



DEFENCE

INDUSTRY

STRATEGY

DELIVERING CAPABILITY FASTER

CONTENTS

MINISTERIAL FOREWORD	4	_
CHAPTER 1: STRATEGIC OVERVIEW	1 6	_
CHAPTER 2: UNDERSTAND	12	
CHAPTER 3: PARTNER	20	
CHAPTER 4: ACT	30	
CHAPTER 5: DESIRED FUTURE STATE: DELIVERING CAPABILITY FASTER, WITH RESILIENCE, AND EMPOWERING KIWI INDUSTRY	40	-

Defence House 34 Bowen Street Wellington 6011 defence.govt.nz ISBN: 978-0-473-75613-0 (PDF/Web) ISBN: 978-0-473-75614-7 (Print) Crown Copyright @ 2025, with images by the New Zealand Defence Force.



This copyright work is licensed under the Creative Commons
Attribution 4.0 International license. In essence, you are free to copy,
distribute and adapt the work, as long as your attribute the work to
the Crown and abide by the other license terms. To view a copy of
this licence, visit https://creativecommons.org

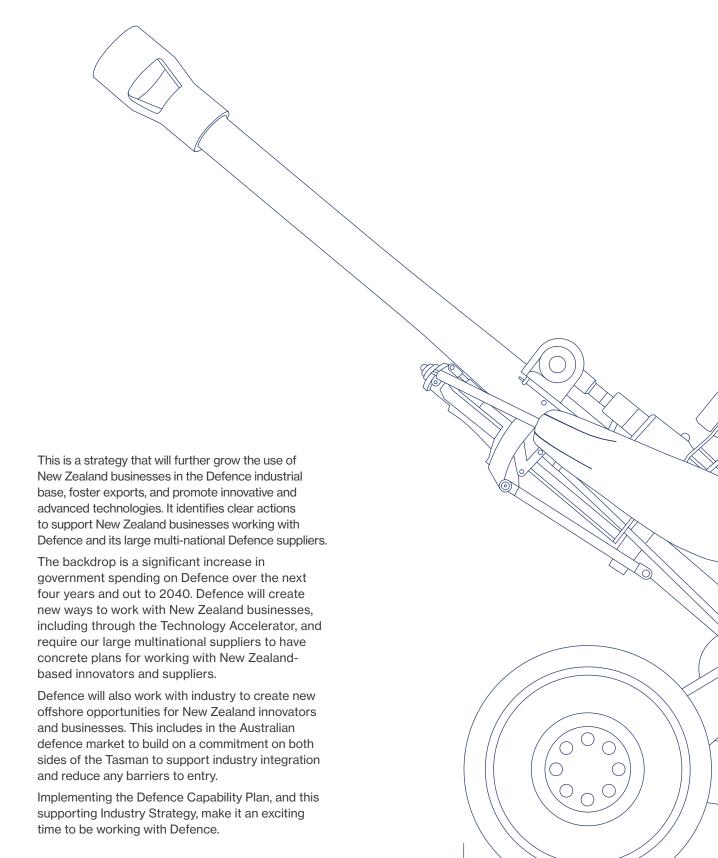
MINISTERIAL FOREWORD

The 2025 Defence
Capability Plan provides
a blueprint for the future
of our Defence Force,
outlining the equipment
and tools it needs to
navigate the challenging
geostrategic environment.
This Defence Industry
Strategy is a key
component of how we
will deliver on that plan.

As we move to implement the Plan, our sailors, soldiers and aviators, and the world they are operating in, need to be at the centre of our thinking, both in terms of what we procure and how we support and sustain it. The Ministry of Defence and the New Zealand Defence Force need to work in partnership with industry to ensure our servicemen and women are equipped and empowered to do the jobs we expect of them, often under very challenging conditions. And we need to be faster and smarter about how we deliver.

That is why this is a strategy about opportunities. Opportunities for Defence to streamline and innovate. Opportunities for New Zealand businesses and innovators to compete for Defence work and contribute to our national security, recognising that providing the best capability to the New Zealand Defence Force (NZDF) and delivering value for money will continue to drive our decision-making. For industry, successful delivery at home can present greater opportunities abroad.

These are more than just words on a page; they are a call to action, because New Zealand needs to build resilience in its supply chains, including by growing national and regional economies and local suppliers as well as our export markets. We have the talent and the will. We now need to build the supports and clear the way for innovation.



Hon. Judith Collins KC

Minister of Defence

Hon Chris Penk MP

Associate Minister of Defence

5



STRATEGIES GUIDE AN AGENCY'S ACTIONS AND INITIATIVES AS IT IMPLEMENTS ITS POLICY OBJECTIVES.

Strategies guide an agency's actions and initiatives as it implements its policy objectives. The Government's Defence policy objectives are to act early and deliberately in pursuing and protecting New Zealand's security by:

PROTECTING AND PROMOTING THE SECURITY OF NEW ZEALAND AND OUR IMMEDIATE REGION;

ENHANCING OUR ANZUS ALLIANCE WITH AUSTRALIA AND OUR MOST IMPORTANT SECURITY PARTNERSHIPS; AND

CONTRIBUTING TO THE ACHIEVEMENT OF NEW ZEALAND'S GLOBAL INTERESTS.

Released in April 2025, the Defence Capability Plan sets out an ambitious investment programme aimed at ensuring the New Zealand Defence Force has the capabilities and supporting infrastructure and services it needs to achieve these objectives.

Delivering on these objectives cannot be done without industry, which is a critical partner in both the supply of military capability and infrastructure, and their sustainment and operation through-life. Indeed, a strong and resilient Defence industry base is a capability in its own right.

WHY A DEFENCE INDUSTRY STRATEGY NOW?

Given the level of investment committed in the Defence Capability Plan, a Defence Industry Strategy is needed to support its implementation and, in doing so, support the Government's economic growth agenda, including by bolstering the work being done in the advanced technology sector.

The policy context shaping the 2025 Defence Capability Plan is fundamentally different to that which shaped earlier plans. For decades, New Zealand has benefited from a strategic environment and an international rules-based order that reflects our values. This order is increasingly being challenged by those who seek to undermine international rules and norms, or reshape the regional and global order in ways that are contrary to our interests.

Increasing tensions throughout the world are raising the prospect of military confrontation and conflict. New Zealand and our region are not immune.

The Indo-Pacific is a primary geographical theatre for strategic competition, most visibly between China and the United States. China's assertive pursuit of its strategic objectives is the principal driver for strategic competition in the Indo-Pacific. China continues to use all its tools of statecraft in ways that can challenge both international norms of behaviour and the security of other states. Of particular concern is the rapid and non-transparent growth of China's military capability.

Climate change remains the primary security concern for Pacific countries. Climate change is driving an increasing number of intensifying natural disasters. Over time this could cause critical challenges for some Pacific countries both directly and by exacerbating other security issues.

In addition, the return of high intensity state-on-state warfare in Europe has seen some major technology shifts. It has also exposed vulnerabilities in military 'just-in-time' supply chains, which in turn is driving policies (domestic and international) aimed at strengthening those supply chains and growing industrial base resilience.

The speed of change in the strategic and technological environments requires both Defence and industry in New Zealand to be more adaptive and responsive.

A STRATEGY FOR PARTNERING WITH INDUSTRY

The objective of this Strategy is to implement the 2025 Defence Capability Plan by working in partnership with industry to deliver capability faster and with resilience. This will be done by:

- providing greater clarity and certainty about what Defence needs;
- harnessing New Zealand industry, and supporting industry innovation and domestic advanced manufacturing; and
- **3.** prioritising defence procurement and industry integration with Australia.

Importantly, this Strategy will support the Government's Going for Growth plan and grow and empower New Zealand industry. As the Minister of Defence made clear when launching the 2025 Defence Capability Plan: "spending on Defence will result in economic benefits to everyday New Zealanders and New Zealand businesses".

Delivering these objectives will be organised and guided by three mutually reinforcing themes:

- Understand: Defence will have an increased understanding of the industries and organisations that can deliver defence capabilities and services now and in the future. Industry will have an increased understanding of Defence's requirements, priorities, and risks.
- Partner: Defence will work with industry and partner governments to develop and test innovative defence capabilities and services, and support New Zealand's Defence sector growth and resilience here and internationally.
- Act: Defence will simplify procurement with a focus on reducing the time taken to deliver capabilities and supporting functions into service and support them through-life.

