation has challenges due to the nature of the Australian Defence Industry. The assumptions that the Australian SME tissue and capabilities are sufficient to easily and smoothly work with primes is fraught. The State and Commonwealth government also need to work collaboratively, putting aside politics to leverage bargaining power more effectively when dealing with international Primes.

## References

---

- <sup>i</sup> Joint Standing Committee on Foreign Affairs Defence and Trade (2015). *The Parliament of the Commonwealth of Australia Principles and practice – Australian defence industry and exports* (ISBN 978-1-74366-315-8 (Printed version))
- <sup>ii</sup> Australian Small Business and Family Enterprise Ombudsman. (2016). *Small Business Counts: Small Business in the Australian Economy*. Retrieved from [https://www.asbfeo.gov.au/sites/default/files/Small\\_Business\\_Statistical\\_Report-Final.pdf](https://www.asbfeo.gov.au/sites/default/files/Small_Business_Statistical_Report-Final.pdf)
- <sup>iii</sup> Dehoff, K., Dowdy, J., & Kwon, S. (2014). *Defense offsets: From 'contractual burden' to competitive weapon*. McKinsey & Company, Insights & Publications.
- <sup>iv</sup> The Auditor-General. (2003). *Performance Audit Australian Industry Involvement Program*. Retrieved from [https://www.anao.gov.au/sites/default/files/anao\\_report\\_2002-2003\\_46.pdf](https://www.anao.gov.au/sites/default/files/anao_report_2002-2003_46.pdf)
- <sup>v</sup> Joint Standing Committee on Foreign Affairs Defence and Trade (2015). *The Parliament of the Commonwealth of Australia Principles and practice – Australian defence industry and exports* (ISBN 978-1-74366-315-8 (Printed version))
- <sup>vi</sup> Australian Government Department of Defence (2019). *Defence Policy for Industry Participation*. Retrieved from <https://www.defence.gov.au/SPI/Docs/Defence-Policy-for-Industry-Participation.pdf>
- <sup>vii</sup> Australian Government Department of Defence (2018). *Defence Industrial Capability Plan* (ISBN: 978-0-6480977-5-(Print) ISBN: 978-0-6480977-6-1 (Online) p. 123 Retrieved from <https://www.defence.gov.au/SPI/Industry/CapabilityPlan/Docs/DefenceIndustrialCapabilityPlan-web.pdf>
- <sup>viii</sup> Kalms M & Williams C (2019) Why so hollow? Australia's Defence Industry Middle and what to do about it 26/4/2019 Retrieved from <https://www.australiandefence.com.au/business/why-so-hollow-australia-s-defence-industry-middle-and-what-to-do-about-it>
- <sup>ix</sup> Louis Dillon (2019) AIDN calls for urgent review of Australian Industry Capability program Defence Connect 20/11/2019 Retrieved from <https://www.defenceconnect.com.au/key-enablers/5176-aidn-calls-for-urgent-review-of-australian-industry-capability-program>
- <sup>x</sup> Australian Government Department of Defence (2016). *Defence Industry Policy Statement*
- <sup>xi</sup> BAE Systems (2019). Suppliers|Australia Retrieved from <https://www.baesystems.com/en-au/our-company/about-us/our-suppliers>
- <sup>xii</sup> Smith, A., & Graetz, F. (2006). Organizing dualities and strategizing for change. *Strategic Change*, 15(5), 231-239. doi:10.1002/jsc.760 P 232
- <sup>xiii</sup> Wylie R.W. (2017). *Defence Procurement, Innovation, and Value for Money Emerging Strategies in Defense Acquisitions and Military Procurement* (pp. 167-185). Hershey, PA, USA: IGI Global.
- <sup>xiv</sup> Australian Government Department of Defence (2019). *Defence Policy for Industry Participation*. Page 52 Retrieved from <https://www.defence.gov.au/SPI/Docs/Defence-Policy-for-Industry-Participation.pdf>
- <sup>xv</sup> Australian Government Department of Defence. (2019). *Defence Procurement Policy Manual DPPM V 1.5*. Retrieved from <https://www.defence.gov.au/casg/Multimedia/DPPMFinalv1.51July19-9-8298.pdf>