Australian Government
Department of Defence
2020
DEFENCE
STRATEGIC
UPDATE

Australian Government

ADF REGIONAL AND D

Operation GATEWAY – South East Asia

Provision of maritime surveillance patrols in the North Indian Ocean and South China Sea

Operation RESOLUTE

Contribution to the whole-of-government effort to protect Australia's borders and offshore maritime interests

Operation COVID-19 ASSIST

Contribution to the whole-of-government response to the COVID-19 pandemic

Operation BUSHFIRE ASSIST 2019-20 (Complete)

Contribution to the whole-of-government response to the Australian bushfires

Operation SOUTHERN DISCOVERY (Antarctica)

Contribution to the Australian Antarctic Division

OMESTIC OPERATIONS

Operation LINESMEN – Korean Peninsula

Support of the implementation of the inter-Korean Comprehensive Military Agreement

Operation ARGOS

Contribution to the multi-national effort to enforce UN Security Council resolutions related to North Korea

ENHANCED DCP – Philippines

Capacity building, including counter-terrorism

Operation SOLANIA – Pacific Island Countries

The ADF contribution to maritime surveillance within the Pacific region

ENHANCED REGIONAL ENGAGEMENT – South West Pacific

The Defence contribution to the Department of Foreign Affairs & Trade-led "Pacific Step-up"

Operation RENDER SAFE – South West Pacific

The ADF activities to safely dispose of WWII-vintage Explosive Remnants of War from South Pacific island nations

Regional ADF Operation

Domestic ADF Operation

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Foreword

The Government's firm commitment to the Australian people remains that we will keep our nation safe and protect our way of life for future generations.

It is clear, however, that Australia's strategic environment has deteriorated more rapidly than anticipated when we made this commitment in the *2016 Defence White Paper*. This deterioration means that adjustments should be made by the Government to our defence policy, capability and force structure.

This *2020 Defence Strategic Update* sets out the challenges in Australia's strategic environment and their implications for Defence planning.

Our region is in the midst of the most consequential strategic realignment since the Second World War, and trends including military modernisation, technological disruption and the risk of state-on-state conflict are further complicating our nation's strategic circumstances.

The Indo-Pacific is at the centre of greater strategic competition, making the region more contested and apprehensive. These trends are continuing and will potentially sharpen as a result of the coronavirus (COVID-19) pandemic.

As a result of the decisions taken by the Government in the *2016 Defence White Paper*, substantial progress has been made in transforming the Australian Defence Force into a more capable, agile and potent force. This has been underpinned by investment in Australia's military capabilities and industries, a focus on strengthened international engagement, particularly with the United States, Japan, India, ASEAN and other allies and partners in our region, and successful implementation of the *2015 First Principles Review* by the Department of Defence.

The Government has directed Defence to implement a new strategic policy framework that signals Australia's ability – and willingness – to project military power and deter actions against us. Under this new framework, Defence's

strategic objectives are to deploy military power to **shape** Australia's strategic environment, **deter** actions against our interests and, when required, **respond** with credible military force.

These objectives require new military capabilities and demonstrated resolve. The Government will invest approximately $270 billion over the coming decade in new and upgraded Defence capabilities, including more potent and longer-range combat systems and more secure supply chains. The Government will also continue deepening our alliance with the United States and strengthening our regional engagement across the Indo-Pacific, including through the Pacific Step-Up, and increase the Australian Defence Force's ability to respond to natural disasters, including within Australia.

As a nation – and as an important regional leader in the global community – Australia is experiencing significant changes to our strategic environment. The *2020 Defence Strategic Update* ensures Australia has the strategic defence policy to deal with these challenges.