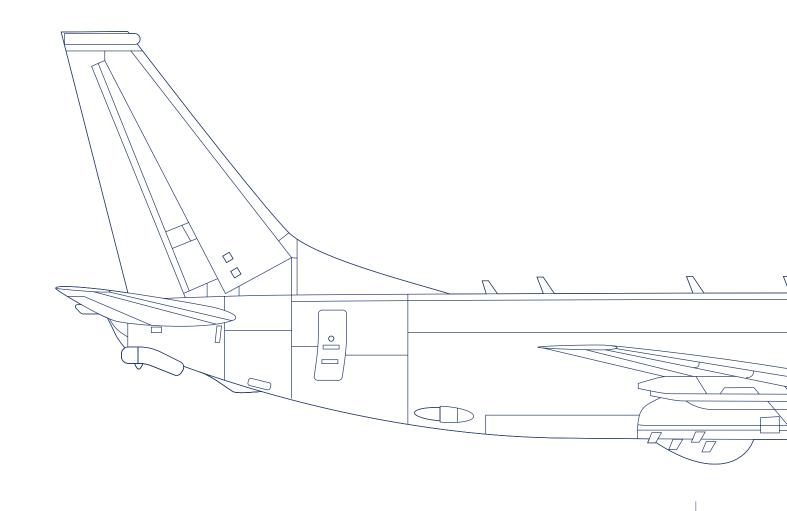
THE OPPORTUNITY FOR DEFENCE AND INDUSTRY

Governments internationally are responding to the challenging strategic environment by spending more on Defence. In 2023, global military spending was USD\$2,333 billion, up from USD\$2,202 billion in 2022 and USD\$2,124 billion in 2021.

In New Zealand, spending on Defence in 2023/24 was \$5.127 billion, of which \$1.525 billion was for the purchase of military capability and infrastructure (physical and digital). A further \$900 million was spent by the NZDF on maintenance and repair, training support and other engineering and commercial services.

The Defence Capability Plan forecasts a significant increase in investment. The next four years sees a planned commitment of \$12 billion on Defence capability and critical supports, including infrastructure and logistics, of which \$9 billion is an increase to baseline funding. Within the next decade, New Zealand will move from our current spend of less than 1 percent of GDP, to more than 2 percent.

The size of this commitment will result in a significant injection of money into New Zealand's Defence industry and national and regional economies. However, it will also put further pressure on already stretched military supply chains, putting a premium on greater resilience, both domestically and with trusted partners. Globally, governments are looking at what can be done locally and how they can work with each other and industry to manage these pressures.



NEW ZEALAND'S DEFENCE INDUSTRIAL BASE DEFINED

New Zealand's Defence industrial base consists of any business that provides products or services which can be used, or adapted to be used by, the NZDF and/or international Defence Force supply chains. The reference to "adapted to be used" is intended to capture the growing importance of dual use technology. A conservative estimate of the size of New Zealand's Defence industrial base is around 800 suppliers. This number is derived from a number of data sources, and is likely to underestimate the level of activity in the sector.¹

The Australian Defence Industry Development Strategy usefully presents its Defence industrial base as a pyramid made up of three tiers. A slightly modified New Zealand pyramid is below. With some exceptions, Tier 1 prime suppliers are mostly large multi-national Defence suppliers and their New Zealand and Australian-based subsidiaries. Tier 2 suppliers are the critical component or systems manufacturers. Whilst a small number of New Zealand businesses supporting the NZDF and other Defence Force supply chains are Tier 2, most are Tier 3.

How Defence will work with industry across all Tiers is set out in this Strategy under the themes of Understand, Partner, and Act.

Regular checking in

Because New Zealand faces a more dynamic world, we need a Defence Capability Plan that is also dynamic. A refreshed Plan will be presented to Government every two years (starting in 2027) so that innovation, new technologies, and emerging risks can be considered and adjustments made. This two-yearly check-in will enable Defence to actively manage implementation of the Plan, including tracking the outcomes of this strategy.

The following page outlines the actions Defence will take to implement this Strategy and deliver on its objective.

TIER 1:

Prime suppliers that integrate multiple components, systems and/or services relating to an enduring platform, system, product or enabling function or service.

TIER 2:

Major contractors or sub-primes delivering equipment, systems, assemblies and/or services realising specific functions or services.

TIER 3:

Businesses providing the parts, consumables and services needed to enable the assembly, upgrade or ongoing operations of systems or functions.

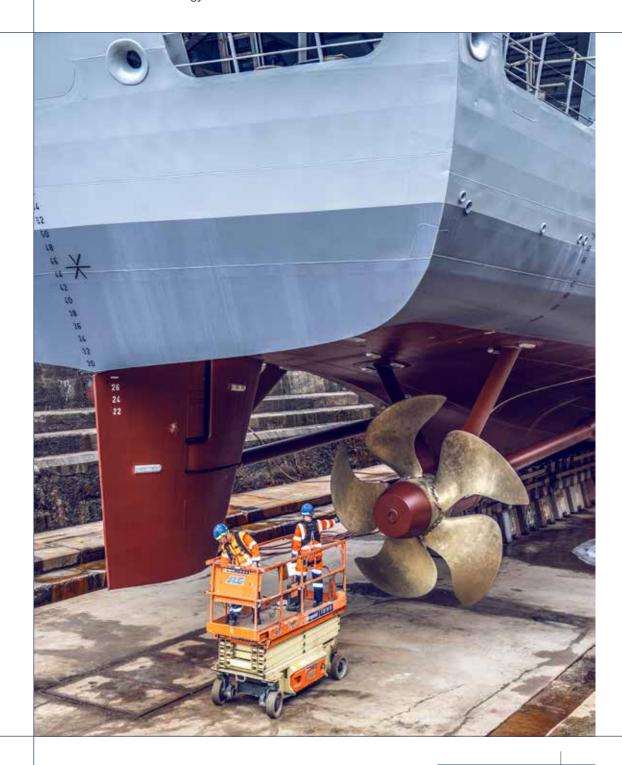
Figure 1: Tiers of a Defence industrial base

¹ For example, New Zealand-based Prime Systems Integrator, Babcock NZ, alone engages over 580 subcontractors in providing maintenance, repair and overhaul services for the Royal New Zealand Navy.

ACTIONS: STRATEGIC OVERVIEW

Q4 2027

A two-year check-in of the Defence Capability Plan will enable Defence to actively manage implementation of the Plan, including tracking the outcomes of this strategy.





DEFENCE MUST DEEPEN ITS UNDERSTANDING OF THE INDUSTRIES AND ORGANISATIONS THAT CAN DELIVER THE CAPABILITIES AND SERVICES THE NZDF AND/ OR OTHER PARTNER DEFENCE FORCES NEED NOW, AND INTO THE FUTURE.

Over the past decade, Defence improved the quality and level of its engagement with industry. Information about upcoming procurement opportunities is provided early in the process. Face-to-face industry days and events provide greater depth of information about specific project requirements. Requests for information allow industry to provide insights that inform Defence business cases and support good decision-making.

This Strategy takes that engagement further. Defence will work in partnership with industry to foster a greater understanding of the NZDF's needs, provide clear expectations, and offer opportunities for collaboration and codevelopment. This means Defence will:

- improve its market awareness and deepen its understanding of the capabilities that make up New Zealand's Defence industrial base;
- develop an accessible investment pipeline to give industry greater visibility of the Defence procurement and sustainment pipeline;
- signal new areas for investment early;
- raise awareness of strategic Defence priority areas; and
- improve communications with industry.

This will help shape the market, support greater innovation and build resilience into New Zealand's Defence industrial base.

IMPROVED MARKET AWARENESS

The previous chapter defined New Zealand's Defence industrial base as being made up of three Tiers. Defence has a very good understanding of the capabilities and services of the comparatively small number of Tier 1 suppliers. With some exceptions, these tend to be large, overseas-based Prime System Integrators and their New Zealand and Australian-based subsidiaries.

However, there are significant gaps in Defence's understanding of potential as well as current or recent Tier 2 and Tier 3 suppliers. As noted in the previous Chapter, New Zealand businesses make up a large number of these suppliers.

