Australian Government
Defence

NATIONAL DEFENCE STRATEGY

2024

Defence acknowledges the Traditional Custodians of Country throughout Australia. Defence recognises their continuing connection to traditional lands and waters and would like to pay respect to their Elders both past and present.

Defence would also like to pay respect to the Aboriginal and Torres Strait Islander people who have contributed to the defence of Australia in times of peace and war.

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Foreword

There is no greater responsibility for the Government than defending Australia. That is why the Albanese Government is committed to deploying all elements of national power to protect our security, interests and way of life.

This National Defence Strategy acknowledges that Australia's security and prosperity are inextricably linked. Australia's future depends in large part upon protecting our economic connection to the world, upholding the global rules-based order, maintaining a favourable regional strategic balance and contributing to the collective security of the Indo-Pacific.

The 2023 Defence Strategic Review recommended a biennial strategic update through a National Defence Strategy. This should be done in combination with a biennial review of the Integrated Investment Program. Accordingly, the 2024 National Defence Strategy is the first iteration of the strategic update and should be read in conjunction with the 2024 Integrated Investment Program.

Australia's strategic environment

The Defence Strategic Review observed that Australia faced its most challenging strategic environment since the Second World War. It also reaffirmed that Australia no longer enjoys the benefit of a ten-year window of strategic warning time for conflict. Since then, our strategic circumstances have continued to deteriorate, consistent with the trends the Defence Strategic Review identified.

Entrenched and increasing strategic competition between the United States (US) and China is a primary feature of our security environment. It is being accompanied by an unprecedented conventional and non-conventional military build-up in our region, taking place without strategic reassurance or transparency. The challenges to regional stability and prosperity arising from this competition are being compounded by a range of other security risks, including climate change, grey-zone activities and technological advancements.

Beyond the Indo-Pacific, Russia's unprovoked, illegal and immoral invasion of Ukraine and Iran's support for Hamas and other proxies are examples of how revisionist states continue to challenge the rules and norms that are so important to our interests and our own region's continued security, stability and prosperity.

While a major conflict is not inevitable, this new reality is making the pursuit of Australia's interests more challenging.

A new approach to Australia's defence

Australia's strategic environment demands a fundamentally new approach to the defence of Australia and its interests. Accordingly, the Government has urgently assessed the most consequential security risks we face and developed a comprehensive strategy to address them.

This new approach is the foundational principle that underpins the National Defence Strategy and is based on the concept of *National Defence* – a coordinated, whole-of-government and whole-of-nation approach that harnesses all arms of national power to defend Australia and advance our interests. Just as important as strategy are the tools available to effect that strategy. The National Defence Strategy must therefore be read in parallel with the Integrated Investment Program, which sets out the specific defence capabilities the Government will invest in.

These two documents build on the Defence Strategic Review, which concluded that the Australian Defence Force (ADF) as it was then constituted and equipped was not fully fit for purpose. It called for a fully integrated and more focused ADF characterised by enhanced lethality and greater range, and for Defence policy and activities to be better coordinated with Australia's broader statecraft.

The National Defence Strategy sets out the Government's strategic framework to guide the significant and urgent changes required to transform Defence's capability, force posture, force structure, acquisition, recruitment and international engagement.

The National Defence Strategy will see a Strategy of Denial become the cornerstone of Defence planning. This approach aims to deter any conflict before it begins, prevent any potential adversary from succeeding in coercing Australia through force, support regional security and prosperity and uphold a favourable regional strategic balance.

Together, the National Defence Strategy and the Integrated Investment Program are designed to ensure the ADF has the capacity to:

- defend Australia and our immediate region;
- deter through denial any potential adversary's attempt to project power against Australia through our northern approaches;
- protect Australia's economic connection to our region and the world;
- contribute with our partners to the collective security of the Indo-Pacific; and
- contribute with our partners to the maintenance of the global rules-based order.

Capability priorities

The adoption of *National Defence* means the ADF will shift from a balanced force capable of responding to a range of contingencies, to an integrated, focused force designed to address Australia's most significant strategic risks. We have reset our defence capability priorities to deliver this fundamental change. This reset has involved a complete rebuild of the Integrated Investment Program to ensure it is a coherent, logical and affordable plan for defence capability.

In rebuilding the Integrated Investment Program, the Government has made decisions to prioritise and fund the acquisition of key capabilities to bolster Australia's deterrence capabilities. We have also made tough but necessary decisions to cancel, divest, delay or re-scope projects or activities that are not critical to delivering the force our strategic circumstances require. This reprioritisation has enabled us to accelerate new, immediate and longer-term priority projects and capabilities.

People

People are Defence's most important asset. As the ADF transitions to an integrated, focused force, Defence's workforce plans must change to effectively respond to the workforce crisis it faces. It must recruit, retain and grow the highly specialised and skilled workforce required to meet Defence's capability needs and achieve the objectives of *National Defence*. Defence must also continue to evolve its culture to underpin the significant reform required to deliver the National Defence Strategy.

The Government has introduced several key initiatives to improve recruitment and retention. This includes the ADF Continuation Bonus, enhanced access to study opportunities, expanded health benefits, and additional services and allowances for ADF members and dependants. Defence is also widening eligibility criteria to enable more people to join the ADF, among other important initiatives. These are important steps, but more work will be needed to address Defence's workforce crisis.

Partnerships

To respond effectively to the strategic environment we face, Australia must work even more closely with our international partners to maintain regional peace and prosperity and ensure a favourable regional strategic balance. These partnerships are also critical to protect Australia's economic connection to the world and support the global rules-based order.

Our Alliance with the US remains fundamental to Australia's national security. We will continue to deepen and expand our defence engagement with the US, including by pursuing greater scientific, technological and industrial cooperation, as well as enhancing our cooperation under force posture initiatives. Along with the United Kingdom (UK), our technology and capability cooperation with the US under the auspices of AUKUS is essential to building the ADF's capacity to deliver impactful projection across the full spectrum of proportionate response.

Australia will also invest in deepening our defence relationships with partners across Southeast Asia and the Pacific, as well as in the Indian Ocean and North Asia regions. This includes continuing to expand our partnerships with Japan and India. Australia will also continue to work closely with like-minded partners outside the Indo-Pacific including key European nations.

Budget

Resourcing will underpin our ability to deliver the National Defence Strategy. To this end, we are making a generational reinvestment in the ADF's posture, capability and structure.

The Government has increased Defence funding to historic proportions which will see an additional investment of $5.7 billion over the next four years to 2027-28 and $50.3 billion over the next decade to 2033-34, above the previous trajectory over that period.

We have also improved the quality of spend through our commitment to a minimum viable capability approach to acquisition and by reforming and streamlining processes to minimise the burden of working with Defence.

The path forward

This National Defence Strategy and the Integrated Investment Program provide a blueprint to deliver an ambitious transformation of the ADF into an integrated, focused force that will be positioned to safeguard Australia's security and contribute to regional peace and prosperity for decades to come.

The Government has committed to a biennial National Defence Strategy cycle to ensure Defence policy, strategy, capability and planning keep pace with the rapidly evolving strategic environment, respond to Australia's national security priorities and provide clarity of process and approach to defence industry.

The next National Defence Strategy will be delivered in 2026.

The Hon Richard Marles MP
Deputy Prime Minister
Minister for Defence

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Chapter 1:
Strategic Environment

1.1 The Defence Strategic Review identified a new strategic reality for Australia. It observed that, while conflict in the Indo-Pacific is not inevitable, Australia faces its most complex and challenging strategic environment since the Second World War.

1.2 Australia's strategic environment has continued to deteriorate since the release of the Defence Strategic Review, consistent with the trends it identified. The optimism at the end of the Cold War has been replaced by the uncertainty and tensions of entrenched and increasing strategic competition between the US and China. This competition is being framed by an intense contest of narratives and values.

1.3 The competition is playing out in military and non-military ways, including economic and diplomatic. It is accompanied by an unprecedented conventional and non-conventional military build-up in our region, taking place without strategic reassurance or transparency. The effects of this build-up are occurring closer to Australia than previously. This build-up is also increasing the risk of military escalation or miscalculation that could lead to a major conflict in the region.

1.4 At the same time, volatility is manifesting in conflict and crises in multiple regions, including Europe and the Middle East. Russia's unprovoked, illegal and immoral invasion of Ukraine demonstrates the destructive reality of modern conflict when a nation attempts to achieve its ambitions through force.

1.5 These dynamics are making the pursuit of Australia's interests more challenging. They also reaffirm the judgement, first set out in the 2020 Defence Strategic Update and confirmed in the Defence Strategic Review, that there is no longer a ten-year window of strategic warning time for conflict.

1.6 In this environment, Australia must work even more closely with the US, our closest ally and principal strategic partner. We must also work with other key partners – notably New Zealand, Japan, our partners in Southeast Asia and the Pacific family, the Republic of Korea, India as well as the UK and other European nations – that share our concerns and are prepared to strengthen cooperation in support of shared interests.

1.7 These shared interests include maintaining regional peace and prosperity and ensuring the regional strategic balance supports all countries being able to peacefully pursue their objectives free from coercion. An unfavourable balance would increase the risk of regional countries, including Australia, being coerced and losing their ability to pursue their sovereign interests peacefully.

1.8 Maintaining a favourable regional strategic balance is as important for Australia's economy as it is for our security. As a middle-power maritime nation, Australia relies on the free flow of goods, services and finance in the global market, and the rules and norms that protect these activities. As such, Australia's economic prosperity and security remain intimately tied to developments in the international system and the maintenance of global peace and stability.

Strategic competition in the Indo-Pacific

1.9 Increasing strategic competition between the US and China is a primary feature of Australia's security environment and will likely have the greatest impact on the regional strategic balance. While it has global implications, this competition is sharpest and most consequential in the Indo-Pacific.

1.10 As China's strategic and economic weight grows, Australia expects it will continue to seek to play a more prominent role in the region. This will include leveraging all elements of its power as it pursues its strategic objectives, including to change the current regional balance in its favour.

1.11 However, China has employed coercive tactics in pursuit of its strategic objectives, including forceful handling of territorial disputes and unsafe intercepts of vessels and aircraft operating in international waters and airspace in accordance with international law. Some of China's initiatives in the Indo-Pacific also lack transparency around their purpose and scope.

1.12 The risk of a crisis or conflict in the Taiwan Strait is increasing, as well as at other flashpoints, including disputes in the South and East China Seas and on the border with India. There is increasing competition for access and influence across the Indian Ocean, including efforts to secure dominance over sea lanes and strategic ports.

1.13 That said, US-China dialogue, both at the leader-level and military-level, is useful in preventing miscalculation and ensuring differences can be worked through in a way that supports stability.

1.14 In the context of this competition, Australia and all countries in the Indo-Pacific have a vital role and interest in maintaining a region where state sovereignty is protected, international law is followed and nations can make decisions free from coercion.

1.15 Another feature of Australia's strategic environment is increasing competition for influence and access in the Pacific, including security cooperation. Leaders of the Pacific have committed to a Pacific family-first approach to security, as outlined in the 2022 Pacific Islands Forum Leaders Communique. It is in the region's interest that security challenges in the Pacific continue to be addressed through regional, Pacific-led approaches. The strong and deep relationships within the Pacific, including with the Pacific nations of Australia and New Zealand, provide a strong foundation on which to uphold regional prosperity and resilience. Australia's aim is to remain the partner of choice for the Pacific family, including in security cooperation.

1.16 The Australian Government encourages all countries to be transparent about their strategic intentions and to ensure their actions support regional security and stability.

US engagement in the Indo-Pacific

1.17 The US is deepening its engagement with its Indo-Pacific partners and allies, recognising that collective approaches are crucial to maintaining the regional balance and enhancing collective defence, military-industrial, economic and diplomatic capabilities.