The Hon Scott Morrison MP
Prime Minister

Senator the Hon Linda Reynolds CSC
Minister for Defence

Executive Summary

i Australia is at the centre of a dynamic strategic environment. In response, Australia's defence policy must be agile and adaptive. In line with the Government's intent that defence strategy be subject to regular review, the Department of Defence commenced a Strategic Policy Review in 2019 to re-assess the strategic underpinnings of the *2016 Defence White Paper*.

ii While the drivers shaping the development of Australia's future strategic environment identified in that white paper remain relevant, some have accelerated in ways that were not anticipated in 2016.

iii Military modernisation in the Indo-Pacific has accelerated faster than envisaged. Regional force modernisation has resulted in the development and deployment of new weapons that challenge Australia's military capability edge. Expanding cyber capabilities – and the willingness of some countries and non-state actors to use them – are further complicating Australia's strategic environment.

iv Confidence in the rules-based global order is being undermined by disruptions from a widening range of sources. Major power competition has intensified and the prospect of high-intensity conflict in the Indo-Pacific, while still unlikely, is less remote than in the past.

v The conduct of 'grey-zone' activities has also expanded in the Indo-Pacific. These activities involve military and non-military forms of assertiveness and coercion aimed at achieving strategic goals without provoking conflict. In the Indo-Pacific, these activities have ranged from militarisation of the South China Sea to active interference, disinformation campaigns and economic coercion. Defence must be better prepared to respond to these activities, including by working more closely with other elements of Australia's national power.

vi This security environment is markedly different from the relatively more benign one of even four years ago, with greater potential for military miscalculation. This could conceivably include state-on-state conflict that could engage the Australian Defence Force (ADF) where Australia's interests are threatened. Accordingly, Defence must be better prepared for the prospect of high-intensity conflict.

vii Although the long-term impacts of the coronavirus (COVID-19) pandemic are not yet clear, it has altered the economic trajectory of the region and the world with implications for Australia's prosperity and security. The trend towards a more competitive and contested region will not be fundamentally altered by the effects of the pandemic, but it is sharpening some aspects of strategic competition between the United States and China. Some countries are using the situation to seek greater influence, while countries that were expected to become more prosperous and stable may experience economic hardship and instability. The pandemic has also highlighted the importance of secure supply chains for Defence and defence industry, including sovereign industrial capability in some areas.

viii This *2020 Defence Strategic Update* sets out the challenges in Australia's strategic environment and their implications for defence planning. It provides a new strategic policy framework to ensure Australia is able – and is understood as willing – to deploy military power to shape our environment, deter actions against our interests and, when required, respond with military force.

ix The Government has decided that under this new framework, defence planning will focus on our immediate region: ranging from the north-eastern Indian Ocean, through maritime and mainland South East Asia to Papua New Guinea and the South West Pacific. This new framework will provide a tight focus for defence planning and alignment with broader initiatives such as the Pacific Step-up.

x This will have implications for Defence capability and force structure. It will mean adjustments to the plans set out in the *2016 Defence White Paper* so that we are prepared for the challenges we are most likely to face. These adjustments focus on ensuring the ADF can shape Australia's strategic environment, deliver credible deterrence and respond to challenges to our interests. More detail on the Government's capability plans is set out in the *2020 Force Structure Plan*.

xi Defence will continue to strengthen its engagement with Australia's international partners in support of shared regional security interests and will continue to deepen Australia's alliance with the United States.

xii The Government's plans for Defence capability are underpinned by its policies of developing a strong, sustainable and secure Australian defence industry and supporting leading edge national innovation. The Government is committed to maximising opportunities for Australian industry, including in regional areas, in Defence projects.

xiii The Government's plans for future ADF capability are also underpinned by its ongoing commitment to providing funding certainty for Defence. This includes a commitment to a Defence Budget of $42.2 billion in 2020-21 (including the Australian Signals Directorate). The Defence Budget will grow over the next ten years to $73.7 billion in 2029-30 with total funding over the decade of $575 billion. This total includes approximately $270 billion of investment in Defence capability, compared with approximately $195 billion for the decade to 2025-26 when the *2016 Defence White Paper* was released.

xiv Continuous transformational reform within Defence is essential to implement the strategy set out in this document and to build Defence's capacity to respond to a more uncertain external environment. Reform cannot be a one-off process – improvement is continual – and it must be purposeful. Defence will continue to evolve and adapt to meet Australia's changing strategic environment and maintain alignment of strategy, capability and resources.