Seamless collaboration within industry and with Defence across all Tiers is critical in growing a more resilient Defence industrial base and delivering capability faster. A significant barrier to seamless collaboration is a lack of data on New Zealand's Defence industry capability, in particular the businesses making up Tiers 2 and 3. Internationally, addressing this problem has seen our partners commit to mapping their own defence industrial base and its supply chains, and develop their industry and market intelligence capability.

Currently, engagement and outreach activities by the NZDF's Defence Science and Technology unit provide this function for the advanced technology sector, although there are still gaps in what is a fast moving area. Longer-term, and as resources allow, development of a New Zealand Defence industry and market intelligence capability will support this work, whilst extending it to other sectors.

Nearer-term, new Government Procurement Rules, and the requirement that agencies must consider and weight the economic benefits of a procurement to the New Zealand economy,² would benefit from having a one-stop-shop for Prime suppliers to build robust New Zealand Industry Capability Plans similar to the Australian Industry Capability Plans required across the Tasman. Defence will investigate smart platforms that provide this function. Given that the Prime suppliers in the Australian Defence market are also active in New Zealand, having the same requirements and a familiar format across both markets makes sense. This is discussed further in Chapter Four.³

A VISIBLE INVESTMENT PIPELINE

For Defence industry the first casualties of not having a visible investment pipeline, and hence not having the ability to engage early, are resource planning, innovation and collaboration.

For major Defence procurements, the Defence Capability Plan gives a forward view of the indicative investment pipeline, including for sustainment. It is a fully integrated plan that is focused on rebuilding the NZDF and investing in critical areas. Being clear on Defence's areas of investment emphasis, what is being acquired, and the time horizon, gives industry a level of planning certainty not provided in earlier plans.

Areas of investment emphasis:

Combat capable with enhanced lethality and deterrence: Over the next 15 years the NZDF will need to have the combat readiness, capability, and resilience to act in dangerous situations and environments, for extended periods of time. The NZDF also needs greater flexibility to both protect against and utilise new technologies, as well as an ability to deter adversaries through new strike capabilities. This requires investment across the maritime, land, aerospace and information domains.

Force multiplier with Australia and interoperable with partners: New Zealand and Australia have committed to modernise our alliance and further strengthen our bilateral defence relationship, including the development of an increasingly integrated 'Anzac' force. This means the two countries will combine military forces in defence of shared interests, our common values, and territory. By doing so, New Zealand will effectively contribute to strategic balance, deter actions adverse to our interests, and be able to respond with force if necessary.

² Minister for Economic Development, Going for Growth: New Procurement Rules, 12 March 2025. Available from the Beehive website: https://beehive.govt.nz/release/going-growth-new-procurement-rules.

³ AIC plans are documents prepared by Prime suppliers outlining how their proposal will maximise the involvement of Australian businesses and grow industrial capacity. The commitments are not limited to procurement; they also address sustainment activities. The Plans are often translated into contractual obligations. See https://www.defence.gov.au/business-industry/finding-opportunities/public-australian-industry-capability-plans.

New Zealand is also committed to increasing coordination, alignment, and interoperability between the two countries' defence forces. The NZDF will step up its operations and activities together with Australia in the Indo-Pacific. This will include the introduction of more common, complementary, and increasingly interoperable capability, further entrenching our ability to act together in support of shared interests.

In addition to being a force multiplier with Australia, the NZDF must be increasingly interoperable with our Five Eyes partners, with Pacific Island countries, and with our partners in the wider Indo-Pacific including with the Five Power Defence Arrangements and ASEAN partners.

Innovative and improved situational awareness: Innovation in the Defence Capability Plan covers

new ways of doing things, as well as exploring new technologies for the NZDF.

In the short and medium term there will be a greater focus on uncrewed technology. This includes long-range uncrewed aerial vehicles to provide more persistent maritime surveillance; uncrewed vertical take-off and landing aircraft to replace some maritime helicopter tasks; and uncrewed surface and subsurface vessels to help monitor and protect our Exclusive Economic Zone (EEZ), increasing our surveillance of New Zealand's large maritime domain and in support of our Pacific partners.

Defence will also continue to explore innovative delivery models, including joint procurement with Australia when it makes sense to do so.

Importantly, these areas of investment emphasis are not exclusive. Defence needs a range of capabilities, assets and services to deliver the Defence Capability Plan and its current commitments.

The commitment to refreshing the Defence Capability Plan every two years will support regular updates to four-year planning and the longer-term funding path for Defence as the security and fiscal environments evolve and as what Defence needs from industry changes or remains steady.

ANNUAL PROCUREMENT PIPELINE

However, not captured in detail in the Defence Capability Plan is the specialist expertise Defence needs from industry to support implementation, the investment pipeline for smaller capital projects,⁴ and the long tail of enabling services, such as facilities maintenance and hospitality and catering which are currently in the pre-contract phase. Suppliers have indicated that access to this information is important for their future capability planning and alignment.

An NZDF Procurement Pipeline will help fill this gap. This will give industry early visibility of the pipeline of work not captured in detail in the Defence Capability Plan, along with how the market will be approached. The Pipeline will be indicative and may change subject to annual budget processes.

Starting in 2026/27, the Ministry of Defence will undertake a similar activity covering the specialist technical services Project Teams may need to support both the definition and delivery of capability. Most of this work will be sourced from the Ministry's Technical Support Services Panel, which is made up of New Zealand and some Australian businesses with specialist capabilities in training, operational testing and evaluation, and systems and software engineering. The Panel will be refreshed in 2026 to ensure the services it gives access to are aligned with what is needed to implement the Defence Capability Plan.

⁴ The NZDF-led portfolio currently consists of over 300 projects worth nearly \$900 million.

The Defence Capability Plan includes an indicative four-year commitment total for NZDF-led projects.

NEW AREAS FOR DEFENCE INVESTMENT

One area where Defence needs to build a good understanding of industry capability is the advanced technology sector, which could prove decisive in any future conflict. Building this understanding in Defence is being led by the Defence Science and Technology unit. The New Zealand Defence Industry Association has also been active in creating opportunities for Defence, Defence industry and the advanced technology sector to engage.

To give this sector a better understanding of the areas of potential demand, Defence will produce a briefing on how technology innovations are likely to influence New Zealand's defence capabilities over the longer-term. The briefing will seek to understand what innovations will influence future investments in Defence and what the implications of that will be.

Importantly, the briefing will focus on specific emerging and disruptive technologies, and how these innovations intersect with the future means and methods of Defence in a New Zealand context, including the growing importance of data, human machine teaming, and emerging methods of achieving effects and sustaining expeditionary forces. The advanced technology sector will have the opportunity to provide comments and feedback.

Indicative funding in the Defence Capability Plan for a Technology Accelerator will support coproduction and co-development activities with advanced technology companies, and help field new technologies faster. The Accelerator is discussed in Chapter Three under the Partnership theme. What the briefing will do is help make clear Defence's thinking. It will also help build links between Defence and the advanced technology sector.

The Technology Accelerator will include a 'front door portal' to support companies in presenting their proposals and capabilities to Defence, and for Defence to pitch problems and seek solutions. This will be in place in 2026.

STRATEGIC INDUSTRIAL BASE PRIORITIES

Defence needs to be more purposeful in its approach to industry, including by identifying its strategic industrial base priorities. These are areas where New Zealand must have, or does have, industry capability which is critical for NZDF operations and/or is world leading and in demand with partner defence forces. Based on the 2025 Defence Capability Plan, these priorities are:

- Space capabilities
- Uncrewed systems and counter systems
- Sustainment

The priorities are not fixed, and will be revisited as part of the two-yearly review of the Plan.

Importantly, a critical enabler of all three priorities, in particular space capabilities and uncrewed systems and counter systems, is New Zealand's advanced manufacturing and machining sectors. This is captured below.

Space capabilities	Uncrewed systems & counter systems	Sustainment	
Advanced manufacturing			

Strategic Industry Base Statements (SIBS) will be developed to provide a deeper understanding of Defence's needs, how Defence will support the sector, and the opportunities for innovation and doing things differently. SIBS will be developed in consultation with relevant government agencies, sector groups and suppliers. As a first priority, Defence will work with New Zealand's Space Agency to develop a SIBS for space capabilities. SIBS for uncrewed systems and counter systems and sustainment will follow.