1.18 Australia's security will continue to be underpinned by the strength of our partnerships with regional countries and our Alliance with the US. Australia-US security arrangements, interoperability, intelligence sharing and industrial cooperation are critical to Australia's national security. The Australian Government is also pursuing greater defence and technology cooperation with the US in the Alliance context and with the UK, including through AUKUS.

Compounding security risks

1.19 The challenges to regional stability and prosperity arising from strategic competition are being compounded by a range of other risks including climate change, which is posing an unprecedented challenge.

1.20 The effects of climate change are amplifying existing stressors across the region, such as poverty, food security and cross-border migration and displacement. These effects may also intensify transboundary tensions and have impacts on Australia's national security. The increasing frequency of climate events will place higher demands on the ADF for humanitarian assistance and disaster relief operations regionally and domestically, placing greater stress on ADF capability, capacity and infrastructure. There remains potential for state volatility which could require support from Australia or the broader Pacific family.

1.21 Grey-zone activities have also expanded in the Indo-Pacific. In addition to conventional military forces, some countries are employing para-military forces more frequently, including China's actions in the South China Sea. Threats posed by state and non-state actors in the cyber domain are also multiplying.

1.22 North Korea has continued its destabilising behaviours, including its nuclear weapons and ballistic missile programs, flouting UN Security Council resolutions and threatening the Republic of Korea and the broader region.

1.23 Beyond the Indo-Pacific, Russia's invasion of Ukraine and Iran's support for Hamas and other proxies are examples of how revisionist states can undermine peace and stability. Russia continues to prosecute the war in Ukraine, including through the use of lethal aid supplied by Iran and North Korea. These countries are deepening cooperation with each other and their behaviour is challenging the global rules-based order.

1.24 There remains potential for tension and miscommunication between India and Pakistan, and between India and China – with the risk of nuclear weapons use or proliferation a factor in each potential flashpoint. The threat of terrorism from politically and religiously motivated extremist groups will endure, fuelled in part by ongoing violence and volatility in the Middle East.

1.25 The state-based pursuit of weapons of mass destruction will likely grow as arms control frameworks come under greater strain and strategic competition intensifies. Russia, China and North Korea are building more diverse and sophisticated nuclear arsenals, while Iran continues to breach its nuclear-related obligations. Australia's best protection against the increasing risk of nuclear escalation is US extended nuclear deterrence and the pursuit of new avenues of arms control.

Technological advancement and disruption

1.26 Technology has already overturned one of Australia's long-standing advantages – geography. Geography cannot protect Australia against new long-range missiles, space and cyber-attacks, disinformation, supply chain disruptions and the erosion of global rules and norms. Russia's invasion of Ukraine spurred inflation and exacerbated a global food and fuel crisis, while also invoking the threat of nuclear weapons use which would have global consequences.

1.27 Countries in the Indo-Pacific are investing in new and sophisticated weapons. These weapons are frequently characterised by greater range and speed and are increasingly difficult to counter. It is natural for countries to seek to modernise their armed forces and keep pace with technology. However, it is vital for stability and to minimise tensions that such modernisation is accompanied by transparency and strategic reassurance.

1.28 In line with its growing strategic and economic weight, China is improving its capabilities in all areas of warfare at a pace and scale not seen in the world for nearly a century. This is happening without transparency about its strategic purpose. Some of the capabilities it is designing and deploying are highly advanced, including a growing number of nuclear weapons, new missiles, more potent warships and nuclear-powered and nuclear-armed submarines. Since the Defence Strategic Review, China has continued fielding new strike missiles including hypersonic missiles, land-attack cruise missiles and advanced long-range surface-to-air missiles.

1.29 Space and cyber capabilities play a significant role in safeguarding national security, which means they are equally as important as the maritime, land and air domains that they support and enable. Space is a critical enabler of military operations, supporting communications, targeting and situational awareness. Malicious cyber operations will be used by states to pursue their goals, including to support espionage and disinformation. Malign actors – both state and non-state – are improving their cyber capabilities, increasing the risk of disruptions to Australia's critical systems, infrastructure and networks.

1.30 The greatest gains in military effectiveness in the coming decade will be generated by better integrating existing and emerging technologies. Broader institutional innovations – including boosting military-industrial capacity and military adaptation – will play a critical role in this regard. Ukraine's experience has demonstrated the high value of maintaining military preparedness. This includes building a robust military-industrial base with secure supply chains and developing the ability to effectively integrate emerging technologies.

1.31 The following chapter sets out how this new strategic reality requires a fundamentally new approach to Australia's defence – one that leverages and coordinates all arms of national power to achieve an integrated approach to Australia's national security.

2

Chapter 2:
National Defence

2.1 As set out in the Defence Strategic Review, the current strategic environment has diminished Australia's historical and geographical advantages and demands a new approach to defending Australia and its national interests. This new approach is based on the concept of *National Defence*.

2.2 *National Defence* is a coordinated, whole-of-government and whole-of-nation approach to meet the strategic challenges Australia faces, including the threat of conflict and the prospect of coercion. It is much broader than the previous military strategic concept of *Defence of Australia*: it harnesses all arms of Australia's national power to establish a holistic, integrated and focused approach to protect our security and advance our interests.

2.3 This concept draws on Australia's innate strengths and unique contributions to the region. These include our status as an influential middle power; our enduring democratic values; our history of safeguarding international rules and contributing to regional architectures; the strong foundations of our economy; and the strength of our partnerships in the Indo-Pacific.

2.4 As a key element of *National Defence*, the Government is making a generational reinvestment in the ADF's posture, capability and structure. The Government is determined to ensure that Australia becomes more capable, self-reliant and takes greater responsibility for its own security.

2.5 In addition to its investment in the ADF, *National Defence* works alongside broader initiatives aimed at achieving:

- **Integrated statecraft** – by taking a whole-of-government approach to advancing shared economic and security interests, involving all tools of statecraft. This includes by building regional trust and confidence, being transparent about Australia's military capabilities and strategic intent, ensuring a favourable regional strategic balance and resisting all forms of coercion.
- **National resilience** – by bolstering Australia's ability to anticipate, prevent, absorb and recover from natural and human-induced threats and hazards. Building national resilience requires closer partnerships between the Commonwealth, states, territories and industry. These partnerships will help address challenges that require effective coordination between all levels of government, including threats to sovereignty, social cohesion, critical infrastructure and transport security. These partnerships will also enable more effective responses to foreign interference, espionage, terrorism and violent extremism. National resilience includes ensuring that civil society and civil infrastructure can support ADF requirements, including our network of northern bases, roads, railways, ports and telecommunication networks. National resilience also requires the Commonwealth to work with states and territories to develop alternative capabilities for crisis response and recovery so that the ADF is only used as a force of last resort.
- **Industry resilience** – by developing and maintaining a stronger defence industrial base with the domestic capability and capacity to support the ADF during crisis or conflict. This includes developing the knowledge and skills of Australia's domestic workforce, investing in domestic research and development in technologies with a clear pathway to acquisition, and maintaining a domestic footprint for local manufacturing. Close industrial collaboration with key international partners will reduce Australia's vulnerability to coercion, diminish the impacts and utility of coercion against Australia and our partners, and bolster the resilience of Australian industry. It will also help strengthen these partnerships.
- **Supply chain resilience** – by accelerating efforts between the Commonwealth, states, territories and industry to secure Australia's supply chains and strengthen Australia's capacity to recover from – and minimise the impact of – supply disruptions. This includes diverse supply chains, protected suppliers, civil transport capacity and secure lines of communication. These efforts will be bolstered by initiatives to integrate supply chains with key international partners and the establishment of a maritime strategic fleet.

- **Innovation, science and technology** – by ensuring Australia's research and innovation sector supports the most pressing defence and security priorities to accelerate the delivery of next-generation capabilities to the ADF, including through significant investments in the Advanced Strategic Capabilities Accelerator (ASCA) and under AUKUS Pillar II – Advanced Capabilities.
- **A workforce and skills base** – by achieving the generational uplift in capability needed for *National Defence*, which requires a skilled, professional and diverse workforce across all sectors of national security activity. Initiatives like the joint Commonwealth and South Australian Government Defence Industry Workforce and Skills Taskforce and the Commonwealth and Western Australia Nuclear Powered Submarine Steering Group are essential tools to ensure a workforce with the necessary skills is available to meet our security challenges. Our workplaces must prioritise inclusion, wellbeing and safety.
- **A robust National Intelligence Community** – by providing strategic decision-making advantage, strategic warning, as well as direct support to ADF operations and domestic security.

Defence's contribution to National Defence

2.6 Defence plays a unique and vital role in *National Defence* as the only arm of the Government that generates and employs military power.

2.7 The adoption of *National Defence* means the ADF will shift from a balanced force designed to respond to a range of contingencies to an integrated, focused force designed to address the nation's most significant strategic risks. The capabilities required to address these risks will also provide the ability to respond to a range of other Government priorities and tasks.

2.8 The following chapter sets out the Government's Defence Strategy, which directly contributes to *National Defence*.

3

Chapter 3:
Defence Strategy

3.1 Against the backdrop of intensifying strategic competition, and in concert with Australia's other tools of statecraft, Australia's Defence Strategy seeks to deter any actions that could lead to conflict, military coercion or direct action against Australia or our interests.

3.2 To focus Defence planning on this objective, the Government has adopted a Strategy of Denial. The Strategy of Denial aims to deter any conflict before it begins, prevent any potential adversary from succeeding in coercing Australia through force, support regional security and prosperity, and uphold a favourable regional strategic balance.

3.3 Delivering the Strategy of Denial requires credible ADF capabilities that will complicate the calculus of any potential adversary. The Government will achieve this by increasing the range and lethality of the ADF, strengthening Australia's national resilience and focusing Defence's international engagement efforts on enhancing interoperability and collective deterrence.

3.4 The Strategy of Denial guides Defence's contribution to *National Defence* and spans five domains – maritime, land, air, space and cyber. It focuses on safeguarding Australia's interests in our primary area of military interest, the immediate region encompassing the Northeast Indian Ocean through maritime Southeast Asia into the Pacific. This region includes our northern approaches.

Strategy of Denial

Designed to deter a potential adversary from taking actions that would be inimical to Australia's interests and regional stability. The Strategy of Denial involves working with the US and key partners to ensure no country attempts to achieve its regional objectives through military action. By signalling a credible ability to hold potential adversary forces at risk, this strategy also seeks to deter attempts to coerce Australia through force. Both objectives involve altering any potential adversary's belief that it could achieve its ambitions with military force at an acceptable cost.

3.5 The Strategy of Denial requires a re-weighting of the three prevailing strategic defence objectives:

- **Shape** Australia's strategic environment;
- **Deter** actions against Australia's interests; and
- **Respond** with credible military force, when required.

3.6 While previously these objectives had been given equal weight in Australia's strategic settings, deterrence is now Australia's primary strategic defence objective. Accordingly, Defence's shaping activities and the signalling of Australia's response capabilities must more clearly support deterrence.

3.7 The Government's defence strategy, capability plans and resources are now focused on:

- responding to the threat of conflict and the prospect of coercion;
- Australia's primary area of military interest – while acknowledging that developments in cyber, space, nuclear and long-range precision strike mean Australia's security interests are not bound by geography alone;
- aligning efforts across Government to deliver *National Defence*; and
- coordinating with the US and other key partners to contribute to the collective security of the Indo-Pacific as a priority, while providing calibrated contributions outside of Australia's primary area of military interest as appropriate and necessary.

Deter actions against Australia's interests

3.8 Deterrence is the use of the military and other elements of national power to discourage or restrain a potential adversary from taking unwanted actions. It involves having in place measures and responses that change a potential adversary's risk assessment and therefore decision-making calculus.

