Defence Industry and Innovation

WHAT DO THE DEFENCE STRATEGIC UPDATE AND THE FSP MEAN FOR INDUSTRY?

- The Government’s 2020 Defence Strategic Update and the 2020 Force Structure Plan outline an unprecedented program of investment and opportunity for defence industry.
- The Update reinforces the Government’s commitment to build a resilient and internationally competitive defence industrial base.
- The Government recognises that building Australia’s sovereign defence industrial base is a long-term body of work that requires coordinated effort.
- The 2020 Force Structure Plan continues the Government’s investment in Australian industry and builds on existing initiatives to maximise defence industry opportunity.
- Through the Australian Industry Capability Program, the Government will ensure Australian companies can participate in projects that develop Australia’s sovereign defence industrial base.

MAXIMISING INDUSTRY OPPORTUNITIES

- The Government is committed to maximising opportunities for Australian industry to participate in Defence projects, and recognises that Defence spending supports tens of thousands of jobs across Australia. Examples include:
  - The acquisition contract for Boxer Combat Reconnaissance Vehicles involving an Australian Industry Capability commitment of $1.3 billion in the acquisition contract, and
  - More than 300 Australian companies are currently associated with the construction of the Offshore Patrol Vessels.
- The Australian Industry Capability Program requires that prime companies competing for Defence contracts demonstrate how they will maximise Australian industry participation. The initial ten Sovereign Industrial Capability Priorities represent a subset of the industrial capabilities that Defence relies on to deliver its core objectives.
- New investments outlined in the 2020 Force Structure Plan demonstrate the potential for increased involvement of Australian industry, including investments in cyber, autonomous systems, artificial intelligence, radar, communications, and space based capabilities and sensors.
- The 2020 Force Structure Plan also includes significant investments in infrastructure and supplies of deployable fuel, spare parts and stocks of advanced guided weapons.
- Defence will expand current munitions manufacturing capability and explore options to assure the supply of larger, critical munitions including propellants, missiles, and guided weapons.
- Land vehicle production investment creates long term opportunities for Australian industry and may also support export opportunities.

DRIVING INNOVATION

- The 2020 Force Structure Plan delivers increased funding to innovation and capability acceleration programs.
- This will be driven by a more comprehensive, coherent and agile innovation system that links Defence’s capability plans with industry policy initiatives, and innovation and science and technology with clear resourcing plans.
- The Government has committed around $3 billion of capability investment across Defence innovation, science and technology over the next decade.
- Funding for the Next Generation Technologies Fund and the Defence Innovation Hub will continue to underpin Defence’s commitment to growth in the innovation sector.
  - The Next Generation Technologies Fund will make further investments worth approximately $1.2 billion over the next decade. The Defence Innovation Hub has over $800 million of further investment planned over the decade.
- The Government will expand current munitions manufacturing capability and explore options to assure the supply of larger, critical munitions including propellants, missiles, and guided weapons.
- Land vehicle production investment creates long term opportunities for Australian industry and may also support export opportunities.

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 or infrastructure that underpin the Priorities.

Industry workforce. Australia’s growing defence industry now has more than 4,000 businesses that employ approximately 30,000 staff. An additional 11,000 Australian companies directly benefit from Defence investment, and when further downstream suppliers are included the benefits flow to approximately 70,000 workers in total.