IMPROVING COMMUNICATIONS WITH INDUSTRY

A key feature of the Defence Capability Plan is that whilst some capabilities are presented as platforms, such as replacing the maritime helicopter and Boeing 757 fleets, many are presented based on the outcomes Defence wants to deliver, such as persistent surface surveillance, space capabilities, and enhanced strike. This was intentional. For example, Defence does not have a view on how persistent surface surveillance should be delivered. This gives industry an opportunity to be part of the process of developing a solution.

As capability requirements mature, Defence will engage industry in a more granular and interactive manner. These will include regional briefings on the investment in the Defence Estate. Wherever possible engagements will be done in an unclassified environment to give the widest access possible. However there may be requirements for classified engagements from time to time. The types of engagement are captured below.

General engagement:

- Defence Capability Plan and the two-yearly re-fresh*
- Annual Procurement Plans*
- Domain forums*
- Sector briefings*
- NZDIA member meetings

Specific engagement:

- Requests for information
- Regional industry engagements (Defence Estate)
- Industry days
- · Defence industry visits
- One-on-one meetings
- · Specific problem-solving challenges*

and engage with Defence. Implementation will be supported by an industry engagement tool that will be a "front door" for industry enquiries into Defence. It is envisaged that the tool will triage requests based on their content and assign an owner.

However, for many New Zealand suppliers, the critical

Framework will be produced to help industry navigate

An updated Defence Industry Engagement

However, for many New Zealand suppliers, the critical relationship is not directly with Defence. Rather, it is with Defence's Prime suppliers. Defence will do more to help New Zealand businesses build relationships with the major Defence Prime suppliers, both in terms of the products and services acquired by Defence and by encouraging the inclusion of those products and services into what are global supply chains.

^{*} New activities

ACTIONS: UNDERSTAND

ONGOING

Annual Procurement Plans will be produced by the Ministry of Defence and NZDF that will give industry early visibility of the pipeline of work not captured in detail in the Defence Capability Plan, along with how the market will be approached.

Q4 2025

The Ministry of Defence will produce a briefing on how technology innovations are likely to influence New Zealand's defence capabilities over the longer-term.

Q1 2026-2027

Strategic Industry Base Statements (SIBS) will be produced for Space Capabilities, Uncrewed Systems and Counter Systems, and Sustainment.

Q2 2026

An updated Defence Industry Engagement Framework will be produced to help industry navigate and engage Defence.

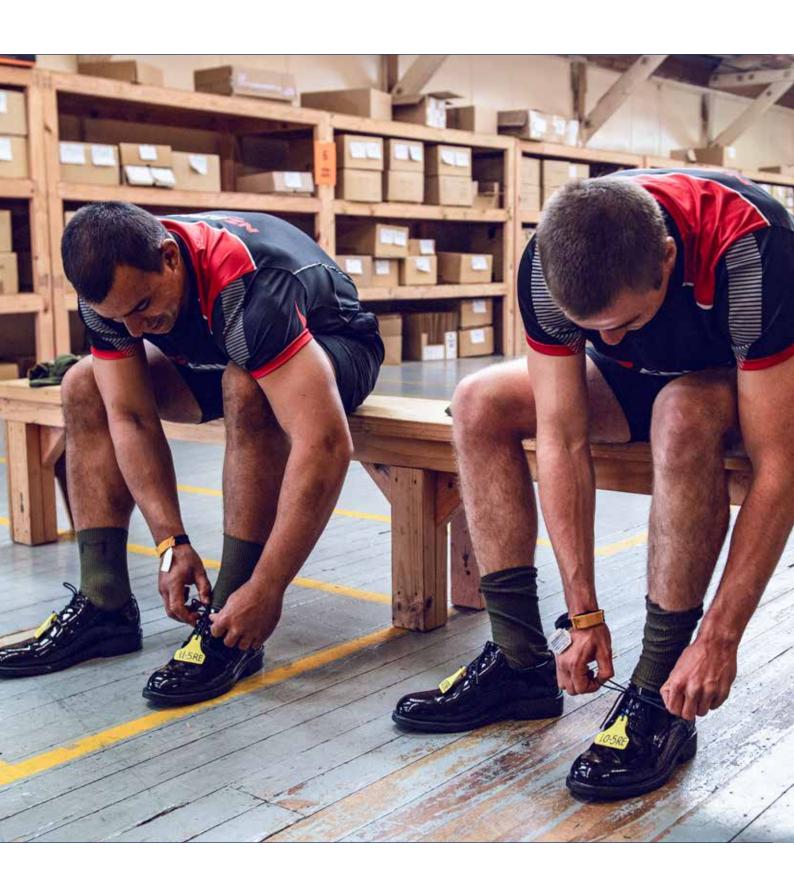
Q2 2026

Implementation of the Defence Industry Engagement Framework will be supported by an AI enabled tool that will be a "front door" for industry enquiries into Defence.

Q4 2026

Defence will investigate platform options that will support a deeper understanding of New Zealand's industrial capacity to support Defence.







DEFENCE WILL PARTNER WITH INDUSTRY AND OTHER AGENCIES AND GOVERNMENTS TO DEVELOP AND TEST INNOVATIVE DEFENCE CAPABILITIES AND SERVICES, AND SUPPORT THE GROWTH OF NEW ZEALAND'S DEFENCE INDUSTRY, INCLUDING THROUGH EXPORTS.

A strong partnership between Defence and industry is important because a resilient Defence industrial base is part of the country's deterrence posture. This means moving beyond a simple customer-supplier relationship, and working with New Zealand's Defence industrial base to deliver and support military capability, as well as grow the sector and promote economic growth.

Partnerships will include a range of relationships and agreements, including alliances with private sector participants to enable direct procurement, surge capacity, urgency and access to specialised skills.

STRENGTHENING OPPORTUNITIES FOR NEW ZEALAND BUSINESSES

New Zealand's Defence industry consists of any business that provides products or services which can be used, or adapted to be used, by the NZDF and/or other partner defence forces. Importantly, it includes academia.

As the source of major Defence platforms and equipment, as well as of maintenance, repair and other services, overseas Primes and their New Zealandbased subsidiaries are, and will remain, a critical part of New Zealand's Defence industrial base. The value delivered by these Prime suppliers, in particular their New Zealand-based subsidiaries, both to Defence and the New Zealand economy, is significant.

Defence will continue to work with Prime suppliers by engaging early, streamlining processes and speeding up decision making. As new capabilities are acquired, a focus will be on working with Defence's Prime suppliers to introduce new technologies and training systems that reduce maintenance times and increase fleet availability.

The significant opportunity for New Zealand businesses to support the NZDF and other defence forces is in partnership with, or as subcontractors to, Prime suppliers for the supply of technology, components and specialist expertise and support services.

Incentives to encourage, and make seamless, such partnerships will be strengthened in line with new Government Procurement Rules, which require potential contractors to demonstrate how their tender proposals will deliver economic benefits to New Zealand, including by using New Zealand businesses, reinforcing onshore talent and creating export opportunities for New Zealand goods and services.

To implement this, the Ministry of Defence and the NZDF will, as part of future tenders, direct Prime suppliers to submit New Zealand Industry Capability Plans, similar to those currently required by Defence in Australia, demonstrating how their proposals will deliver economic benefit to New Zealand. For evaluation purposes the Plans will have a minimum weighting of 10 percent or higher, depending on the outcomes the Request for Tenders or Proposals is intended to deliver.

Making New Zealand's Defence industrial base more resilient, as well as encouraging greater competition and innovation, will be enhanced by considering, for each procurement activity, the opportunities for New Zealand businesses to be part of the supply chain. One option to explore is New Zealand businesses operating as "Thin Primes". This is where a managing contractor, usually a local Small to Medium Enterprise or Tier 2 supplier, assumes total contract responsibilities for the delivery of equipment and systems to Defence, whilst sub-contracting the Original Equipment Manufacturers and/or specialist service suppliers.

A key benefit of the "Thin Prime" concept is the potential pathway it might provide for New Zealand Tier 2 suppliers with a good understanding of Ministry of Defence and NZDF processes and operating pressures to move up the value chain in supporting Defence.