3.9 To deter actions against Australia's interests, Defence must work with other government agencies, the US and other key partners to make a credible contribution to a favourable regional strategic balance and be able to hold at risk forces likely to target Australian interests. This includes by:

- demonstrating our capability and resolve to respond to and withstand attacks on Australian territory, including by conducting advanced military exercises with the US and key regional partners;
- protecting Australia's critical sea lines of communication;
- supporting the maintenance of the global rules-based order;
- strengthening defence cooperation with our closest neighbours in Australia's primary area of military interest;
- strengthening the individual and collective capabilities of Australia, the UK and the US under AUKUS, including through enhanced trilateral defence capability and technology sharing; and
- signalling our high level of situational awareness in Australia's primary area of military interest.

Shape Australia's strategic environment

3.10 Defence's international engagement is an important part of Australia's efforts to maintain regional peace and prosperity, and to prevent conflict before it occurs. Defence must focus its international engagement on maintaining regional stability in the Pacific, Southeast Asia and the Northeast Indian Ocean. This includes:

- deepening engagement between the ADF and its close partners in the region to build trust and confidence;
- developing security partnerships that demonstrate a collective resolve and capability to withstand military coercion;
- leveraging Australia's strong diplomatic, intelligence and security relationships to reinforce Australia's reliability as a partner and commitment to transparency;

- developing strong defence industry links that support a favourable regional and global strategic balance;
- contributing to strategic stability mechanisms to reduce the risk of conflict;
- providing reassurance to regional partners through transparent statements of strategic intent and capability;
- working with partners to enhance Australia and the region's resilience; and
- contributing to a region that reinforces agreed rules and supports regional architecture.

Respond with credible military force

3.11 Credible military capability underpins the Strategy of Denial. Defence must possess sufficient capability to credibly hold at risk forces that could attempt to project power against Australian territory and our northern approaches. This requirement has implications for the ADF's structure, posture and preparedness planning, including the need for:

- increasing lethality;
- enhancing the ability to project and sustain deployed forces in Australia's primary area of military interest, and to operate with the US in support of shared security objectives;
- improving Defence's ability to withstand attacks and continue operations;
- maintaining awareness of regional military trends and strategic intent;
- investing in the enabling capabilities that support the exercise of effective command and control, including intelligence and warfighting networks;
- adequate levels of recruitment and retention to achieve and sustain the required Defence workforce;
- appropriate levels of preparedness; and
- maintaining the ability to support stability operations and provide humanitarian assistance and disaster relief in the Indo-Pacific.

The ADF's five tasks

3.12 Australia's interests remain global. In an interconnected world, events outside the Indo-Pacific can directly affect our interests, including through supply chain disruption, disinformation and attempts to reshape the multilateral system. As the conflict in Ukraine shows, events in Europe can have implications for the Indo-Pacific.

3.13 Accordingly, the defence of Australia's interests lies in the protection of our economic connection to the world and the maintenance of the global rules-based order. The ADF must maintain the capacity to:

- **Defend** Australia and our immediate region;
- **Deter** through denial any potential adversary's attempt to project power against Australia through our northern approaches;
- **Protect** Australia's economic connection to our region and the world;
- **Contribute** with our partners to the collective security of the Indo-Pacific; and
- **Contribute** with our partners to the maintenance of the global rules-based order.

3.14 The Strategy of Denial and the ADF's five tasks provide focus for Defence, including for its force structure planning. The implications of this are set out in more detail in the next chapter.

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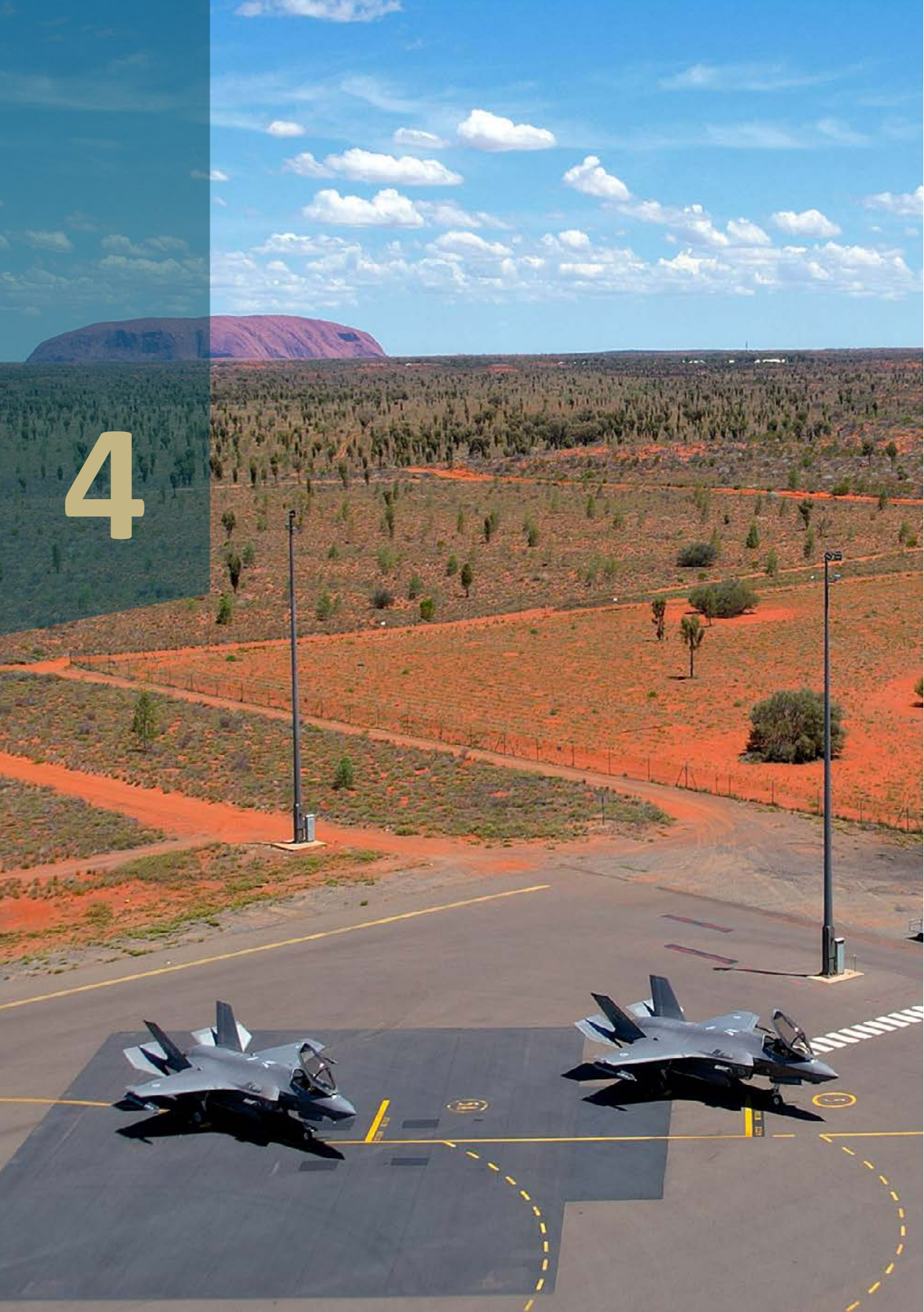

Chapter 4:
Defence Force Structure, Posture and Bases

ADF structure

4.1 The ADF is shifting from a balanced force capable of responding to a range of contingencies, to an integrated, focused force designed to address the nation's most significant strategic risks. This force must be more capable of the impactful projection of military power.

4.2 The ADF force structure must also be integrated across five domains – maritime, land, air, space and cyber – with the capabilities that are vital to the ADF's posture and preparedness.

4.3 Through focused investment over the next decade, the Government will progressively enhance the ADF's ability to deter a potential adversary from projecting force against Australia and, if required, sustain operations during a crisis or conflict.

ADF preparedness and national resilience

4.4 Preparedness and resilience are central to effective deterrence. The Government is strengthening the ADF's ability to withstand, endure and recover from disruption. This is an important part of the broader approach to enhancing national resilience, emergency management and crisis response and recovery capabilities set out in Chapter 2.

Three epochs

4.5 The Government will evolve ADF force structure, posture and preparedness over three critical time periods in order to achieve a more impactful force posture:

- now until 2025 – the **Enhanced Force-in-Being** will focus on immediate enhancements that can be made to the current force.
- 2026 to 2030 – the **Objective Integrated Force** will see the accelerated acquisition of critical capabilities.
- 2031 and beyond – the **Future Integrated Force** will see the delivery of an ADF that is fit for purpose across all domains and enablers.

4.6 The Government's capability plans as set out in the Integrated Investment Program focus on transforming the ADF in the medium to long-term by introducing next-generation capabilities as soon as possible. A generational uplift in Defence's capabilities will provide a more credible ability to implement the Strategy of Denial.

Six capability effects

4.7 This transformation will focus on delivering the following six key capability effects.

Project force

4.8 The ADF will be optimised for impactful projection to deter any attempts to project power against Australia. This includes ensuring the ADF has the ability to rapidly deploy and employ forces in response to direct threats to our national security.

Hold a potential adversary's forces at risk

4.9 The ADF requires the ability to hold at risk any potential adversary forces that could target our interests during a conflict, complicating their cost and risk calculus.

Protect ADF forces and supporting critical infrastructure in Australia

4.10 Defence's ability to protect its personnel, critical facilities and information in Australia underpins its ability to defend Australia, project force and hold the forces of any potential adversary at risk. The ability to withstand and recover from attack signals to any potential adversary the extent of Australia's resolve to defend itself.

Sustain protracted combat operations

4.11 The ADF must be able to sustain protracted operations during a conflict, including in circumstances involving disruptions to command and control networks, infrastructure, logistics networks and communications systems. Defence's ability to sustain protracted operations despite these disruptions underpins the ability to credibly respond to threats.

Maintain persistent situational awareness in our primary area of military interest

4.12 Defence, working with other government agencies, must be able to maintain persistent situational awareness of our primary area of military interest. This includes an awareness of the strategic intent and capability of any potential adversary in order to provide warning time and decision-making space for the Government.

Achieve decision advantage

4.13 Defence must be able to exercise effective command and control during conflict. This ability must be able to withstand disruption to enable the ADF to achieve its operational objectives when and where needed. At the same time, Defence must also be able to undermine a potential adversary's ability to exercise its own effective command and control in order to complicate its cost and risk calculus.

ADF basing requirements

Domestic force posture

4.14 Defence must posture to enable the impactful projection of military effects from Australia, to project and sustain a deployed force and to drive efficient use of training areas. Defence's domestic force posture is to:

- deliver a logistically networked and resilient set of bases, predominantly across the north of Australia, to enhance force projection and improve Defence's ability to recover from an attack;
- maintain a resilient network of southern basing infrastructure focused on force generation, sustainment, health networks, and logistics nodes to sustain combat operations and support the projection of Australian forces;
- increase protection of bases and provide the ability to withstand disruption in crisis or conflict;

- enable enhanced US and key partner training and cooperation on Australian territory where these activities are in our national interest;
- adopt climate adaptation strategies and energy resilience; and
- adopt civil-military arrangements for infrastructure in the event of a crisis or conflict.

4.15 Defence must focus force posture efforts and resourcing on bases most appropriate to the strategic circumstances. Bases no longer meeting this criterion must be appropriately divested. Effective management and rationalisation of the Defence estate is a complex but essential undertaking.

4.16 The Defence Estate Audit report, commissioned as part of the Government's response to the recommendations of the Defence Strategic Review, makes key recommendations for reorienting the Defence estate to meet current and future security challenges. The Government will finalise specific responses to the audit later in 2024. Defence estate holdings will be reviewed as part of the biennial National Defence Strategy cycle to ensure continued alignment with Defence priorities.