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Chapter One: Australia's changing strategic environment

1.1 The *2016 Defence White Paper* set out six drivers that would shape Australia's strategic environment: the roles of the United States and China; challenges to the stability of the rules-based global order; the enduring threat of terrorism; state fragility; the pace of military modernisation in our region; and the emergence of new, complex non-geographic threats. These drivers will remain relevant over the next two decades. However, several have accelerated since 2016, and in some cases their impacts are posing new challenges. Additional factors that will shape Australia's environment and impact defence planning have also emerged, in particular the economic and strategic consequences of the COVID-19 pandemic.

1.2 **Strategic competition**, primarily between the United States and China, will be the principal driver of strategic dynamics in our region. This competition is playing out across the Indo-Pacific and increasingly in our immediate region: the area ranging from the north-eastern Indian Ocean through maritime and mainland South East Asia to Papua New Guinea and the South West Pacific.

1.3 Since 2016, **major powers have become more assertive** in advancing their strategic preferences and seeking to exert influence, including China's active pursuit of greater influence in the Indo-Pacific. Australia is concerned by the potential for actions, such as the establishment of military bases, which could undermine stability in the Indo-Pacific and our immediate region. It is essential that countries pursue their interests in ways that are mutually respectful and supportive of stability, prosperity and security.

1.4 Some countries will continue to pursue their strategic interests through a combination of **coercive activities**, including espionage, interference and economic levers. Tensions over territorial claims and the establishment of new military facilities are rising and are involving the use of military or para-military forces more frequently than in the past, including coercive para-military activities in the South China Sea.

1.5 **Grey-zone activities** are being adopted and integrated into statecraft and are being applied in ways that challenge sovereignty and habits of cooperation. This includes challenges to the long established and mutually beneficial security partnerships Australia has with many countries, including in the Indo-Pacific.

Box 1 The grey zone

'Grey zone' is one of a range of terms used to describe activities designed to coerce countries in ways that seek to avoid military conflict. Examples include using para-military forces, militarisation of disputed features, exploiting influence, interference operations and the coercive use of trade and economic levers. These tactics are not new. But they are now being used in our immediate region against shared interests in security and stability. They are facilitated by technological developments including cyber warfare.

1.6 The **rules, norms and institutions** that help maintain peace and security and guide global cooperation are under strain. Pressures on governance in the global commons, and in domains such as space and cyberspace, will open up potential sources of friction. The thresholds for activities that could trigger a military response are unclear in space and cyberspace as they lack the more clearly defined boundaries of national borders and geography. The undermining of norms or treaty arrangements will complicate efforts to manage these pressures as countries seek to impose systems that will support their own approach, while undermining the interests of other countries.

1.7 At the same time, many countries in the Indo-Pacific are **accelerating their military modernisation**, enabled by a long period of economic growth. The rapid spread of technology will both support and challenge Defence's requirement to maintain a regional capability edge in advanced warfighting and enabling capabilities.

1.8 Regional military modernisation includes the introduction of advanced strike, maritime surveillance and anti-access and area denial technologies, which have implications for Australian operations in the region. New weapons being introduced into the region have increased range, speed, precision and lethality, placing Australian military forces at greater risk over longer distances. North Korea's missile and nuclear programs risk provoking significant shifts in the strategic system in North Asia.

1.9 **Emerging and disruptive technologies** will be rapidly translated into weapons systems – such as sophisticated sensors, autonomous systems and long-range and high-speed weapons – reducing decision times and improving weapon precision and lethality. This will be facilitated by more highly educated, qualified and mobile workforces, the rapid dissemination of scientific knowledge via the internet as well as expanded commercial and research collaboration. In some countries this will be further boosted by higher government priority and funding. Non-state actors such as terrorists have also demonstrated their ability to adapt new technologies for their purposes.