In keeping with changes to Government Procurement Rules, Defence will look at mandating equipment and services critical to the establishment or sustainment of strategically important military supply chains. Mandating equipment, such as ship and boat propulsion systems, is already done; for example, where operating the same equipment across multiple platforms significantly reduces the logistics burden and through-life costs. Consideration will be given to extending this to include locally produced systems and services which deliver efficiencies, including by shortening supply chains and increasing resilience.

LEVERAGING INNOVATION

A key lesson for New Zealand from the war in Ukraine is that smaller nations can effectively challenge larger adversaries by more rapidly adopting and adapting innovative technologies, and by integrating those technologies more quickly in a co-development environment.

New Zealand has an advanced technologies sector that could give the NZDF an asymmetric advantage on the battlefield. Implementing the Defence Capability Plan provides an opportunity for Defence to partner with the companies, universities and private capital that make up the advanced technology sector to deliver asymmetric advantage to the NZDF and other partner Defence Forces.

The NZDF is already working with New Zealand's advanced technology sector and universities. However, currently this is done on an 'in kind' support basis, and on a limited scale. This 'in kind' approach gives the NZDF access to new and emerging technology for warfighting experimentation, and selected companies are able to see how the NZDF operates, and access training sites and test and validation capabilities. The benefit to Defence is the ability to access and experiment with advanced technology. The benefit for the companies is a relationship with the NZDF and direct exposure to Defence Force use cases.

However, this 'in kind' approach stops short of co-development leading to procurement, or the formation of an anchor relationship with the NZDF that can be leveraged to sell into overseas Defence markets. With indicative funding of \$100-\$300 million, a new Technology Accelerator represents a significant uplift in Defence's ability to partner with the advanced technology sector. Coupled with new funding of up to \$50 million for Defence Science and Technology, the Accelerator will target New Zealand companies and enable Defence to undertake opportunities for co-development and/or acquisition where there is a strong military use case. In doing so, the Accelerator will help field new technologies faster, and provide a pathway to transition advanced platforms from the prototype phase to 'service ready' capability that could be acquired by the NZDF and other defence forces.

How the Technology Accelerator will operate is being developed by Defence, working closely with the Ministry of Business, Innovation and Employment. Whilst the focus will be on developing advanced technologies for military use by the NZDF, procurement decisions will consider export potential.

Export potential will also be considered where there might not be an immediate NZDF requirement.

IMPROVING MARITIME AWARENESS



New Zealand's maritime domain covers 1/12th of the earth's surface, providing trade, travel, and undersea communication links to the rest of the world. The efficient monitoring of threats and illegal maritime activity is fundamental to our national and economic security, and has been enhanced through a New Zealand-developed Data Fusion System.

Multiple agencies have responsibility for managing maritime security threats and issues that can present risks to people, New Zealand's biosecurity, the wider maritime environment and the economies of New Zealand and our Pacific partners.

A common operating picture is provided by the National Maritime Coordination Centre (NMCC). This provides a single window through which the maritime security sector can share and view Maritime activity in real-time.

Success relies on rapid identification of, and response to, events, which in turn requires a system that can fuse and analyse multi-source data streams to identify normal and suspicious maritime activity.

One data source is the automated identification systems (AIS) that is broadcast by vessels. Real-time position, speed, course and other data helps with maritime security pavigational safety and search and rescue

In 2024 Defence contracted New Zealand start-up Starboard Maritime Intelligence. Their data fusion system (DFS) analyses multiple datasets and processes information collected from a range of legal jurisdictions.

The company impressed with their deep (and at times challenging) dive into the sector and its requirements. Defence's DFS Project describes Starboard as genuinely excited by their own work, with an approach that recognises that by making their product better for the sector they are making it better for the rest of the world to use as well.



AN INTEGRATED APPROACH WITH AUSTRALIA

There is a link between wanting to introduce a requirement for Prime suppliers to develop robust, well-constructed New Zealand Industry Capability Plans and building resilience through exports. The Plans will help build local industry capability; and the relationship formed with being part of a Prime suppliers global supply chain creates opportunities for export.

This is important because even with the significant investment in Defence, the demand side of the New Zealand Defence market will remain comparatively small. Building a more resilient New Zealand Defence industrial base requires businesses to diversify revenue sources, including by exporting, which in turn grows the sector's capability and capacity.

The Australian Defence market, and joint industry collaboration with Australia, represents a significant opportunity for New Zealand businesses. Released by the Australian and New Zealand (ANZ) Defence Ministers in December 2024, the Joint Statement on Closer Defence Relations has "effective defence industry collaboration" as one of five shared Defence objectives. The Statement notes:

Ongoing defence industry collaboration drives cost effective solutions to our evolving security needs, builds resilience into our supply chains, and unlocks cutting-edge technologies. We [will] work to remove barriers to defence industry involvement in material contracts and capability acquisition and sustainment.

Our domestic industries are complementary in critical growth areas, including naval shipbuilding. They harness respective strengths to provide key capabilities to our warfighters.⁵

Defence will work with New Zealand industry leaders, New Zealand Trade and Enterprise (NZTE) and Australian officials on a programme to improve industry access into our respective Defence markets and to promote sector integration. The current focus has been on achieving mutual recognition of industry security clearances. However, there might be other areas that present market access obstacles for New Zealand companies.

SHOWCASING NEW ZEALAND BUSINESSES

A large number of New Zealand businesses are already selling their products and services in global Defence markets, often without having a contract with Defence or a Prime supplier operating in New Zealand. Many of these businesses come from the advanced technology and manufacturing sectors.

Defence is committed to more actively supporting New Zealand Defence industry as part of its international engagement programme. A first action will be to engage those companies already exporting into other Defence Force supply chains for specific activities Defence could do to support them and encourage others. Activities could include promoting products and services produced by New Zealand companies during activities, such as the Advanced Technology display at the South Pacific Defence Ministers Meeting in Auckland in October 2024. The focus for this increased effort will be the Defence exhibition and trade shows in Australia, working alongside NZTE and the New Zealand Defence Industry Association.

Defence will also seek opportunities to demonstrate New Zealand industry capability and innovations, including those not under contract with the Ministry of Defence or the NZDF. This will occur through exercises, facilitating industry visits by foreign delegations, and New Zealand Defence and diplomatic staff overseas working to promote and support New Zealand industry engagements with foreign militaries and industry.

⁵ Australia – New Zealand Joint Statement on Closer Defence Relations, 6 December 2024 (emphasis added). The Statement is available from https://defence.govt.nz/publications/australia-new-zealand-joint-statement-on-closer-defence-relations/.

EMPOWERING KIWI BUSINESSES

Defence is committed to showcasing New Zealand Defence industry as part of its international engagement programme to provide Kiwi businesses the opportunity to connect with international suppliers and partner militaries.

In August 2025, the Ministry of Defence hosted a delegation from South Korea's Defence Acquisition Program Administration (DAPA) in Auckland, an organisation which buys military capability for their Defence Force and promotes Korean defence industry. The meeting was also attended by Korea's largest prime suppliers, Hanwha Group, Hyundai Heavy Industries and LIG Nex1.

This was an excellent opportunity to showcase the work of New Zealand advanced technology suppliers and highlight the importance of partnering with local industry when bidding for Defence contracts in New Zealand.

New Zealand companies Beca, Bowmaster, Dotterel, Marops, Nautech, SPIIND, and Starboard Maritime Intelligence took the opportunity to engage on the day, while Rocket Lab and Zenno Astronautics then hosted officials to highlight space as a potential area for future cooperation between New Zealand and Korea.

Empowering Kiwi businesses to make these connections is critical as New Zealand looks to build resilience in its Defence supply chains, including by growing export markets.



CASE STUDY

WORKING IN AUSTRALIA: ARGUS CABLETECH



Under the Closer Economic Relations Trade Agreement and Closer Defence Relations. New Zealand companies are treated as local content in the Australian Defence market. This integration benefits Australia through access to specialised manufacturing and capacity supplementation, while New Zealand gains economic resilience by sustaining niche capabilities.

Entry into the Australian defence market depends on a company's technology readiness level (TRL). High TRL solutions typically enter via Prime Defence Contractors' supply chains, while lower TRL innovations follow pathways like the Advanced Strategic Capabilities Accelerator programme.

Despite facilitated access, companies must meet stringent defence sector standards in security, quality and delivery. Strategic preparation is essential.