5

Chapter 5: People

5.1 People are Defence's most important asset. Defence is focused on recruiting, retaining and growing the highly specialised and skilled workforce required to meet Defence's capability needs.

5.2 As the ADF transforms from a balanced to an integrated, focused force, Defence's workforce plans must also change to effectively respond to the workforce crisis it faces, noting the ADF is currently around 4,400 personnel under strength. This crisis is impacting both ADF recruitment of new personnel and retention of existing, highly skilled personnel.

5.3 Defence must address immediate workforce needs while also building a long-term workforce pipeline. To achieve this, Defence is placing a strong focus on enhancing the culture of the organisation and improving workforce wellbeing. Defence is also prioritising programs to prevent suicide and is positioned to respond with urgency to the Government's accepted recommendations from the Royal Commission into Defence and Veteran Suicide.

Recruitment and retention

5.4 Defence must fundamentally transform its recruitment and retention systems to achieve its workforce priorities. Improved recruiting and retention efforts must focus on:

- widening eligibility criteria to enable more people to join the ADF, including developing options to recruit, where appropriate, non-Australian citizens;
- streamlining the recruiting system to translate this wider pool of eligible applicants into an increase in the number of ADF recruits;

- improving processes to enable faster recruiting so that skills gaps are met more quickly; and
- encouraging current personnel, who have built the skills and expertise the ADF needs, to stay and serve longer through retention initiatives.

5.5 The highly competitive national labour market across all sectors and record low levels of unemployment will continue to put pressure on Defence's ability to attract and retain the right people.

5.6 The Government has implemented targeted financial and non-financial initiatives to increase the size of the ADF. This includes the ADF Continuation Bonus which provides eligible individuals access to a $50,000 payment at the end of their initial service period. Defence has also enhanced access to study opportunities and expanded the ADF Health Benefits Program, providing additional services and increasing allowances to ADF members and dependants.

5.7 The Government will also continue to prioritise targeted recruitment of Australian Public Service (APS) personnel with skills and experience in STEM-related fields and project management to support the delivery of the National Defence Strategy and the Integrated Investment Program. The Government is also focused on upskilling and professionalising the APS workforce to further reduce reliance on contracted staff and develop the APS workforce agility required to meet future capability needs.

Future workforce requirements

5.8 Defence is focused on recruitment, retention and skilling initiatives to grow the workforce and make Defence an even more attractive employer.

5.9 While the Defence workforce is becoming more representative of wider society, to achieve a generational uplift in capabilities there must be diverse teams across a wider range of Defence's workforce segments. This involves greater representation of gender, First Nations people, those from culturally and linguistically diverse backgrounds, and people with a range of experiences to strengthen collaboration, problem solving and decision making.

5.10 The 2020 Force Structure Plan outlined an ADF workforce requirement of around 69,000 personnel by 2030, based on force structure assumptions at the time. In 2022, the former Government announced a plan to increase Defence's total permanent workforce, encompassing ADF and civilian personnel, to over 101,000 by 2040, with the total number of permanent ADF personnel to increase to almost 80,000. This announcement represented workforce growth of 18,500 over the growth outlined in the 2020 Force Structure Plan.

5.11 Of the additional 18,500 workforce growth, 12,500 were funded and 6,000 were unfunded. Between 2020-21 and 2022-23, ADF recruitment achieved approximately 80 percent of its target growth, equating to a shortfall of around 4,400 ADF personnel. APS recruitment is currently on track with a workforce of around 17,500.

5.12 To enable effective and achievable workforce planning that reflects the force structure requirements, Defence will develop a new comprehensive workforce plan in 2024 that is aligned to the National Defence Strategy and the Integrated Investment Program. This will help meet the current and future needs of the ADF, APS and external workforce.

Culture

5.13 Culture is fundamental to achieving the Defence mission and implementing the National Defence Strategy.

5.14 Defence's culture must continue to evolve and strengthen to achieve the significant reform required to deliver the National Defence Strategy. It must be values-based, address current cultural challenges and promote a positive, inclusive and psychologically safe workplace.

5.15 The Government acknowledges the importance of addressing cultural shortcomings, including those highlighted in the 2020 Inspector-General of the ADF Afghanistan Inquiry and those in the ongoing work of the Royal Commission into Defence and Veteran Suicide. While work is already underway to shape a positive and effective environment for Defence people, enduring culture change requires deliberate and sustained effort through action and continuous improvement. In addition to existing initiatives, the Government will consider the findings of the final report of the Royal Commission into Defence and Veteran Suicide, which will further aid and inform strategies to improve Defence's culture.

5.16 Defence will continue to drive reform to improve the mental health and wellbeing support for its people, as well as for ADF families who play a vital role in supporting ADF members and veterans. Trust is integral to supporting and strengthening the mental health and wellbeing of the Defence workforce and delivering the National Defence Strategy.

5.17 Families are critical to the retention and operational effectiveness of ADF personnel. The Government recognises and values the pivotal role Defence families provide in supporting the health and wellbeing of Defence's people.

5.18 The Government is committed to supporting ADF members and their families by providing timely access to the right support and information, at the right time, to enable ADF personnel to be healthy, fit and able to perform their roles.

6

Chapter 6:
Capability Investment Priorities

6.1 To deliver an integrated, focused force and the capability effects set out in Chapter 4, the Government has reset its defence capability acquisition plans. This reset has involved a complete rebuild of the Integrated Investment Program to ensure it is a coherent, logical and affordable plan for defence capability.

6.2 The integrated, focused force is designed using the minimum viable capabilities required to ensure resources are maximised and military capabilities are brought into service as quickly as possible. It includes deliberate choices to prioritise the introduction of next-generation capabilities as soon as possible, such as the replacement of the Anzac class with a new general purpose frigate. The Government will also ensure the ADF maintains the ability to provide options for Australia to respond to crises in the short term and will make targeted investments to increase the capabilities of the current force.

6.3 To enable the shift to an integrated, focused force, Defence is moving away from a domain-centric approach to ADF force design. Force design will instead be focused on capability development that addresses specific strategic and operational needs based on realistic and prioritised scenarios. It also involves bringing minimum viable capabilities into service as efficiently and effectively as possible. This will ensure capability development is appropriately aligned with strategy and resources.

6.4 The Government has already commenced reshaping the ADF's capabilities to enhance Australia's capacity to deter coercion and to increase the ADF's capacity for impactful projection. This includes the acquisition of conventionally-armed, nuclear-powered submarines, the transformation of the Army into one focused on littoral manoeuvre, investments in long-range strike capabilities and the enhanced lethality of Navy's surface combatant fleet.

6.5 The Government has significantly increased the level of investment in defence capability over the next decade, as outlined in Chapter 10. In rebuilding the Integrated Investment Program, the Government has also made tough but necessary decisions to cancel, divest, delay or re-scope projects or activities that are not critical to delivering the force our strategic circumstances require. This reprioritisation and additional funding has enabled the Government to accelerate new immediate and longer-term priority projects that are critical to delivering the force our strategic circumstances require.

Priorities for the integrated, focused force

6.6 The Integrated Investment Program advances the implementation of the Government's six immediate priorities announced in response to the Defence Strategic Review:

- acquisition of conventionally-armed, nuclear-powered submarines through AUKUS to improve our deterrence capabilities;
- developing the ADF's ability to precisely strike targets at longer-range and manufacture munitions in Australia;
- improving the ADF's ability to operate from Australia's northern bases;
- initiatives to improve the growth and retention of a highly skilled Defence workforce;
- lifting Australia's capacity to rapidly translate disruptive new technologies into ADF capability, in close partnership with Australian industry; and
- deepening Australia's diplomatic and defence partnerships with key partners in the Indo-Pacific.

6.7 Across the coming decade, investment in the integrated, focused force will be extended to deliver increases in combat and enabling abilities in the following capability priorities:

- undersea warfare to undertake a broad range of missions to project force, hold a potential adversary force at risk and maintain persistent situational awareness;
- targeting and long-range strike to provide a greater capacity, at longer ranges, to deter any attempts to project power against Australia;
- space and cyber capabilities that strengthen situational awareness, the ability to project force and decision advantage;
- amphibious capable combined-arms land system, enabled by Navy and Air Force combat capabilities and supported by Navy's amphibious capability, to optimise the Army for littoral manoeuvre and control of strategic land positions, and to enable the ADF to undertake rapid stabilisation and humanitarian assistance and disaster relief operations;

- maritime capabilities for sea denial and localised sea control operations that provide Defence with the ability to deny the use of an area of the sea when needed and provide the ADF with freedom of action;
- expeditionary air operations to project force into Australia's primary area of military interest to deter attempts to project power against Australia or target Australian interests, and maintain persistent situational awareness;
- missile defence to protect critical Defence infrastructure, Defence facilities and the ADF from long-range and high-speed missile capabilities;
- theatre logistics to support the ADF's ability to concentrate forces and sustain protracted operations during a conflict;
- theatre command and control that enables integrated ADF forces to plan and act at speed in order to exercise effective command and control during a conflict and remain resilient during disruptions to command and control networks;
- a Guided Weapons and Explosive Ordnance (GWEO) enterprise to build stocks, strengthen supply chains and support a domestic manufacturing capability; and
- northern bases to ensure the ADF can project deployed forces and continue to operate through disruption.

6.8 The integrated, focused force will deliver:

a. A Navy with enhanced maritime, air and land strike capability through:

- the acquisition of conventionally-armed, nuclear-powered submarines, providing a step change in Australia's undersea warfare capability;
- the development and introduction of uncrewed underwater and surface vehicles to complement the Navy's surface combatant fleet and conventionally-armed, nuclear-powered submarines;
- enhancing the lethality of Navy's surface combatant fleet by integrating and demonstrating the Tomahawk weapon system, the Naval Strike Missile and the Standard Missile-6 long-range air defence missile, providing Navy with the demonstrated ability to strike maritime, land and air targets at long-range;
- enhancements to the undersea warfare capability of Navy's surface combatant fleet, including six new Hunter class frigates; and
- enhancements to the broader lethality of the surface fleet through 11 new general purpose frigates, six new Large Optionally Crewed Surface Vessels, upgrades to the Hobart class destroyers and, with the Australian Border Force, a combined 25 minor war vessels.

b. An Army optimised for littoral manoeuvre with a long-range land and maritime strike capability through:

- the acquisition of a littoral manoeuvre capability, including domestically produced medium and heavy landing craft, enhancing the ADF's ability to deploy and sustain land forces in Australia's primary area of military interest;
- the accelerated and expanded acquisition of land based long-range fires, providing the ADF with a deployable strike capability with the range to protect Australia's northern approaches;
- progressively introducing increments of Precision Strike Missiles to extend the range and variety of targets that land based long-range fires are capable of striking;
- progressively increasing stockpiles of land based long-range fires munitions; and
- continued investment in the combined-arms land system, including infantry fighting vehicles and combat reconnaissance vehicles, main battle tanks, uncrewed tactical systems and a new attack helicopter, ensuring Army can secure and control strategic land positions and provide protection for the ADF.

c. An Air Force that can deliver long-range intelligence, surveillance and reconnaissance and an enhanced maritime, land and air strike capability through:

- integration of the Long-Range Anti-Ship Missile with the P-8A, F/A-18F and F-35A, and investigating integration of the Joint Strike Missile on the F-35A, providing the ability to strike maritime targets at longer ranges;
- integration of the Advanced Anti-Radiation Guided Missile – Extended Range with the EA-18 and F-35A, allowing the ADF to target radar systems;
- integration of the Joint Air-to-Surface Standoff Missile – Extended Range on the F/A-18F and F-35A, enhancing the ADF's ability to strike land targets;
- development of hypersonic air launched weapons for the F/A-18F;
- replacement of the E-7A Wedgetail Airborne Early Warning and Control aircraft with a next-generation aircraft;
- continued investment in uncrewed and autonomous systems, including collaborative combat aircraft like the MQ-28A Ghost Bat, providing a potentially asymmetric surveillance and strike capability; and
- the acquisition of a modern Joint Air Battle Management System to integrate the ADF's air and missile defence capabilities.

