

## Article Information

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# Defence Industry Development Strategy - Procurement Reform

**On 29 February 2024, the Australian Government released its Defence Industry Development Strategy (Strategy).**

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## Introduction

The Strategy identifies areas of reform needed to ‘*deliver a more capable, innovative, resilient and competitive sovereign defence industrial base*’.<sup>[1]</sup> Among other things, a number of changes to Defence procurement and contracting have been identified to achieve this aim.

This article briefly summarises the key aspects arising from the Strategy in respect of defence procurement and contracting.

## Revisions to the Australian Standard for Defence Contracting (ASDEFCON)

The Strategy intends to make progressive reforms to the ASDEFCON template contracting suite, to create a more efficient and effective contracting process between industry and Defence.

To do so, the ASDEFCON framework will be revised and simplified to make it more efficient and cost effective.<sup>[2]</sup> The key intended changes are:

1. By the end of 2024, the information required during the tender process will be simplified and reduced so that only information necessary for source selection will be required, with additional information requirements deferred to later stages;
2. By the end of 2024, the ASDEFCON Complex and Strategic Material contracting templates will be modified into a standardised suite of common core requirements. Other templates will be updated and modernised to provide better guidance on how they should be used based on delivery risk; and
3. By the end of 2025, the effectiveness of ASDEFCON tailoring training, including digitisation and modular applications of the templates suite, will be improved.<sup>[3]</sup>

Few further details have been presently given in relation to these changes, but they are intended to create more “relational” contract frameworks that support collaboration. Examples of this changing focus by Defence can be found in its revised approach to intellectual property – see the ASDEFCON Technical Data Intellectual Property Commercial Handbook as an example.

## Expanding the Strategic Partnership Contracting Frameworks

The strategic partnership contracting frameworks will be refined and developed, including an expansion of the frameworks in 2024 to:

1. Land and Joint maintenance, repair, overhaul and upgrade; and
2. Test and evaluation, certification and systems assurance.<sup>[4]</sup>

A framework will also be developed for the use of government-to-government agreements to ‘*increase the capacity, capability and scale of the Australian defence industry through driving exports of innovative Australian capabilities*’.<sup>[5]</sup>

## Improving Defence as a Customer

A number of initiatives will be implemented by the end of 2024 that are intended to increase market and business intelligence to make Defence 'a smarter buyer' when contracting with industry.<sup>[6]</sup> These initiatives include:

1. A professionalisation framework that will target project and program management, engineering and logistics functions and commercial acumen;
2. An "Industry Intelligence Capability" that will be a centre of knowledge of industry capability, capacity, markets and supply;
3. Enhanced digital engagement opportunities with and between industry which will include the implementation of an Australian digital engineering strategy; and
4. A reciprocal industry secondment framework that will enhance the professionalisation programs for key skill sets.<sup>[7]</sup>

### **Updates to the Defence Policy for Industry Participation and the Australian Industry Capability (AIC) and Global Supply Chain (GSC) Programs**

By the end of 2024, the Defence Policy for Industry Participation as well as the AIC and GSC Programs will be updated 'to ensure greater linkages between innovation, capability and export'.<sup>[8]</sup> This will allow:

1. Innovation programs developed through the Advanced Strategic Capabilities Accelerator to be brought into Defence capability programs and to be developed to exploit the potential for export;
2. AIC plans for projects to include export opportunities and strategies for long-term engagement of Australian industry in relevant programs of trusted partners; and
3. Tailored support to be provided to primes to meet these objectives in their supply chains.<sup>[9]</sup>

<sup>[1]</sup> Australian Government, *Defence Industry Development Strategy* (2024) vii.

<sup>[2]</sup> Ibid 34-5.

<sup>[3]</sup> Ibid 35.

<sup>[4]</sup> Ibid 36-40.

<sup>[5]</sup> Ibid 42.

<sup>[6]</sup> Ibid 43.

<sup>[7]</sup> Ibid 43-4.

<sup>[8]</sup> Ibid 44-6.

<sup>[9]</sup> Ibid 45-6.