Argus CableTech, a New Zealand manufacturer based in Christchurch, exemplifies successful integration. Over three years, the company established itself as a supplier of high-tech components to Rheinmetall Defence Australia (RDA). Their approach included:

- conducting market research aligned with Australia's Integrated Investment Plan;
- developing organisational capabilities to meet defence requirements;
- · addressing regional manufacturing gaps; and
- effectively marketing their unique value proposition to RDA.

Argus CableTech's success reflects deliberate planning and collaboration with RDA, including navigating defence industrial security requirements.

RE-INVIGORATING INDUSTRY INPUT

With hundreds of New Zealand-based suppliers supporting Defence, there is an ongoing need to simplify and streamline ways of keeping them informed and engaged, and to find ways to ensure their interests are represented.

Two ways in which interests are represented are the New Zealand Defence Industry Association (NZDIA) and the New Zealand Defence Industry Advisory Council.

The NZDIA is a member-based Association. It represents, and advocates for, the commercial interests of Defence industry and its individual members, and is an important conduit for industry into Defence and vice versa. The NZDIA also provides opportunities for members to network with each other and build relationships.

This networking function is important. As noted in the previous chapter, the critical inputs into a system that fosters innovation and collaboration are a visible investment pipeline, planning certainty, and the opportunity for industry to engage early on potential solutions. Defence will continue to work with the NZDIA to support and facilitate these opportunities.

However, not all businesses that support, or could support, Defence are members of the NZDIA. As a result, Defence will also engage other sector associations, such as Aerospace New Zealand, Advancing Manufacturing Aotearoa and the Marine Industry Association, in areas where there is capability and capacity to support the NZDF, including in partnership with other suppliers.

The New Zealand Defence Industry Advisory Council (NZDIAC) is appointed by, and reports directly to, the Minister of Defence. It has a wide brief to provide advice relating to developments, issues, and opportunities in both domestic and international defence industry markets.

A deliverable of this Strategy is to re-invigorate the NZDIAC by focusing the Council's advisory role on ensuring alignment between the Government's defence policy and economic growth objectives, including growing exports. The NZDIAC's membership will be renewed to include representation from defence industry, Defence industry leaders with export experience, universities, and advanced technology.

New terms of reference will refresh the Council's mandate to include advice on:

- · progress on implementing this Strategy;
- opportunities for, and barriers to, Defence and industry collaboration and innovation;
- strengthening New Zealand's Defence industrial base; and
- industry integration with Australia, and growing exports.

Given the size of the funding commitment over the next four years it is important to recognise industry excellence in capability and service delivery. To this end, Defence will continue to work with the NZDIAC on the annual Minister of Defence Awards of Excellence to Industry.

ACTIONS: PARTNER

ONGOING

Alongside other government agencies, Defence will work with New Zealand industry leaders, NZTE and Australian officials to ensure easier industry access into Australia's Defence market, and to define and promote sector integration.

ONGOING

Working with the NZDIAC, Defence will continue to support and recognise industry excellence through the annual Minister of Defence Awards of Excellence to Industry.

Q4 2025

Defence will re-invigorate the New Zealand Defence Industry Advisory Council to focus on ensuring alignment between the Government's defence policy and economic growth objectives, including by growing exports.

Q2 2026

Defence will engage New Zealand companies already exporting into other Defence Force supply chains for specific activities which could support them and encourage others.

Q3 2026

Defence tenders will request New Zealand Industry Capability Plans in line with new Government Procurement Rules.

Q3 2026

Defence will establish a Technology Accelerator to help develop advanced technologies for military use with the NZDF, and for export.

Q3 2026

Defence will uplift the NZDF's Defence Science and Technology unit to have sufficient expert capacity and capability to effectively partner with industry and academia, both for direct engagement and in support of Technology Accelerator initiatives.

CHAPTER FOUR ACT 30 DEFENCE INDUSTRY STRATEGY

DEFENCE PROCUREMENT MUST CHANGE TO MEET THE STRATEGIC ENVIRONMENT OUTLINED IN THE DEFENCE CAPABILITY PLAN, AND THE REDUCED STRATEGIC WARNING TIME THAT COMES WITH IT.

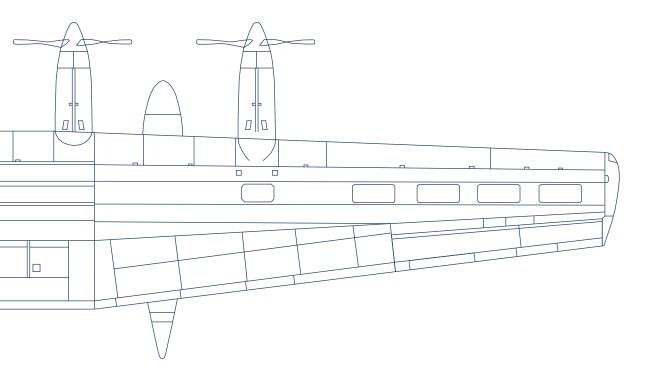
Defence needs to move faster and will simplify procurement with a focus on reducing the time taken to deliver capabilities into service and support them through-life, without sacrificing probity or rigour.

A comprehensive survey of Defence industry was undertaken in April 2023 as part of the Defence Policy Review, which resulted in the 2025 Defence Capability Plan. This survey included more detailed interviews with fourteen Defence industry leaders. A common theme from the survey and interviews was that working with Defence needs to be easier. The first action from this Strategy has been to engage industry to understand the pain-points of Defence's delivery and procurement processes. This action is being delivered through several pain-point workshops focused on specific problem areas, such as the complexity of tender documentation and risk allocation.

SIMPLIFYING DEFENCE PROCUREMENT

New Government Procurement Rules require all Defence procurement to comply with the Rules, as we are now, even when choosing not to undertake a competitive process and instead direct source a good or service. All actions aimed at simplifying Defence procurement will remain consistent with the Rules.

Focused consultation with Defence industry will be essential to simplifying Defence procurement. Based on the feedback received from industry from the pain-point workshops, Defence will review both the Ministry of Defence's and the NZDF's standard tender and contract templates. Priorities will be looking to reduce the number of data items requested as part of a procurement as well as engaging industry on what risk models and terms and conditions would better support a partnership approach to ensure that there is an appropriate balance between supporting industry, and managing risk to the Crown and prudent expenditure of taxpayers' dollars.



New Government Procurement Rules will give Defence greater flexibility in how it approaches the market. Where previously Defence could choose not to go to open market for the procurement of arms, ammunition, or war materials, this will be widened to include goods and services critical to the establishment or sustainment of strategically important military supply chains. Also included when considering not to go to open market is the procurement of equipment, systems or services for military or essential security purposes which meet the intent of the Australia-New Zealand Joint Statement on Closer Defence Relations. This is intended to speed up procurements that enhance interoperability with Australia, including through the purchase of common platforms and systems.

A further target for a simpler, more agile approach to procurement will be new and advanced technologies shown to be 'service ready' for use by the NZDF or partner Defence Forces. The new Government Procurement Rules will give Defence the flexibility to acquire a proven prototype. How Defence gets to this point will likely require new acquisition pathways which, for example, might start with a problem or mission statement and quickly down-select to a preferred prototype solution and supplier.

The procurement approach taken by Defence will be tailored to suit the specific characteristics of each procurement, taking into account the above factors, as well as the contract's value, risk, the potential to use New Zealand suppliers and timing requirements. The nature of opportunity for New Zealand industry will be different depending on the approach.

The United States Foreign Military Sales Program (FMS) will continue to be an important source of military equipment and sustainment. This is where Defence acquires a good or service from the United States Government. Under FMS, the opportunity for New Zealand businesses is in the areas of training support, sustainment, and the supply chain. However, given the sensitive nature of the equipment, the ability to manufacture, maintain, repair or overhaul items acquired through FMS is subject to suppliers receiving a third-party approval from the United States Government. Defence will do more to work with suppliers to get these approvals, as required.

CASE STUDY

C-130J HERCULES SELF-PROTECTION TESTING



Being part of a group of nations with the same platform increases access to mission and logistics support around the world. This international cooperation and sharing of expertise were put to good use in testing and trials for the C-130J-30 Hercules' self-protection system, as part of the final run up to the aircraft's full operational release.