d. Space capabilities that enhance intelligence, surveillance and reconnaissance, provide resilient communications and counter emerging space threats through:

- continued investment in Australia's first sovereign-controlled satellite communications system, enhancing ADF communications in the Pacific and Indian Ocean regions;
- the Deep-space Advanced Radar Capability, which is a collaborative project with the UK and US, providing greater situational awareness in space;
- investment in geospatial intelligence capabilities; and
- investment in space control capabilities, providing the Government with options to assure Australia's access to space.

e. Cyber capabilities that enable enhanced intelligence, surveillance and reconnaissance, deliver resilient communications and provide computer network defence and disrupt options through:

- continued investment in the Australian Signals Directorate through REDSPICE, significantly enhancing Australia's cyber capabilities, providing more options to defend Australian networks and supporting other ADF capabilities;
- an uplift to Defence's communications networks, providing greater network efficiency, resilience and redundancy; and
- enhancing defensive cyber capability through investment in workforce and cyber mission systems.

f. The integrated, focused force will also be supported by:

- a sovereign GWEO enterprise that can produce, maintain, repair, store and overhaul select weapons;
- an uplift in Defence's logistics capability, including stocks of critical supplies, to enable and support operations from the north of Australia during a crisis or conflict;
- enhanced targeting capabilities supported by intelligence and other capabilities;
- special operations capabilities that integrate across domains and with other government agencies;
- a network of northern bases that is resilient and enhances Australia's ability to project force; and
- a resilient theatre command and control network.

AUKUS nuclear-powered submarine pathway

6.9 Under AUKUS, a trilateral partnership with the UK and the US, Australia's acquisition of a fleet of conventionally-armed, nuclear-powered submarines will enhance our ability to deter aggression and contribute to stability in the Indo-Pacific.

6.10 All three countries have committed to ensuring this initiative sets the highest standards for safety, security and non-proliferation.

6.11 The Optimal Pathway for Australia to acquire conventionally-armed, nuclear-powered submarines will be implemented as a conditions-based three-phase program, consisting of:

- **Phase One:** the US, as commenced in 2023, and the UK, commencing in 2026, will make longer and more frequent nuclear-powered submarine visits to Australia. These enhanced visits will lay the groundwork for Submarine Rotational Force – West to begin operating from Western Australia as early as 2027, growing to a mature state of up to four rotational US nuclear-powered submarines and one rotational UK nuclear-powered submarine;
- **Phase Two:** sale of three US Virginia class submarines to Australia, with the potential to sell two more if needed, from the early 2030s; and
- **Phase Three:** a trilateral joint delivery program building 'SSN-AUKUS' based on a next-generation UK design integrating technologies from all three countries, including cutting-edge US submarine technologies to be operated by Australia and the UK, with the first delivery of an Australian-built submarine in the early 2040s.

6.12 Australia's conventionally-armed, nuclear-powered submarines will be owned, operated, maintained and regulated by Australia and under Australian command. They will be a sovereign Australian capability, commanded by Royal Australian Navy officers under the ADF's chain of command. Decisions on their deployment, missions and operations will be matters for the Australian Government, as with all of Australia's sovereign defence capabilities.

Guided Weapons and Explosive Ordnance enterprise

6.13 The conflict in Ukraine has highlighted how vital the supply of munitions is to modern armed forces, how quickly stockpiles can be depleted in conflict and the fragility of supply chains for global weapons. The Government is pursuing a comprehensive approach to build Defence's GWEO stocks, strengthening supply chains and supporting a domestic manufacturing capability. This will ensure Defence has access to the stocks of ordnance it would need in a conflict. Further information on the Government's plan for GWEO will be in the forthcoming GWEO Enterprise Plan, which will be released later this year.

6.14 Australia's self-reliance will be enhanced through an ability to produce, maintain, repair and overhaul select weapons. As outlined in the Defence Industry Development Strategy, the domestic manufacture of GWEO and munitions is one of Defence's seven Sovereign Defence Industrial Priorities. A resilient and secure GWEO supply chain will enhance the ADF's ability to sustain its strike capabilities in conflict.

6.15 Through the Integrated Investment Program, the Government is investing in:

- the development of a sovereign ability to produce, maintain, repair and overhaul select weapons;
- the expertise Defence needs to strengthen Australia's contribution to the industrial base it shares with the US and other key partners;
- the manufacture of Guided Multiple Launch Rocket System missiles in Australia, commencing in 2025, representing an important first step toward establishing domestic missile manufacturing on a large scale; and
- the construction and uplift of storage and distribution facilities to accommodate Defence's growing GWEO inventory.

6.16 Further information on the Government's capability investments to achieve the objectives of the National Defence Strategy are set out in the Integrated Investment Program.

7

Chapter 7: International Partnerships

7.1 Defence's international engagement activities will be focused on achieving outcomes that contribute to regional security and stability and strengthen deterrence against the threat of military coercion or a major conflict.

7.2 The Government will continue to use diplomacy to reduce tensions and create pathways for peace and stability. Regional defence engagement is a vital pillar of Australia's diplomacy. It aims to shape a region that is peaceful, stable and prosperous, that operates by rules, standards and norms and in which countries exercise their own agency to safeguard sovereignty. Importantly, it builds connections among defence forces and forges people-to-people links that can be drawn upon during periods of tension.

7.3 Australia remains committed to transparency about Australia's strategic intentions and defence capabilities as a means to build strategic trust and understanding – and demonstrate Australia's value as a credible and reliable defence partner for the region. Regional engagement is also important for developing a shared understanding of the security environment.

7.4 Though focused on Australia's primary area of military interest, Australia retains global interests and global partners. The Government remains committed to supporting activities outside of the Indo-Pacific when they are in Australia's national interest to do so, including non-combatant evacuation operations and humanitarian assistance and disaster relief.

7.5 Strong global partnerships are also critical to protect Australia's economic connection to the world and support the global rules-based order. Investing in these partnerships ensures the Government can respond to unexpected events that impact Australia's interests, such as Russia's invasion of Ukraine and conflict in the Middle East.

The US Alliance

7.6 Australia's Alliance with the US is fundamental to our national security and the ADF's capacity to generate, sustain and project credible military capability. Australia and the US share values and ideals, and our Alliance is underpinned by mutual respect for each other's sovereignty and national interests.

7.7 Australia and the US, and its other partners, are deepening defence engagement to enhance and maintain the capability to make greater contributions to collective deterrence, as well as to regional and global stability. Concurrently, the US is increasing investments in infrastructure, capability and equipment to enhance its cooperation with the ADF in Australia as part of mutually beneficial activities under the force posture initiatives.

7.8 The Government will continue to strengthen its defence engagement with the US to:

- ensure joint exercises and capability rotations with the US are focused on enhancing collective deterrence and force posture cooperation;
- acquire the technology and capability required to enhance deterrence, including through increasing collaboration on defence innovation, science and technology;
- drive interoperability and interchangeability in the development of the ADF's force structure and enable Australian access to US systems and capabilities, including through technology transfer, information sharing, innovation, co-development, co-production and co-sustainment programs;
- leverage Australia's strong partnership with Japan in its trilateral context, including opportunities for Japan to participate in Australia-US force posture cooperation activities, to enable interoperability and contribute to deterrence; and
- progress enabling reforms to export controls, procurement policy and information sharing to deliver a more integrated industrial base.

Engagement with Indo-Pacific partners

7.9 Australia's security and prosperity is inextricably linked to developments in the Indo-Pacific. Australia continues to benefit from the economic dynamism of the region and the defence of Australia lies in the collective security of the region.

7.10 The Government will continue to strengthen defence engagement with Indo-Pacific partners, embracing bilateral, minilateral and multilateral opportunities to support mutual interests, build trust, deepen cooperation and maintain peace, security and prosperity in the region.

The Defence Cooperation Program and Pacific Maritime Security Program

7.11 The Defence Cooperation Program remains the primary mechanism for Australia's practical defence engagement in the Indo-Pacific.

7.12 The Government will continue to deliver capability to enhance maritime security through the Pacific Maritime Security Program (PMSP). Funding to the PMSP meets critical sustainment and maintenance requirements that cannot be met by Pacific economies.

Pacific

7.13 The Pacific is vital to Australia's security and prosperity. It sits astride Australia's northern and eastern lines of communication. The Government will continue to invest in security relationships within the Pacific family, working together to achieve shared security objectives, build partner capacity, enhance interoperability and address common challenges, including upholding sovereignty, protecting resources and mitigating the effects of climate change. Australia's aim is to remain the partner of choice for the Pacific family, including in security cooperation.

7.14 Defence engagement activities in the Pacific – both bilaterally and through regional institutions – are intended to integrate forces to enhance regional capacity and interoperability. They maximise Australia's value as a security partner and enable Pacific-led responses to Pacific security challenges, in accordance with the decision of all Pacific leaders at the 2022 Pacific Islands Forum Leaders meeting.

7.15 Australia will seek to enhance interoperability with New Zealand and – building on our alliance and long history of close cooperation – jointly pursue security and stability in our region. The Government will also enhance defence cooperation in the Pacific with France.

Southeast Asia

7.16 ASEAN member states and Timor-Leste are central to Australia's national interests and Australia has broad, deep and long-standing defence partnerships across the region. Australia wants to see a regional order with ASEAN at its centre, providing an essential stabilising influence.

7.17 The Government will continue to strengthen and leverage defence engagement with Southeast Asian partners under the ASEAN framework and continue to invest in the Five Power Defence Arrangements (FPDA) in pursuit of a peaceful, stable and prosperous region.

7.18 The FPDA is the only multilateral security arrangement of its kind focusing on Southeast Asia and is Australia's longest-standing regional security mechanism. It supports habits of cooperation and practical interoperability between Australia, Malaysia, New Zealand, Singapore and the UK and makes a valuable contribution to regional security and economic prosperity.

7.19 Indonesia is an essential and enduring partner. Australia will continue to invest in our bilateral defence partnership, including by deepening the complexity of our cooperation and working together in support of regional security.

7.20 The Government will continue to strengthen defence cooperation with other Southeast Asian partners, including Singapore, Malaysia and the Philippines. This cooperation will support regional security, enhance interoperability and improve the ADF's ability to work in partnership to address common challenges such as climate change.

7.21 The Government will also sharpen its defence engagement with Southeast Asian partners to focus on:

- maturing defence training and exercises – including more advanced capability cooperation – to strengthen our relationships, build robust and interlocking networks of partners, increase interoperability and demonstrate collective resolve; and
- enhancing policy engagement and information sharing to inform regional decision-making and build resilience to disinformation.

North Asia

7.22 Japan is an indispensable partner for achieving regional peace and prosperity. Our elevated Special Strategic Partnership is underpinned by a strong convergence of values and interests and our growing interoperability, including in a trilateral context with the US.

7.23 The Government will continue to strengthen strategic alignment and coordination with Japan, including consultation on regional contingencies and increasing collaboration on defence innovation, science and technology. Defence will also enhance high-end interoperability with the Japan Self-Defense Forces, focused on the scope, objectives and forms of our operational cooperation. Advancing our cooperation on integrated air and missile defence, counterstrike, undersea warfare, and increasing Japan's participation in force posture initiatives in Australia are key bilateral and trilateral priorities.

7.24 The Government will also elevate our defence relationship with the Republic of Korea, pursuing targeted engagement opportunities that serve to advance our interests in capability, defence industry, innovation, science and technology.

