

## FACT SHEET

# DEFENCE INDUSTRIAL CAPABILITY PLAN

### What is the Defence Industrial Capability Plan?

The Australian defence industry is rapidly expanding, helping secure the nation and growing the economy. The 2018 Defence Industrial Capability Plan (the Plan) complements the Naval Shipbuilding Plan and the Defence Export Strategy in supporting this expansion. The Plan outlines the Government's vision to build a robust, resilient and internationally competitive Australian defence industry base that is better able to help meet defence capability requirements.

Australia's defence industry has a range of world leading capabilities and is well positioned to support Defence's current and future capability needs. But to achieve the Government's vision, Australia must broaden and deepen its defence industry to maximise involvement in the acquisition, operation and sustainment of defence capability over the next decade. The Government's goal by 2028 is to achieve an Australian defence industry that has the capability, posture and resilience to help meet Australia's defence needs. This will be achieved through five strategic objectives:

- ▶ A broader and deeper defence industrial base
- ▶ A strategic approach to defence industry investment
- ▶ An innovative and competitive defence industry
- ▶ A robust defence industry export capability
- ▶ A Defence and industry partnership that enables Australia to pre-position for the future

The Defence Industrial Capability Plan provides more information than ever before on opportunities for Australian defence industry – particularly small to medium enterprises (SMEs) – to support the delivery of the Integrated Investment Program. It also brings together for the first time in one place, a description of the Government's defence industry and innovation policies and initiatives and how they will be used as a system to deliver the defence industry we need.

The Plan acknowledges that we are not going to develop an industrial base to meet our future defence capability needs overnight. We need sustained commitment, investment and industry development to deliver real results.

The Plan recognises the strategic importance of Defence and defence industry sovereignty to Australia's defence and national security. It provides **a stronger definition of Australian defence industry**, reflecting the Government's expectation that international companies wanting to work with Defence will invest in Australian presence and industry capability. That definition is:

Australian defence industry consists of businesses with an Australian Business Number and **Australian-based industrial capabilities** (such as Australian company and board presence, skills base, value-add work in Australia, infrastructure) that are providing or have the capacity to provide defence specific or dual-use goods or services in a supply chain that leads to the Australian Department of Defence or an international defence force.

## Sovereign Industrial Capability Priorities

The Defence Industrial Capability Plan introduces a Sovereign Industrial Capability Assessment Framework and initial list of ten Sovereign Industrial Capability Priorities to replace the 2009 Priority Industry Capabilities.

Sovereign Industrial Capability Priorities are capabilities that are critical to Defence and must be developed or supported by Australian industry. This means Australia must have access to, or control over the skills, technology, intellectual property, financial resources and infrastructure that underpin the Priorities. The Priorities are industrial capabilities that Defence relies on to deliver its core objectives and will be managed closely across defence and industry planning.

The initial **Sovereign Industrial Capability Priorities** are (in no particular order):

- ▶ *Collins* Class submarine maintenance and technology upgrade
- ▶ Continuous shipbuilding program (including rolling submarine acquisition)
- ▶ Land combat vehicle and technology upgrade
- ▶ Enhanced active and passive phased array radar capability
- ▶ Combat clothing survivability and signature reduction technologies
- ▶ Advanced signal processing capability in electronic warfare, cyber and information security, and signature management technologies and operations
- ▶ Surveillance and intelligence data collection, analysis dissemination and complex systems integration
- ▶ Test, evaluation, certification and systems assurance
- ▶ Munitions and small arms research, design, development and manufacture
- ▶ Aerospace platform deep maintenance.

The focus of implementation is on enhancing the resilience of the Australian industrial base underpinning these Priorities and informing wider Defence and Government decision-making about defence capability.

As part of Defence's strategic planning, the Sovereign Industrial Capability Priorities will be reviewed annually to assess their status and whether focus on the delivery of these capabilities is required.

The Plan also announces a **dedicated annual grant program of up to \$17 million** to help eligible SMEs contributing to a Sovereign Industrial Capability Priority. The grant program will be delivered by the Centre for Defence Industry Capability and commence in the second half of 2018.

## A coordinated implementation approach

Achieving the Government's strategic objectives for defence industry will require a coordinated approach, leveraging existing programs including the strengthened **Australian Industry Capability Program**, the **Centre for Defence Industry Capability**, the **Defence Innovation Hub**, the **Next Generation Technologies Fund**, the **Defence Export Strategy** and the **Australian Defence Export Office**.

While this Plan provides the foundation for the development of our defence industry over the next decade, there is more work to do to position our industry for success.

- ▶ **Implementation Plans for each Sovereign Industrial Capability Priority will be released from mid-2019.**
- ▶ **Australian Industrial Strategies for each Integrated Investment Program capability stream will be released from mid-2019.**

## More information

For more information about the Defence Industrial Capability Plan and defence industry policy initiatives, visit: [www.defence.gov.au/SPI/Industry/CapabilityPlan](http://www.defence.gov.au/SPI/Industry/CapabilityPlan)