The C-130Js were acquired from the United States Government through the Foreign Military Sales Program. Testing of the aircraft's self-protection systems was led by the Ministry of Defence's Integrated Project Team, which called on the experience, expertise and equipment of the Australian Defence Force (ADF), Australian company Mellori Solutions, and local industry partner Marops.

The Project had Marops pre-approved with the United States Government to assist with C-130J integration work. Marops was contracted to run the test programme for the self-protection systems. Being able to do this in New Zealand sped up the introduction into service of the C-130J and saved money. It also built local experience and resilience.

Marops' initial trials took place at RNZAF Base Auckland before moving to the NZDF Kaipara Air Weapons Range for full testing to prove the self-protection systems – including release of chaff and flares – when triggered from a ground-based stimulator. The testing process was a smooth one that provided an opportunity to learn for future work programmes. At the heart of this success was communication and great working relationships – being clear about outcomes and processes from the start, and working closely with and listening to partners.

Where it can, Defence will make more use of syndicated contracts, both between the Ministry of Defence and the NZDF, and between Defence and other government agencies. This is currently done using Master Services Agreements and Letters of Accession. For example, the NZDF has a Letter of Accession giving it access to the Ministry of Defence's Technical and Support Services Panel. The advantage of syndicated contracts is a reduced number of approaches to the market, less supplier confusion, and a lower transaction cost.

Good procurement starts with good people. Defence is investing in its commercial and procurement capabilities to ensure that it can deliver the Defence Capability Plan in a strategic, efficient and effective manner. For the Ministry of Defence, this will be achieved using an operating model that gives it the ability to match its procurement capability, both in terms of numbers and skills, to the level of investment in new capability.

For the NZDF, a significant uplift in senior procurement resourcing, as well as the development of a defence procurement and commercial competency framework and training programmes, will ensure it has the capability to align individual procurement goals with the key elements of this Strategy and the capacity to ensure procurements are undertaken without delays. The investment in a new procurement Centre of Excellence, and working closely with the Ministry of Defence, will see a focus on streamlining NZDF's procurement practices, processes and systems. It will also address, wherever possible, those areas considered by industry to be barriers to entry or adding unnecessary costs or time to tenderers.

IMPLEMENTING MINIMUM VIABLE CAPABILITY

The conventional approach to managing project risk in Defence is to hold firm on cost, often through fixed price contracts, and scope. As a result, schedule is often under pressure with projects running late.

Given the speed with which the strategic environment is deteriorating and, as a result, the focus on speeding up capability delivery, our international partners are looking at how they manage project risk, with lessons for New Zealand. Australia is introducing the concept of delivering the Minimum Viable Capability; and the United Kingdom the concept of Minimum Deployable Capability. The former is defined as a capability that delivers a threshold effect; and the latter as the point at which a system or platform is ready for initial use on the battlefield but before full development might be complete.

The problem Minimum Viable Capability and Minimum Deployable Capability are intended to fix is the practice of seeking the perfect, often bespoke solution, over what is good enough. What it means for managing project risk is holding firm on cost and schedule, and using scope to speed up delivery times. Whilst spiral development over the life of a capability is not ruled out, any additional investment is driven by user experience and advances in technology.

The Defence Capability Plan commits Defence to identifying the Minimum Viable Capability (MVC) as an investment case is developed. For industry, including the emerging technology sector, identifying MVC will provide greater clarity of what Defence needs. Industry will also be asked which requirements are likely to put pressure on delivery times.

To be effective, MVC must be identified early in the capability definition phase, and Industry has an important role to play in this. However, there are also opportunities to save money and time as part of the procurement phase. Recognising this, future Ministry of Defence Requests for Tenders or Proposals will invite tenderers to identify any requirements in the Statement of Requirements that add significant time risk to the delivery schedule or that could be met using new or alternative developments, technology, or procedures. Whilst this is currently undertaken for some procurements, standard language will be included as part of the Conditions of Tender.

DELIVERING ECONOMIC GROWTH THROUGH PROCUREMENT

The Ministry of Defence and the NZDF have joint responsibility for delivering the 2025 Defence Capability Plan, and its vision for a modern, agile, and interoperable Defence Force. As noted above, procurement is critical to achieving this, not just in terms of acquiring the right capability at speed, but also by delivering economic growth and resilience.

In line with new Government Procurement Rules,
Defence is committed to ensuring that its procurement
activities generate tangible economic benefits for
New Zealand. For Defence, this is defined as:

- 1 Local business participation through contracting or subcontracting: increase the use of New Zealand-based suppliers, particularly Small and Medium Enterprises, in Defence supply chains by requiring Prime suppliers (where practical) to commit to meaningful local subcontracting arrangements.
- 2 Export potential through innovation and technology: promote New Zealand suppliers with export potential, in partnership with NZTE where it makes sense.
- 3 Local business participation in building resilient supply chains: strengthen New Zealand's ability to maintain, sustain, and adapt defence assets domestically by building local supply chain depth and reducing reliance on offshore providers.
- 4 Workforce development: support the creation of skilled jobs, apprenticeships and training opportunities.

Defence is in the process of developing an approach to how it will apply economic benefit considerations throughout the procurement lifecycle and align with new Government Procurement Rules. The approach will be tailored to New Zealand's defence context and applicable to all procurement activities. It will set out how Defence identifies and delivers economic benefits through procurement, guide tendering and supplier selection practices, including how to request and assess economic benefit plans from suppliers, and support implementation of contract mechanisms and monitoring tools that drive long-term economic value.

In addition to the economic benefits delivered by a procurement, Defence tenders will separately weight supply chain resilience and strategic capability. A key question will be whether a capability needs to be sustained in New Zealand. The intention is not to preclude offshore providers from sustainment opportunities in the New Zealand Defence market. Rather, the aim is to build local and/or regional supply chain depth, where appropriate.

DELIVERING ECONOMIC GROWTH THROUGH DEFENCE PROCUREMENT: SENTINEL BOATS

A close collaboration with the NZDF and New Zealand businesses enabled Hobartbased Sentinel Boats to deliver high-speed, tactical littoral manoeuvre craft (LMC), configured to meet our Navy's specific requirements.

Sentinel's craft have been in use for decades, supporting military, police, government and commercial clients across Australia. In 2023 three Sentinel 1250 Littoral Manoeuvre Craft (LMC) were delivered for the first time to the NZDF.

Sentinel's hulls are manufactured using High Density Polyethylene; they require no painting and are not at risk of corrosion or degradation from electrolysis. Other advantages include a low electromagnetic signature that reduces the risk of detection, capability in high sea state conditions, improved antifouling, and craft that are robust enough to operate near rocks.

Central to the delivery were the partnerships Sentinel formed with New Zealand businesses, Hamilton Jet, and General Marine Services, for both major equipment supply and sustainment. The relationship stemmed from Sentinel's close alignment with values held in New Zealand around supporting local businesses, celebrating craftsmanship, ensuring a low environmental footprint from the manufacturing process, and placing a high focus on building a trust-based relationship.

The Sentinel 1250C design reflected the NZDF's requirements, maximising deck space width, incorporating flush-mounted hatches and allowing for an extensive electronics and surveillance package. Comfort for long transits has also been considered with shock absorbing seats and inclusion of a head (toilet).

Collaboration with the Royal New Zealand Navy means the craft is designed for a broad range of tactical missions; supporting the specialist mine warfare, diving and hydrographic teams of HMNZS Matataua. Along with the LMC, a contract has been signed for 17 naval sea boat replacements – 780Rs – with the first delivery scheduled for late 2025.



BUILDING RESILIENCE THROUGH SUSTAINMENT

A defence force is only able to operate as long as it has access to supplies, infrastructure and logistics support, whether that be food, fuel, spare parts, built assets or equipment. Whilst the delivery of new capability is an important link between Defence industry and the war fighter, sustaining and supporting that capability is an equally important link.

The Defence Capability Plan includes investment of \$300 – \$600 million to ensure more resilient military supply chains and logistics. However, given the deteriorating strategic environment, these supply chains are expected to remain under pressure.

In addition to new investment, Defence will prioritise Maintenance, Repair and Overhaul (MRO) and the manufacture of repair part items where there are strategic and economic benefits from conducting the work in New Zealand. This will be helped by new Government Procurement Rules and the ability to opt-out from the Rules for the purchase of goods and services critical to the establishment or sustainment of strategically important military supply chains.