1.10 **Expanding cyber capabilities** and willingness by some countries and non-state actors to use cyber capabilities maliciously are further complicating Australia's environment. Cyber-attacks can directly compromise military capability and operations. Cyber-enabled activities can also drive disinformation and destabilising interference in economies, political and social systems and infrastructure. These activities are often conducted in ways designed to facilitate deniability and complicate attribution.

1.11 The increasing connectivity of services and infrastructure to the internet will expose vulnerabilities in global supply chains, critical infrastructure and support services. These will be key targets in grey-zone activities and as a precursor to conventional conflict. The challenge of protecting critical technologies from intellectual property theft will become harder and will have major security as well as economic impacts.

1.12 Major power competition, coercion and military modernisation are increasing the potential for and consequences of miscalculation. While still unlikely, the prospect of **high-intensity military conflict** in the Indo-Pacific is less remote than at the time of the *2016 Defence White Paper*, including high-intensity military conflict between the United States and China.

1.13 Previous Defence planning has assumed a ten-year **strategic warning time** for a major conventional attack against Australia. This is no longer an appropriate basis for defence planning. Coercion, competition and grey-zone activities directly or indirectly targeting Australian interests are occurring now. Growing regional military capabilities, and the speed at which they can be deployed, mean Australia can no longer rely on a timely warning ahead of conflict occurring. Reduced warning times mean defence plans can no longer assume Australia will have time to gradually adjust military capability and preparedness in response to emerging challenges. This includes the supply of specialised munitions and logistic requirements, such as fuel, critical to military capability.

Box 2 Strategic warning time

Strategic warning time for conventional conflict is the time a country estimates an adversary would need to launch a major attack against it, once the adversary's intent to do so has been established. This period is determined by indications of preparation and mobilisation of resources and capabilities. New capabilities, including longer-range missiles, ballistic missiles and offensive cyber and space capabilities, have reduced strategic warning times. It is also a less relevant concept for grey-zone activities, which can have little or no warning and occur below the threshold of armed conflict.

1.14 In this era of considerable change, the **COVID-19 pandemic** is creating even more uncertainty. The precise long-term security implications of the pandemic are not yet clear, but its impact on regional growth, trade and societies will have lasting consequences. The enormous economic impact of measures to contain the spread of the virus will set back development. This economic shock could undermine political and social stability. Far-reaching measures introduced in some countries to fight the pandemic could be used to reduce political freedoms.

1.15 It is unlikely that the pandemic will fundamentally alter either the longer-term shift in relative global economic and strategic weight to the Indo-Pacific or China's more active pursuit of greater influence in the Indo-Pacific. But it will have implications for how these trends develop. While collaboration and cooperation is expanding in response to the pandemic, some countries are using the situation to secure greater influence. Strategic competition between the United States and China is unlikely to abate, and the pandemic has sharpened aspects of this competition. Military modernisation could slow in some countries but will continue to be prioritised.

1.16 The pandemic has disrupted globalised supply chains, which over time have become a critical element of many of Australia's national economic sectors and Defence capability planning. A new focus on independent sovereign industrial capability has emerged. In the first instance, this has manifested in a need to produce the equipment and supplies required for the health response to the pandemic. Over the longer term, the pandemic has highlighted the potential vulnerability of global supply chains in providing critical defence supplies and equipment.

1.17 **Threats to human security** – such as pandemics, and growing water and food scarcity – are likely to result in greater political instability and friction within and between countries and reshape our security environment, including in the Indo-Pacific. These threats will be compounded by population growth, urbanisation and extreme weather events in which climate change plays a part. Within Australia, the intensity and frequency of disasters – such as the 2019-20 Black Summer bushfires – will test Australia's resilience. Disaster response and resilience measures demand a higher priority in defence planning.