7.25 While Australia and China have different values and political systems, a stable and constructive relationship is in the interest of both nations. The Government will remain patient, calibrated and deliberate in its approach to China, cooperating where we can, disagreeing where we must and engaging in Australia's national interests.

7.26 The Government will also continue to raise, both privately and in public, issues that matter to Australia, including destabilising, provocative or unsafe actions by the People's Liberation Army, China Coast Guard and maritime militia. Consistent with efforts to pursue mechanisms to reduce tensions and the scope for miscalculation, the Government is committed to pursuing a defence dialogue with China.

Indian Ocean region

7.27 India is a top-tier security partner for Australia. Through the Comprehensive Strategic Partnership between Australia and India, the Government is continuing to prioritise practical and tangible cooperation that directly contributes to Indo-Pacific stability.

7.28 Australia will continue to support India's key role in the region by increasing the depth and complexity of our defence cooperation. The Government will continue to seek opportunities with India to drive practical bilateral and multilateral cooperation, defence industry cooperation and information sharing.

7.29 The Northeast Indian Ocean is central to Australia's security and sea lines of communication. In addition to our engagement with India, the Government's defence engagement in the Indian Ocean region will focus on:

- regularising the ADF's presence, including increasing deployments, training and exercises with Sri Lanka, the Maldives and Bangladesh; and
- strengthening Australia's defence cooperation with Indian Ocean region countries through regional maritime domain awareness, growing defence industry engagement and increasing education and training cooperation.

Working with partners to support a global rules-based order

7.30 Australia's bilateral, trilateral and multilateral defence arrangements are critical components of the Government's global engagement. That engagement includes cooperation through the US Alliance and with NATO, capability and technology sharing arrangements through AUKUS, and diplomatic partnerships such as the Quad.

7.31 The ADF will continue to integrate with the US and key partner defence forces – particularly Japan, Indonesia, India, the Republic of Korea, the UK, France, Germany, New Zealand, Singapore, Malaysia and the Philippines – to coordinate our collective strengths and minimise gaps in our global security engagement.

7.32 Australia's defence engagement with like-minded partners outside the Indo-Pacific will focus on the Indo-Pacific, shared global interests and advancing capability and defence industry outcomes.

The Five Eyes partnership

7.33 The Five Eyes partnership – comprising Australia, Canada, New Zealand, the UK and the US – remains a vital element of Australia's security settings. Australia's participation in the Five Eyes significantly enhances Australia's situational awareness and supports ADF operations. It is also vital for the development and acquisition of defence capability, intelligence sharing and supporting our collective deterrence efforts.

The AUKUS partnership

7.34 AUKUS is a transformative technology-sharing partnership that will contribute to strengthening the individual and collective capabilities of Australia, the UK and the US. It builds on decades of close defence, capability and technology cooperation between our countries.

7.35 Under AUKUS, leveraging cutting-edge technology to build asymmetric capabilities will help maintain the collective capability edge of the AUKUS partners in the coming decades. This includes harnessing the ingenuity of industry and academia across the three nations and aligning enabling systems and processes.

7.36 Importantly, Australia, the UK and the US will progress Australia's acquisition of conventionally-armed, nuclear-powered submarines in a way that sets the highest non-proliferation standard and maintains the integrity and strength of the non-proliferation regime.

7.37 Defence's nuclear-powered submarine acquisition will occur within the framework of Australia's safeguards agreements with the International Atomic Energy Agency in a manner fully consistent with AUKUS partners' respective non-proliferation obligations and commitments.

International partner cooperation in Australia

7.38 Force posture initiatives with the US, and our enhanced defence cooperation and activities with key partners, build depth and trust in Australia's relationships, support collective deterrence and demonstrate Australia's value as a reliable partner.

7.39 Australia will continue to enhance the size, scale and complexity of our engagement with the US and other key partners in Australia, including Japan and Singapore.

7.40 Australia's force posture cooperation with the US will continue to be a key pillar in the Alliance. It supports Australia's ability to deter and respond, provides credibility and resilience to US force posture in the region, and supports broader collective deterrence efforts.

7.41 Australia's cooperation with international partners, including the US, is managed through robust policy frameworks and principles that maintain and protect our sovereignty. These frameworks govern the activities of foreign governments in, from or through Australia. They also guide how we partner together to conduct activities and acquire capabilities in line with Australia's national interests.

7.42 The Government carefully manages all foreign defence force access, posture and training on Australian territory by ensuring all such activities align with Australia's national interests and preserve Australia's sovereign decision-making. These decisions are not dictated by the interests of other nations – rather they are mutually agreed activities in the interests of participating countries. These activities only occur at the invitation of the Australian Government with full respect for our sovereignty, and domestic and international laws. The fundamental principle underpinning these activities is the long-standing policy of having no foreign bases on Australian sovereign territory.

8

Chapter 8:
Defence Industry and Acquisition Reform

8.1 Delivering the right capabilities at the right time is central to this National Defence Strategy. To achieve this, the Government is reforming the defence capability acquisition system and the Government's relationship with defence industry. This reform agenda is articulated in greater detail in the Defence Industry Development Strategy.

Capability acquisition reform

8.2 The Government is committed to simplifying and accelerating Defence's acquisition processes to deliver capability more quickly in partnership with industry. This includes embracing greater levels of risk both within Defence and across government agencies involved in these processes.

8.3 The One Defence Capability System, which connects capability processes across Defence to plan, acquire, deliver, sustain and dispose of capabilities, will be reformed to deliver capability faster and in ways that are more responsive to changing priorities.

8.4 The Government is also reforming its approach to contracting with defence industry, removing unnecessary and repetitive steps in the engagement, solicitation and selection processes. More flexible contracting mechanisms will be developed to support agile and developmental projects where technology is rapidly changing or where the ADF's requirements cannot be fully known.

8.5 As outlined in the Defence Industry Development Strategy, the Government will adopt a more tailored approach to its procurement based on several criteria:

- the availability of the desired or minimum viable capability solutions and the potential sources;

- the urgency of the capability need, and whether there is a clear justification for Defence to prioritise speed of delivery over competition;
- whether there is a clear strategic justification for Defence to intervene in the market, either to establish or sustain strategically important industry capability; and
- the risks associated with the delivery of the capability.

Strategic partnerships

8.6 The Government is committed to establishing strategic partnerships with industry that provide long-term opportunities on progressive capability development and innovation. These partnerships provide greater certainty to industry on their long-term investment, incentivise growth in the workforce and support small and medium businesses through the expansion of supply chains.

8.7 As outlined in the Defence Industry Development Strategy, strategic partnerships will initially be pursued to support:

- land and joint maintenance, repair, overhaul and upgrade; and
- test and evaluation, certification and systems assurance.

Minimum viable capability

8.8 The Government has adopted a minimum viable capability model to get new capabilities into service faster. A minimum viable capability is a capability that can be introduced into service successfully, sustained effectively and achieve the directed effect in the required time. It is underpinned by minimum viable products, which achieve or enable the lowest acceptable mission performance in the required time. This approach retains a focus on value for money, but places greater emphasis on speed to acquisition.

8.9 Minimum viable capability supports innovation and developmental projects, allowing Defence to embrace risk, support speed to capability and work with Australian industry to undertake iterative upgrades, rather than waiting for a perfect solution.

Defence industry

8.10 A sovereign defence industrial base is vital for developing higher levels of military preparedness and self-reliance. It also accelerates innovation and capability delivery.

8.11 A sovereign defence industrial base is not one characterised by complete self-reliance, but is rather underpinned by industrial capability resident in Australia that, if necessary, can effectively leverage international defence industry to deliver defence capabilities in the timeframes required.

8.12 As outlined in the Defence Industry Development Strategy, Australia's defence industrial base must be:

- **capable** of delivering the capacity, size and scale to meet Defence's needs as well as the agility to rapidly scale;
- **resilient** to disruptions beyond our control by strengthening our network of supply chains;
- **competitive** by providing the systems, technologies, materials, services and products Defence needs to support its mission; and
- **innovative** by maintaining a technological edge and developing the asymmetric technologies needed by Defence.

8.13 Australia's strategic circumstances require the targeted development of the sovereign defence industrial base in areas of strategic priority. The Government will support businesses to increase their scale and competitiveness to enable them to deliver Sovereign Defence Industrial Priorities.

8.14 The Government has identified seven Sovereign Defence Industrial Priorities, as outlined in the Defence Industry Development Strategy:

- maintenance, repair, overhaul and upgrade of ADF aircraft;
- continuous naval shipbuilding and sustainment;
- sustainment and enhancement of the combined-arms land system;
- domestic manufacture of guided weapons, explosive ordnance and munitions;
- development and integration of autonomous systems;
- integration and enhancement of battlespace awareness and management systems; and
- test and evaluation, certification and systems assurance.

8.15 The Government will generate detailed industrial priorities as part of the biennial review and update of the Defence Industry Development Strategy, which will occur in line with the biennial National Defence Strategy cycle.

8.16 Targeted support will be delivered to Australian defence industry by tailoring Government grants to grow industrial capabilities in areas of strategic priority. A single Australian defence industry development grant will replace the Sovereign Industry Capability Priority, Skilling Australia's Defence Industry, Defence Global Competitiveness and Capability Improvement grants. The new Defence Industry Development Grant will simplify grant arrangements by giving Australian businesses a single access point.

8.17 The Government will also support Australian defence industry to pursue export opportunities, including through an increased focus on government-to-government sales. The Government will also work to integrate Australian companies into global supply chains, including through co-design, co-development, co-production and co-sustainment activities, as well as through the Global Supply Chain program. This will bring scale, resilience and sustainability to Australia's industrial base and mitigate challenges that can result from companies having Australia's Department of Defence as their only customer.

Naval Shipbuilding and Sustainment Enterprise Strategy

8.18 Naval shipbuilding and sustainment is a whole-of-nation endeavour critical to our national security and sovereignty, requiring a significant uplift in Australia's shipbuilding workforce, industry and infrastructure to generate a modern and capable naval capability. The Government is committed to supporting the growth of a productive and resilient sovereign shipbuilding and sustainment industrial enterprise, including its underpinning supply chains and workforce. This is reflected in the most significant investment in maritime capability in Australia's history, which encompasses building, sustaining and upgrading naval vessels and maritime capabilities, including nuclear-powered submarines.

8.19 The dual objectives of the Government's Naval Shipbuilding and Sustainment Enterprise Strategy are to:

- uplift the capacity, productivity and resilience of Australia's shipbuilding and sustainment industrial ecosystem, to provide national preparedness as a direct input to the operations of the ADF; and
- generate ongoing economic, export and employment opportunities for decades to come.

8.20 Australia's Naval Shipbuilding and Sustainment Enterprise Strategy comprises the following lines of effort:

- optimising Australia's existing naval shipbuilding and sustainment industrial base to support continuous naval shipbuilding at two principal shipyards in South Australia and Western Australia, accompanied by a national maritime sustainment network, in conjunction with establishing a nuclear-powered submarine industrial base to support the acquisition and sustainment of nuclear-powered submarines;
- balanced investment over significant planning and delivery timeframes to support the timely and cost-effective acquisition, upgrade and sustainment of minimum viable maritime capability, whilst also providing a predictable pipeline of work and consistent demand signal to industry to encourage investment;
- developing strategic partnerships with industry to strengthen the industrial base and to improve capability and participation of mid-tier supply chain companies;
- managing workforce demand pressures through new and innovative approaches to upskill and support over 8,500 direct jobs by 2030 in conventional shipbuilding and sustainment as well as around 20,000 direct jobs over the next 30 years as part of the nuclear-powered submarine pathway;
- expanding infrastructure capability and capacity to support planned acquisition and sustainment activities, while optimising productivity at the principal shipyards;
- enhancing physical security measures at the principal shipyards and supporting Australian industry partners to uplift security standards and compliance for defence industry, their workforce and supporting supply chains; and
- national and international partnering and collaboration, including with state and territory governments, industry partners, academic and training institutions, and international partners.

