

## Article Information

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## 2026 Defence Industry Development Strategy - Industry Essentials

***The latest instalment of the Defence Industry Development Strategy sets out the Government’s renewed action plan to grow Australia’s sovereign defence industrial base and boost self-reliance.***

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On 2 July 2026, the Federal Government released the 2026 Defence Industry Development Strategy (**Strategy**), identifying the key areas of reform required to strengthen Australia’s sovereign defence industrial base.

The Strategy is guided by the following Sovereign Defence Industrial Priorities:

1. Maintenance, repair, overhaul and upgrade of Australian Defence Force aircraft;
2. Continuous naval shipbuilding and sustainment (CSS);
3. Sustainment and enhancement of the combined-arms land system;
4. Domestic manufacture of guided weapons, explosive ordnance and munitions;
5. Development and integration of autonomous systems; and
6. Integration and enhancement of battlespace awareness and management systems; and
7. Test and evaluation, certification and systems assurance (TESCA)[1].

While the overarching priorities above remain unchanged from the 2024 strategy, the underlying details for each priority have been refined. For more information, see Figure 5 of the Strategy.

This insight briefly summarises the key aspects arising from the Strategy that relate to growing the industrial base, procurement and procurement reform, and exports and international collaboration.

### Growing the Industrial Base

One of the key action items in this area is “*the accelerated identification of healthy and mature businesses capable of solving specific challenges*”. [2] This will be achieved through the establishment of the Defence Industry Hub, which will provide, among other things:

- a first point of contact for new entrants seeking to engage with Defence;
- connection to industry support programs such as Grants, Australian Industrial Capability and Global Supply Chain programs; and
- business maturity assessments. [3]

The focus of this support will be on Tier 2 businesses, which are those delivering major equipment, systems, assemblies and services realising specific functions. The Strategy further subdivides Tier 2 into three categories: Tier 2a (functional sub-systems); Tier 2b (major sub-assemblies); and Tier 2c (assemblies with specific functions). [4] Additional priority will be given to those businesses aligned with the Sovereign Defence Industrial Priorities. [5]

The Government will establish Industrial Development Agreements (**IDAs**) with key Tier 1 businesses, with the aim of streamlining reporting obligations and achieving supply chain visibility across all tiers and businesses. These IDAs will consolidate Australian Industry Capability and Global Supply Chain reporting at the enterprise level. [6] The Government will also develop a Defence Industry Investment Plan which sets out the Government’s equity and investment priorities, and will extend the Defence Industry Development Grants Program for a further two years at an additional \$80 million

(bringing total program value to \$250 million), while also expanding the scope to include domestic supply chain opportunities.[\[7\]](#)

The Strategy also announces the establishment of the Defence Delivery Agency on 1 July 2027, which will consolidate capability acquisition and sustainment functions under a single National Armaments Director.[\[8\]](#) This reform is designed to create clearer accountabilities for delivery and a more coherent industry engagement model.

Finally, the Government will work with major industry primes to set targets to grow the number of new apprentices, trainees, interns and graduates in the sovereign defence industrial base.[\[9\]](#) This will be achieved through the establishment of a Defence Industry Advisory Committee, and will involve reporting obligations to be detailed further in the yet-to-be-finalised Defence Policy for Industry Engagement and Partnership.[\[10\]](#)

## Procurement

A key focus of the Strategy is the acceleration of procurement to ensure that capability can be delivered at speed. Defence will adopt a “minimum viable contracting approach” to procurement, which will allow Defence and industry to act more quickly and effectively, while maintaining appropriate governance.[\[11\]](#) This approach will involve:

- modular and flexible contract structures that ensure information requests, evaluation criteria and administrative requirements are targeted to only what is essential;
- early and ongoing engagement with industry to increase understanding of the necessary requirements; and
- the ability to adapt scope and requirements over the life of a capability.[\[12\]](#)

The adoption of the minimum viable contracting approach means that the Australian Standard for Defence Contracting (ASDC) suite of templates and guidance will be updated to include the Continuous Capability Development and Delivery approach, enabling appropriate contracts for agile delivery.[\[13\]](#)

Defence will also look to implement AI where it can to support efficient procurement. The focus will be on:

- automation of low-risk, repeatable procurement-related activities;
- early identification of procurement risk, complexity and governance needs; and
- the establishment of an AI procurement advisor.[\[14\]](#)

The Strategy also emphasises the importance of early and constructive engagement with industry, supported by an updated Defence Commercial Framework that will guide officials on compliant engagement practices.[\[15\]](#)

## Exports

Areas of reform in the exports space include a complete review and refresh of the underlying initiatives of the 2018 Defence Export Strategy, and a reform and relaunch of the USD \$3 billion Defence Export Facility (administered by Export Finance Australia), with the aim of providing more flexible and timely support for defence industry, particularly small and medium-sized businesses.[\[16\]](#)

Changes will be made to the way data and reporting for exports is carried out, with Defence, in collaboration with Austrade, establishing an export market analysis function that “*will identify export market opportunities with international partners to further enable a targeted, data-driven approach to supporting defence exports*”.[\[17\]](#)

A focus will also be placed on continued promotion and advocacy of Australian-made capabilities. At the centre of Defence’s new approach is the Australian Defence Strategic Sales Office (ADSSO), which will partner with industry to develop and execute strategic sales campaigns in support of priority capability exports. Current ADSSO capability priorities include the Bushmaster, Hawkei, Boxer, AS9 Huntsman, Redback Infantry Fighting Vehicle, MQ-28A Ghost Bat, Jindalee Operational Radar Network, and Ghost Shark autonomous underwater vehicle.[\[18\]](#)

## Security

The Strategy acknowledges the deteriorating threat environment facing Defence and defence industry, including from espionage, foreign interference and sabotage. Defence has launched the ‘Defence.Secured’. program to uplift security across Defence and industry.[\[19\]](#) The Defence Industry Security Program will remain the foundation for industry security and is being enhanced with a Cyber Uplift Program to help companies meet Essential Eight Level 2 mitigations required under the Protective Security Policy Framework.[\[20\]](#)

## Takeaways

While further implementation details will emerge over time, the Strategy serves as a useful reference for understanding

the Federal Government's current priorities in strengthening Australia's defence industry. The next Defence Industry Development Strategy update will be delivered in 2028, aligned with the biennial National Defence Strategy cycle.

Businesses seeking to engage with Defence can access further information and support through the Defence Industry Hub at [www.defence.gov.au/business-industry](http://www.defence.gov.au/business-industry).

Piper Alderman has a long and proud history of serving Australia's Defence industry. From being a founding member of the Defence Teaming Centre to possessing the specialist experience needed to service both industry and government, our team has consulted on a number of key projects, consistently demonstrates thought leadership, and is active in the wider industry.

[1] Australian Government, Defence Industry Development Strategy 2026, Figure 5.

[2] Ibid [4.9].

[3] Ibid [4.5].

[4] Ibid [4.6], Figure 2.

[5] Ibid.

[6] Ibid [4.18]-[4.20].

[7] Ibid [4.24], [4.28]-[4.30].

[8] Ibid [1.16]-[1.20].

[9] Ibid [8.24].

[10] Ibid [8.24]-[8.25]

[11] Ibid [5.1].

[12] Ibid p 46.

[13] Ibid [5.8]-[5.12].

[14] Ibid [5.13]-[5.16].

[15] Ibid [5.19].

[16] Ibid [9.5]-[9.6].

[17] Ibid [9.9].

[18] Ibid [9.13]-[9.14].

[19] Ibid [10.8]-[10.10].

[20] Ibid [10.21]-[10.22].

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