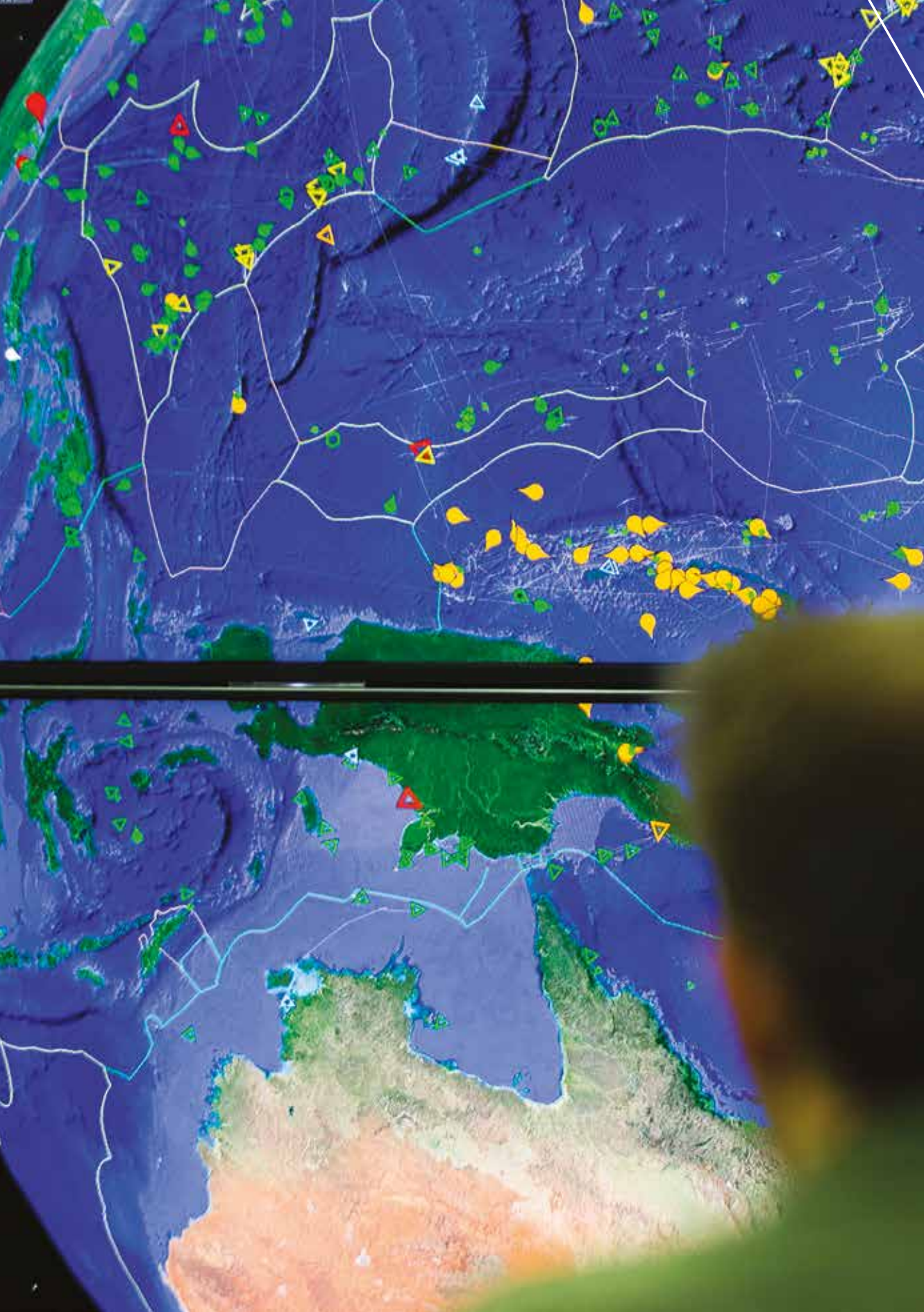
1.18 **State fragility**, exacerbated by governance and economic challenges, has the potential to facilitate threats to the region including the spread of terrorism and activities that undermine stability and sovereignty. Increased state fragility could also potentially lead to the ADF being called on more often for evacuation, humanitarian assistance and disaster relief missions and potentially more demanding stabilisation operations. It may also increase threats to Australia's domestic security including through irregular maritime arrivals.