8.21 Realising the ambitions of Australia's Naval Shipbuilding and Sustainment Enterprise Strategy will see a transformational uplift of Australia's industrial and advanced manufacturing capability, and enhanced national resilience and prosperity through:

- a productive and resilient industry that can innovate and rapidly scale with manageable risk to meet the needs of the ADF;
- an appropriately skilled and experienced workforce, developed as an enduring sovereign asset to deliver and operate maritime capability and generate broader national security and economic effects;
- a modern shipbuilding and sustainment infrastructure network, expanding Australia's industrial capacity and overall force flexibility; and
- a risk-based approach to the security of acquisition and sustainment activities.

8.22 The implementation of Australia's Naval Shipbuilding and Sustainment Enterprise Strategy will be detailed in an updated Naval Shipbuilding and Sustainment Plan to be released later this year, which will be updated biennially in conjunction with the biennial National Defence Strategy cycle and the Defence Industry Development Strategy.

8.23 The 2024 Naval Shipbuilding and Sustainment Plan will set out the Government's approach to supporting the growth of a productive and resilient sovereign shipbuilding and sustainment industrial enterprise. It will be complemented by a Shipbuilding Forecast for industry and the public to build confidence in Australia's shipbuilding industry. Future iterations of the forecast will be issued in line with the biennial National Defence Strategy cycle.

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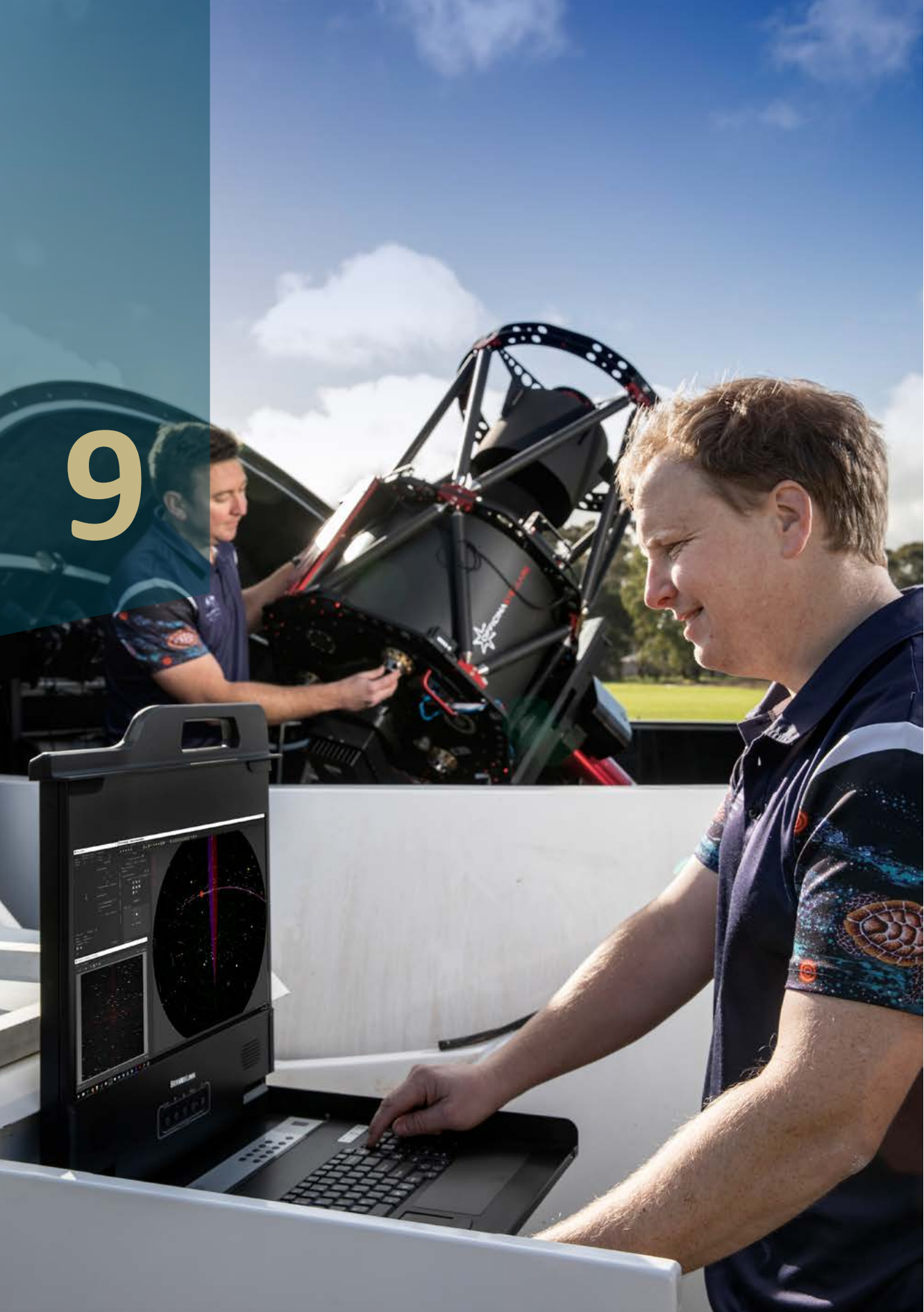

Chapter 9:
Defence Innovation, Science and Technology

Innovation, science and technology

9.1 Investing in innovation, science and technology is fundamental to properly equipping and preparing a modern fighting force in a technology-dominated world. The Government is transforming Australia's defence innovation, science and technology ecosystem through significant investments in the Advanced Strategic Capabilities Accelerator (ASCA) and AUKUS Pillar II – Advanced Capabilities. These initiatives represent a step change in Australia's ability to enhance defence cooperation with partners, industry and academia to rapidly develop and introduce technologically advanced military capabilities into service.

9.2 Innovation should focus on emerging technologies with the potential to address the strategic risks Australia faces. The Government will prioritise those areas of research and development that align with the National Defence Strategy, and that will deliver enhanced military capability at the earliest opportunity. The Government is also exploring opportunities to rapidly adopt existing proven technologies at scale.

9.3 The Government's ability to deliver advanced capabilities to the ADF is underpinned by comprehensive partnerships with industry, academia and international partners, access to specialised infrastructure and a highly skilled workforce.

9.4 The Government's defence innovation, science and technology priorities are hypersonics, directed energy, trusted autonomy, quantum technology, information warfare and long-range fires.

Asymmetric advantage

9.5 Australia's middle power status means we must seek military advantage in innovative ways. Developing asymmetric advantage is one way to do this. It refers to military capabilities that pit strength against weakness, at times in a non-traditional or unconventional manner, and that disrupt a potential adversary's decision calculus. Countering, eliminating or enduring asymmetric advantage imposes disproportionate costs, and in some cases there may be no effective response. Defence's innovation, science and technology plans and resources are aligned with this intent.

Advanced Strategic Capabilities Accelerator

9.6 ASCA was established to rapidly translate disruptive new technologies into defence capability in close partnership with Australian industry and research organisations. ASCA is a key element of Australia's defence innovation, science and technology efforts and will accelerate the delivery of minimum viable capabilities that can be put into operational use rapidly.

9.7 ASCA comprises three programs: missions, innovation incubation and emerging and disruptive technologies.

- **ASCA's missions** are focused on rapidly pulling through disruptive technologies into capabilities that will meet Defence's most pressing needs. Missions will typically be time-bound to three years with clear performance targets to ensure a 'fail fast' approach is applied to technology that ceases to be viable or affordable or to projects that are not delivering capability.
- **ASCA's Innovation Incubation Program** identifies and supports opportunities to partner with Australian industry and universities to rapidly adapt, test and acquire new or commercial technology for military purposes. Challenge statements are used to elicit industry and university responses for short-term funding on low-cost projects.
- **ASCA's Emerging and Disruptive Technologies Program** provides investment in long-term research partnerships for the development of new technologies that may improve existing capabilities or that help identify opportunities for the development of asymmetric capabilities.

9.8 ASCA will also support the co-development of priority capabilities identified through AUKUS Pillar II – Advanced Capabilities, leveraging the respective strengths of each country's industrial base.

9.9 As the system and process matures, consideration may be given to broaden ASCA's remit to support other national security agencies and domestic partners to deliver whole-of-government innovation outcomes.

AUKUS Pillar II – Advanced Capabilities

9.10 AUKUS Pillar II – Advanced Capabilities – is focused on harnessing joint research and development of technologies with the UK and US to rapidly deliver asymmetric capabilities for the three partners. The AUKUS partnership is focusing on key operational problems common to Australia, the UK and the US and identifying areas where collaboration will accelerate delivery.

9.11 The Government is pursuing a range of trilateral projects and incorporating emerging technologies. Immediate priorities for this area of AUKUS collaboration are: advanced cyber; artificial intelligence and autonomy; electronic warfare; hypersonics and counter-hypersonics; quantum technologies; and undersea warfare. Together, these projects will enhance AUKUS partners' capabilities, collective security and deterrence.

9.12 The Government is also fostering an AUKUS partnership that deepens trilateral cooperation, enhances information and technology sharing, and integrates our defence industrial bases to further strengthen joint capability and increase resilience across the three nations. These initiatives will enable a more seamless transition of technology into military capability for the ADF. Key areas to enhance trilateral innovation and industrial base collaboration include:

- **Technology transfer** – the Government will continue to drive technology transfer reform between AUKUS partners, including to enable co-design, co-development and co-production of military capability. This includes developing and implementing a trilateral export licence-free environment;
- **Alignment** – the Government will pursue frameworks to integrate trilateral defence innovation and procurement ecosystems to enable seamless military capability development and delivery. This includes fostering collaboration across each partner's defence innovation organisations; and
- **Engagement** – the Government will establish criteria, pathways and mechanisms for industry and private equity firms to participate in AUKUS.

9.13 The Government will also explore trilateral delivery pathways for Australian industry providers that demonstrate world-leading technology in the AUKUS Pillar II – Advanced Capabilities areas of focus.

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AUSTRALIA

Chapter 10: Resourcing

10.1 To provide funding certainty for Defence, the Government is continuing the long-standing policy of providing a ten-year funding model for Defence. This funding model will provide Defence, including the Australian Signals Directorate and the Australian Submarine Agency, with total funding of $765 billion to 2033-34.

Investing in National Defence

10.2 The Defence Strategic Review identified that the Defence budget was carrying significant pressures, and that Defence funding should be increased to meet our strategic circumstances. The Government is investing an additional $5.7 billion over the next four years to 2027-28 and $50.3 billion over the next decade to 2033-34, above the previous trajectory over that period. This investment will see the Defence budget grow over the next ten years to $100.4 billion by 2033-34. The total funding of $765 billion over the decade includes $330 billion in capability investment, compared to $270 billion in capability investment for the decade to 2029-30 when the 2020 Defence Strategic Update was released.

Table 1: *Total Defence Funding Profile 2024-25 to 2033-34 (including the Australian Signals Directorate and Australian Submarine Agency)*

	2024-25 $bn	2025-26 $bn	2026-27 $bn	2027-28 $bn	2028-29 $bn	2029-30 $bn	2030-31 $bn	2031-32 $bn	2032-33 $bn	2033-34 $bn
Defence Funding (including ASD and ASA)	55.5	58.4	61.2	67.9	74.8	79.1	84.2	88.3	95.6	100.4

10.3 The Defence budget, not including funding for operations, comprises three major categories of costs: acquisition of new capability; sustainment of capability; and the critical Defence workforce. In addition, a fourth category is Defence's operating budget, which is relatively small.