However, not everything can be done in New Zealand. Some deeper-level maintenance and the repair of certain specialist military equipment will continue to be done overseas. Where this is the case, Defence will first look to Australia, as a sustainment partner. For example, the ability to repair and maintain P-8A Poseidon aircraft radar systems and military radios in Adelaide and Brisbane respectively, rather than rely on single repair sources in the United States, has shortened the supply chain, reduced maintenance times and increased platform and system availability. Moreover, deepening the sustainment partnership between New Zealand and Australia need not be one-directional. New Zealand's Defence industrial base has capacity to provide sustainment support to partner defence forces.

Whilst the conduct of sustainment activity in New Zealand is a Strategic Industrial Base Priority, the NZDF operates globally. Having the ability to source spare parts and to undertake battle damage and other repairs without returning to New Zealand is critical to the NZDF's operational effectiveness. As a result, Defence will continue to support regional initiatives, in particular the Partnership for Indo-Pacific Industrial Resilience (PIPIR), which aims to strengthen regional resilience by increasing access to repair capabilities in theatre and reducing dependence on far away supply chains. Critical to PIPIR's work is reducing the barriers to the exchange of technology and technical information, which would benefit New Zealand's Defence industrial base and make exporting easier.

Where practical, Defence will continue to negotiate Through-life Support contracts in parallel with acquisition contracts. This allows for a comprehensive view of the total cost of ownership. It is also where the opportunity for New Zealand businesses is greatest.

As the Defence Capability Plan is implemented there is an opportunity to introduce innovation through the use of advanced technologies, new sustainment models, and more efficient infrastructure and maintenance facilities. For example, the Maritime Fleet Renewal programme, which includes the replacement of nearly all of Navy's surface fleet capability by the mid-2030s, provides an opportunity to transform how the Royal New Zealand Navy and its industry partners support the new fleet, including through the introduction of digital twin technology.

NATIONAL SECURITY AND BUSINESS SECURITY ARE INTERTWINED

Strengthening New Zealand's cyber security is a fundamental priority for the New Zealand Government. In a more challenging and dangerous strategic environment, businesses wanting to work with Defence need to be alert to the willingness and determination of foreign groups and states to act against New Zealand in ways that undermine our national and economic security.

Security cannot be considered discretionary. New and complex threats have emerged that present significant risk to defence capability and the financial viability of businesses partnering with Defence. The identification, reduction and mitigation of security risks is essential to safeguard and maintain Defence capabilities.

The Cabinet-mandated Protective Security
Requirements (PSR) framework, which includes
the New Zealand Information Security Manual
(NZISM), sets out the Government's policies
for the management of personnel, information
(including cyber), and physical security. Ownership
of the PSR and NZISM is with the New Zealand
Security Intelligence Service and the Government
Communications Security Bureau respectively, and
Ministry of Defence and NZDF compliance with these
policies is mandatory.

Defence operationalises the PSR and NZISM through a range of security-specific policies. Defence's industry partners must comply with these policies whenever they require access to classified information, IT systems, Defence Areas, assets or capabilities. The Defence Industry Security Programme (DISP) supports New Zealand businesses to address risks associated with providing products and services to Defence. The DISP is also responsible for providing assurance that industry partners meet and maintain the required protective security measures.

Not all industry partners require access to classified Defence information, systems, and/or capabilities and assets. However, those who do must have DISP accreditation. This involves risk-based assessments of company supply chains and ownership structures. It also involves the assessment, vetting, and/or certification of company employees, facilities and IT systems. Defence will invest in the DISP programme, including better tools, automation and processes for industry enquires into the Defence Industry Security Programme. An updated guide to DISP was released by the NZDF in May 2025.6

⁶ Details about the Defence Industry Security Programme are available from the NZDF's website at https://nzdf.mil.nz/industry-partners/working-with-us.

ACTIONS: ACT

ONGOING

Defence will do more to work with suppliers to get United States Government third-party export control approvals, as required.

ONGOING

As the Defence Capability Plan is implemented, Defence will engage industry on sustainment, including opportunities to introduce innovation through the use of advanced technologies, new sustainment models, and more efficient infrastructure and maintenance facilities.

ONGOING

Defence will invest in the DISP programme, including better tools, automation and processes for industry enquiries into the Defence Industry Security Programme.

Q4 2025**

Workshops will be conducted with industry to understand the pain-points of Defence's delivery and procurement processes.

Q4 2025

Defence will introduce the concept of Minimum Viable Capability to speed up delivery time.

Q2 2026

The NZDF will uplift its senior procurement capabilities, introduce a procurement and commercial competency framework and training programme, and put in place a Centre of Procurement Excellence.

Q2 2026

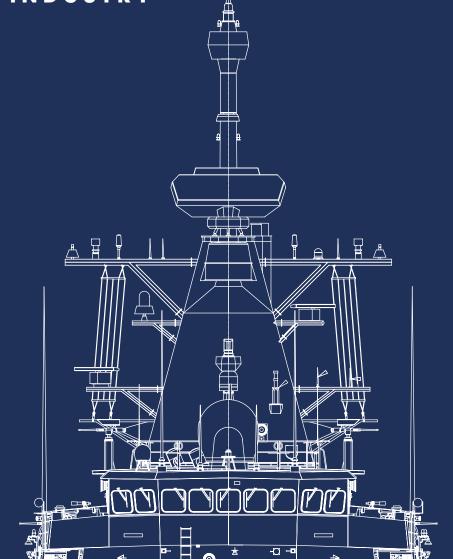
Defence will develop an approach to how it will apply economic benefit considerations throughout the procurement lifecycle and align with Government Procurement Rules.

^{**} Commencing Q4 2025

CHAPTER FIVE

DESIRED FUTURE STATE:

DELIVERING CAPABILITY FASTER, WITH RESILIENCE, AND EMPOWERING KIWI INDUSTRY



This Strategy is intended to be forward looking. Organised under the themes of Understand, Partner and Act, it sets out a series of actions and policies which are intended to get Defence and Industry to a stronger future state. That future state is a partnership based on delivering the capabilities needed by the NZDF at a speed that keeps pace with the changes in New Zealand's strategic environment. Importantly, achieving this future state also supports the Government's 'Going for Growth' plan by growing the use of New Zealand businesses in the Defence industrial base, fostering exports and promoting the use of innovative and advanced technologies.

How the objective of partnering with industry to deliver capability faster and with resilience will be achieved is set out in Chapter 1 under three sub-headings. A description of what the future state will be in four years' time for each sub-heading is captured below:

Providing greater clarity and certainty of what
 Defence needs: Defence is more purposeful in
 its approach to industry, including in those areas
 identified as strategic industrial base priorities.
 This comes from having of a good understanding
 of the capabilities which make up New Zealand's
 industrial base. Two-yearly refreshes of the Defence
 Capability Plan give industry good visibility of the
 investment pipeline, which allows time for innovation
 and collaboration.

 Harnessing New Zealand industry, and supporting industry innovation and domestic advanced manufacturing: Having a good understanding of the capabilities that make up our industrial base also means Defence's Prime suppliers are producing comprehensive New Zealand Industry Capability Plans. More local participation is making New Zealand's industrial base more resilient.
 New Zealand businesses are also being integrated into the global supply chains of Defence's Prime suppliers, which is growing Defence exports.

The Technology Accelerator is proving decisive. Not only is it delivering cutting edge technology directly into the hands of the war fighter, but the lessons being generated are being applied across the capability management system, which is speeding up delivery.

 Prioritising defence procurement and industry integration with Australia: Steps taken to simplify Defence's delivery and procurement processes have lowered the transaction cost for Industry and Defence.

Interoperability is entrenched through greater common procurement of platforms and systems.⁷ Sustainment of platforms and equipment is being undertaken on both sides of the Tasman, facilitated by the easy movement of information, technology and people. This is reducing maintenance times. Defence is actively promoting New Zealand goods and services in the Australian Defence market, which is growing export revenue.

The 2025 Defence Capability Plan identifies equipping and supporting the force as one of two base foundations that will deliver the Government's defence policy and strategy objectives. The other is a regenerated, fit-for-purpose workforce. The above future state describes how we will partner with industry and be successful in in equipping and supporting the NZDF.