1.19 While the actions of nation states, especially strategic competition, will be the principal driver of our strategic environment, the threat from **terrorism and violent extremism** will persist. The emergence of new or renewed terrorist groups with territorial ambitions could engage international military forces, as in Iraq and the Philippines. Within Australia, terrorism presents an evolving challenge, including

the adoption by terrorists of new technologies and techniques requiring minimal preparation.

1.20 The trends set out above signal a security environment markedly different from the relatively more benign one of the past, with greater potential for military miscalculation, including state-on-state conflict that could engage the ADF.

1.21 The next chapter sets out the Government's defence policy response to this environment.



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Chapter Two: Defence policy

2.1 The security environment described in the previous chapter requires a new strategy to sharpen defence planning. This Strategic Update sets out the Government's new strategic defence policy framework, which provides clearly identified geographical, operational and capability priorities. This framework is intended to provide a tight focus for planning, and alignment with broader Government initiatives such as the Pacific Step-up and efforts to build a secure, prosperous and inclusive Indo-Pacific of independent, sovereign and resilient states. Defence will continue to work closely with other Government departments and agencies to implement these broader initiatives.

2.2 The Government has decided that defence planning will focus on Australia's immediate region: ranging from the north-eastern Indian Ocean, through maritime and mainland South East Asia to Papua New Guinea and the South West Pacific.

2.3 That immediate region is Australia's area of most direct strategic interest. Within it, Australia must be capable of building and exercising influence in support of shared regional security interests. Access through it is critical for Australia's security and trade. Defence has long-established patterns of deployment and engagement in this region. Our defence relationships with countries in this region are an essential part of our security planning, including with the Association of Southeast Asian Nations (ASEAN) member states, Papua New Guinea, Timor-Leste and Pacific Island countries.

