



2026 DEFENCE INDUSTRY DEVELOPMENT STRATEGY

The 2026 Defence Industry Development Strategy refreshes Defence's strategic industry policy settings, ensuring they remain contemporary in an era of heightened strategic competition. The Strategy fosters greater self-reliance by strengthening Australia's sovereign defence industrial base, while also working closely with allies and trusted partners.

Outcomes

The Strategy sets three outcomes for Defence and industry to achieve:

- ▶ **Outcome 1:** Deliver a stronger, resilient sovereign defence industrial base that supports the ADF to protect and defend Australia with greater self-reliance
- ▶ **Outcome 2:** Deliver capability to the integrated, focused force through stronger and diverse international industrial partnerships and reduce supply chain shocks
- ▶ **Outcome 3:** Contribute to national productivity, innovation and economic security by supporting Australian defence businesses to commercialise and scale.

Building on strong foundations

The rapid evolution of modern warfare demonstrates the need for a sovereign defence industrial base is stronger than ever. Building upon the foundations set in 2024, Defence will continue delivering tangible progress across priority areas to strengthen Australia's sovereign defence industrial base, including:

- ▶ Supporting the Australian Defence Strategic Sales Office to advance exports.
- ▶ Introducing minimum viable contracting to deliver capability faster, increase risk tolerance, and drive cultural change.
- ▶ Improving communication of Defence priorities so industry can make more informed decisions, including via the Tri-partite Defence Industry Council.
- ▶ Expanding grants, including to help SMEs meet Defence security requirements.

Realising *National Defence* – Defence Reforms

The Strategy supports wider reforms occurring across Defence to deliver *National Defence*. These reforms ensure Government and the ADF is postured and prepared today to respond to the national security events of tomorrow:

- ▶ Establishing the new **Defence Delivery Agency** from 1 July 2027, with a singular focus on capability acquisition and sustainment.
- ▶ Connecting whole-of-government programs to Defence priorities and expanding support to market entrants through the new **Defence Industry Hub**.
- ▶ Accelerating procurement processes through **Continuous Capability Development and Delivery (C2D2)** and minimum viable contracting approaches.

Key initiatives

Extending the Defence Industry Development Grant program

An additional \$80 million investment, bringing total funding to approximately \$250 million out to 2030.

New Targeted Industry Forums

More proactive and consistent industry engagement, including through more targeted and classified forums.

Defence Export Facility Reform

Relaunching the USD \$3 billion Defence Export Facility, to better support small and medium sized businesses.

National Apprenticeship Targets

Setting apprenticeship and learning worker targets with the defence Primes.

Supporting Australian exports

Prioritising the Ghost Shark Extra Large Autonomous Underwater Vehicle for export through the Australian Defence Strategic Sales Office.

Updated Sovereign Defence Industrial Priorities

Providing more specific and granular guidance so industry can make better business planning and investment decisions.



Australia's Sovereign Defence Industrial Priorities

The Strategy updates the detailed Sovereign Defence Industrial Priorities (SDIP) to provide more specific and granular guidance to better inform industry's business planning and investment decisions:

- ▶ SDIP 1: Maintenance, repair, overhaul and upgrade of ADF aircraft
- ▶ SDIP 2: Continuous Naval Shipbuilding and Sustainment
- ▶ SDIP 3: Sustainment and enhancement of the combined-arms land system
- ▶ SDIP 4: Domestic Manufacture of Guided Weapons, Explosive Ordnance and Munitions businesses
- ▶ SDIP 5: Development and integration of autonomous systems
- ▶ SDIP 6: Integration and enhancement of battlespace awareness and management systems
- ▶ SDIP 7: Test and Evaluation, Certification and Systems Assurance

Collaborative Industry Forums

Domain environmental working groups

Undertaken at least annually, for Defence to outline current and future capability priorities and investment plans in a collaborative setting and offer specific and detailed information to help businesses make relevant connections.

Sovereign Defence Industrial Priorities Development Forums

New forums undertaken biannually for each SDIP, with a remit to actively plan and manage the achievement of the specific SDIPs.

State and territory governments forums

Structured forums to work with state and territory governments on areas of shared responsibility such as regular workforce planning forums, joint industry roundtables and shared defence industry initiatives.

Industry Associations Advocacy Group

Roundtable activities to provide Defence and industry opportunity to exchange practical experience of current working practices. This includes highlighting specific challenges, effectiveness of current policy settings, and opportunities to improve.

Defence Research Network (formerly the Australian Defence Science and Universities Network)

The Defence Research Network connects Defence, universities, industry and the broader research community, providing Defence with the best research and development capabilities in Australia and researchers with the opportunity to apply their research to real-world problems.