10.4 Over the decade to 2033-34, the Government plans to increase annual investment in the three major categories of costs, with:

- the acquisition of new capability to grow from $17.6 billion to $42.1 billion;
- sustainment of current and future capability to grow from $17.8 billion to $29.1 billion; and
- the Defence workforce to grow from $17.1 billion to $25.2 billion.

10.5 The breakdown of the categories of Defence funding, including the Australian Signals Directorate and Australian Submarine Agency, is illustrated in the chart below.

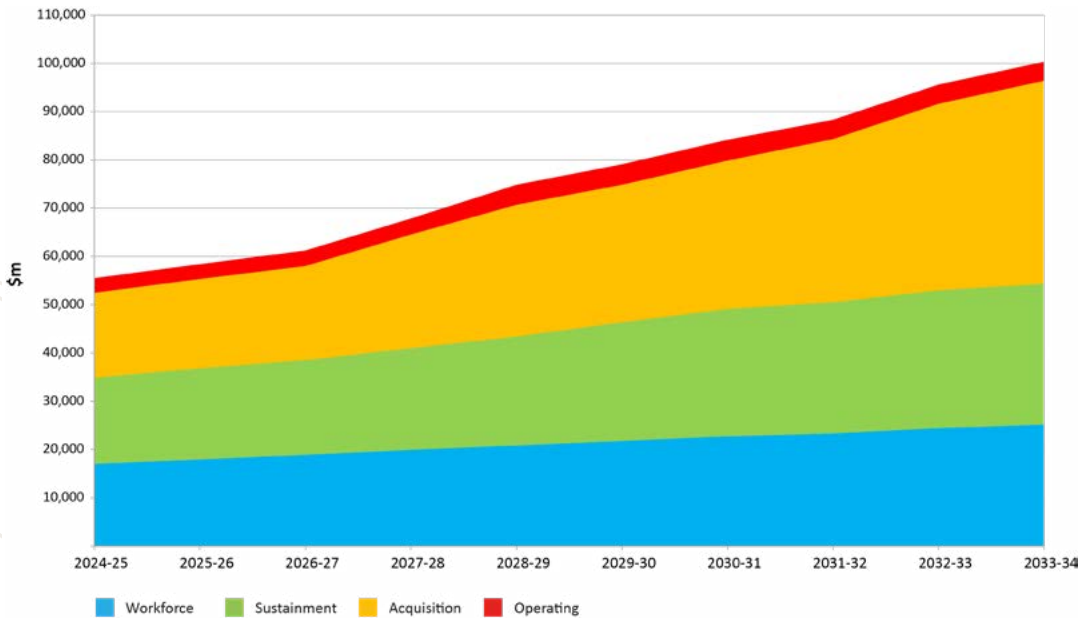

Chart 1: *Total Defence funding model by category 2024-25 to 2033-34 (including the Australian Signals Directorate and Australian Submarine Agency)*

Reforming Defence's funding model

10.6 The Government has reformed Defence's funding model to ensure value for money and to maximise accountability through reforms to over-programming levels, management of unfunded contingency and greater assurance of the Defence budget and the Integrated Investment Program.

10.7 The Government is also improving project assurance and control in the stages after a project is approved. These reforms will ensure that projects achieve an appropriate balance between the need for speed and flexibility in the development and approval stages and the need for disciplined and focused project delivery once approved. These reforms include:

- creating an Independent Performance and Project Management Office;
- establishing a new biannual Health of the Project Delivery System report to the Government;
- utilising, once established, a new Joint Statutory Committee on Defence to provide greater parliamentary oversight and scrutiny of major projects; and
- enforcing the need for regular independent reviews of projects.

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Chapter 11:
Reform Agenda

Defence reform agenda

11.1 The Government's Defence reform agenda is one of the most consequential in Australia. Rising to the challenges of the current strategic environment will require unprecedented effort and a culture of excellence.

11.2 Defence has adopted significant and ongoing strategic and enterprise reform aimed at gaining and sustaining a competitive advantage in the current strategic environment.

Strategic Reform is the transformation of the core elements of Defence that deliver effects to achieve the Strategy of Denial. Strategic reform encompasses:

- **Strategy reform** to ensure Defence is holistically working towards agreed targets and all decisions are aligned to and informed by the Strategy of Denial;
- **Force structure reform** to ensure Defence is acquiring and maintaining a structure comprised of the right mix of capabilities and workforce to deliver the effects required for the Strategy of Denial; and
- **Force posture, preparedness and employment reform** to ensure Defence's disposition, size, strength and readiness enables the Strategy of Denial.

Enterprise reform is the transformation of Defence's enabling elements that drive performance, including:

- **Leadership and direction reform** to drive commitment to excellence and deliver clear, aligned direction across all levels;
- **Capability acquisition systems and procurement reform** to urgently acquire and integrate critical capabilities and better sustain the defence industrial base;
- **Workforce systems reform** to achieve a fully staffed, fully qualified and security-cleared workforce to enable the force structure and posture to deliver the Strategy of Denial;
- **Training and skilling reform** to build a more agile, scalable and integrated training system that delivers effects to enable the Strategy of Denial, with the ability to quickly reskill, retrain and reallocate as strategic circumstances evolve; and
- **Cultural reform** to create a flexible and positive workplace that attracts and retains a workforce that accepts and embraces organisational change.

11.3 The Government will continue to take a disciplined approach to Defence reform. This includes transforming Defence's enabling systems and frameworks so that they are fit for purpose in the current environment.

Budget Process Operational Rules reform

11.4 The Government has agreed to reform the Budget Process Operational Rules to streamline and accelerate processes related to the management of the Defence budget and Integrated Investment Program to deliver capability faster and improve assurance and governance mechanisms. These reforms will deliver processes with the speed and agility necessitated by Australia's strategic circumstances.

11.5 These reforms will provide greater flexibility for the Government to manage the Integrated Investment Program, with the necessary assurance to the Government that the financial risk introduced by a project will not exceed agreed funding levels.

Information and Communications Technology (ICT) systems reform

11.6 The Government is undertaking ICT systems reform to urgently deliver timely and effective ICT outcomes to support the ADF. This includes the launch of the Defence Digital Group, providing greater support to the enhancement and operation of the Defence ICT environment. The Government has also prioritised upgrades to Defence's communications networks.

Legislative reform

11.7 The Government intends to progress legislative reform to address potential gaps in the legal framework necessary to deliver capabilities and activities to support the ADF. This includes ensuring that the domestic legal framework allows for the development, testing, manufacturing, sustainment, security and export of defence capabilities, including those in collaboration with Australia's defence industry and international partners.

Guiding principles of transformation

11.8 Successful transformation of the Defence enterprise will be underpinned by the application of three foundational principles:

- **Simplification** to reduce the complexity in processes, structures and systems to improve efficiency, reduce costs and enhance agility. This includes streamlining workflows, eliminating redundant processes and creating a more straightforward and agile enterprise environment;
- **Workforce optimisation** to strategically align people and resources with business objectives to enhance productivity, employee satisfaction and performance. This includes the efficient utilisation of staff, development of skills and the implementation of technologies to create a high-performing and adaptable workforce; and
- **Digitisation** to convert manual data, processes and operations into a digital format, leveraging technologies to enhance efficiency, accessibility and innovation. This involves the integration of digital tools, technologies and data-driven insights to streamline workflows and improve decision-making.

Biennial National Defence Strategy cycle

11.9 The move to a biennial National Defence Strategy cycle provides a structured basis to regularly evaluate and prioritise efforts to maintain a more lethal ADF that is capable of credibly holding potential adversaries at risk – including as military forces modernise and strategic challenges continue to evolve.

11.10 More broadly, the biennial cycle allows Government policy, strategy, planning and reform efforts to keep pace with the rapidly evolving strategic environment, respond to Australia's national security priorities and provide clarity of process and approach to defence industry.

11.11 The next National Defence Strategy will be delivered in 2026.

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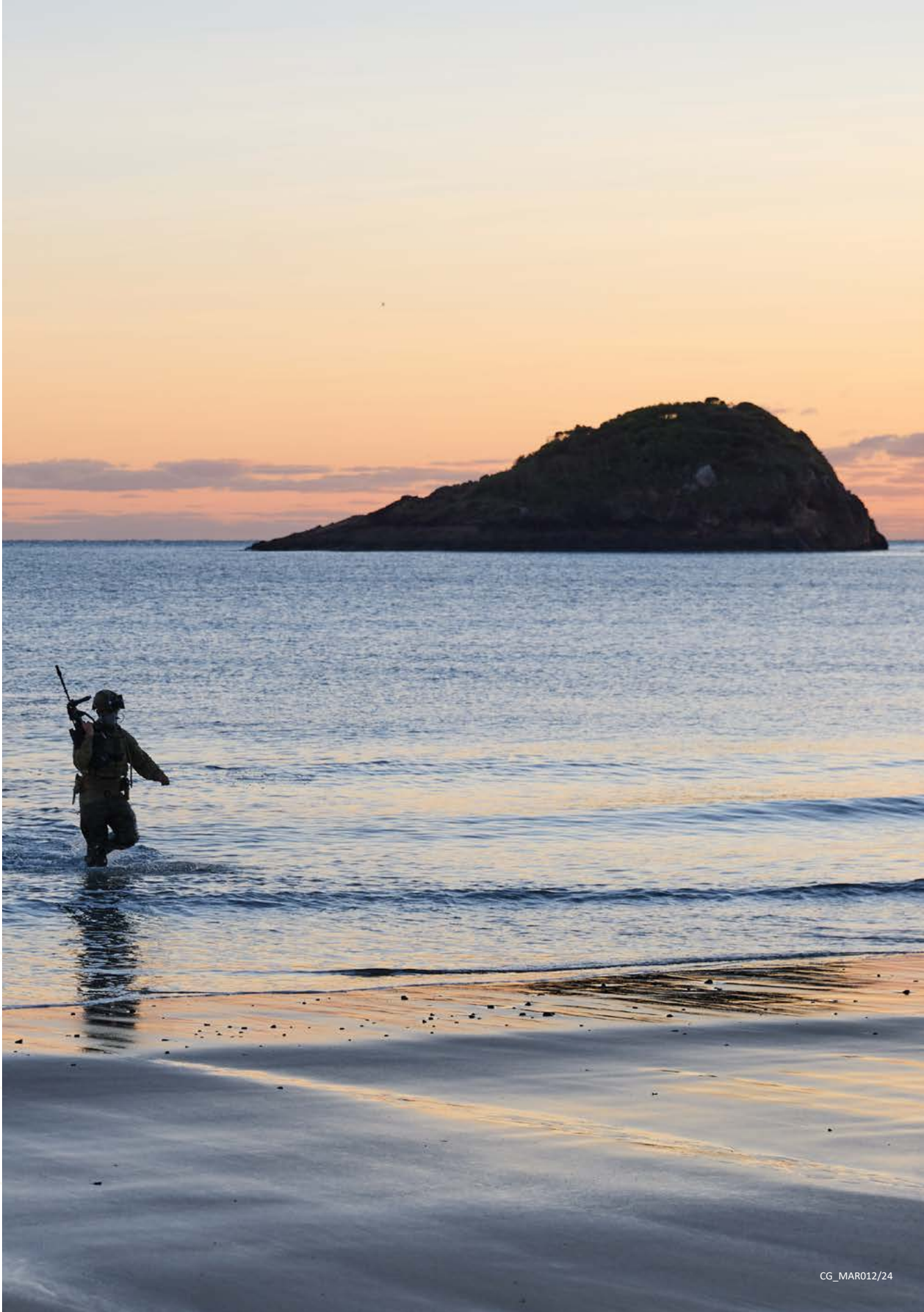

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