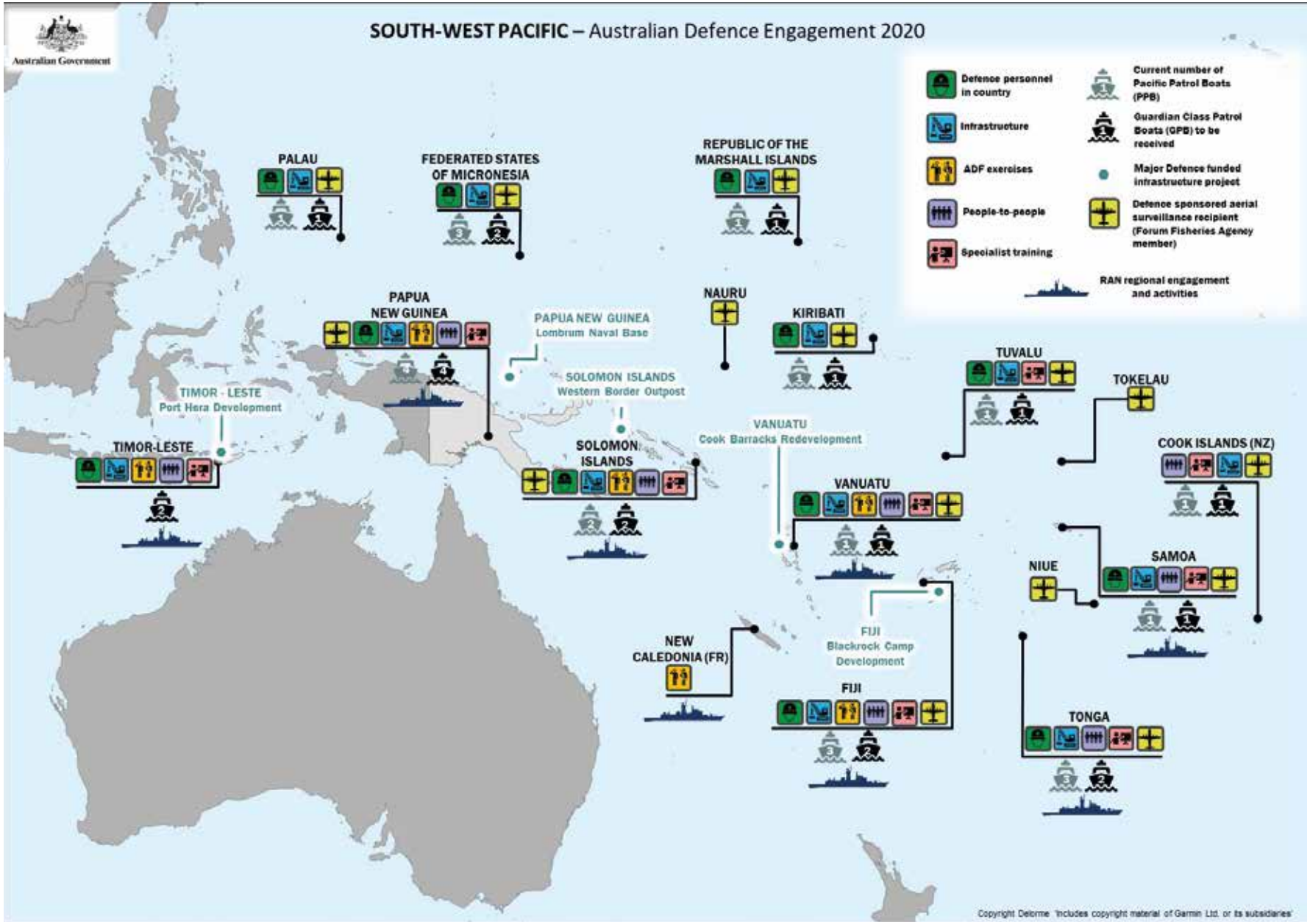
2.4 Australia is a steadfast supporter of ASEAN's central role in facilitating regional security dialogue and cooperation and plays an active role in the ASEAN Defence Ministers' Meeting Plus to drive practical defence cooperation between regional countries.

2.5 The Pacific Step-up builds on Australia's history of sustained engagement with countries in the Pacific and our shared and abiding interest in the promotion of sovereignty, stability, security and prosperity in the region. In line with the Boe Declaration adopted by Pacific leaders at the 2018 Pacific Islands Forum, Australia is enhancing its security cooperation with Pacific countries, including through expanded ADF training activities, infrastructure development, maritime capability and people-to-people links.

2.6 But habits of cooperation in the Indo-Pacific are being challenged, leading to uncertainty and complicating security partnerships. This is why Defence will continue to work to strengthen defence and diplomatic ties with the countries in Australia's immediate region, working alongside important partners such as the United States, Japan and New Zealand. In some countries the economic and social impacts of COVID-19 may require an adjustment to planned activities, but we will work closely with partners to tailor our cooperation to meet evolving needs.

2.7 Australia's immediate region is also the area in which we should be most capable of military cooperation with the United States. Australia is a staunch and active ally of the United States, which continues to underwrite the security and stability of the Indo-Pacific. We will continue working with the United States to build defence cooperation in the region to meet security challenges – such as the ongoing threat from terrorism – and to build common approaches to ensure stability in our region. It also includes responding to natural disasters. Should circumstances require it, this is also the region in which Australia needs to be capable of leading military operations.

2.8 While Australia's immediate region will be the focus for defence planning, Defence will continue to invest in relationships, collaboration and partnerships across the Indo-Pacific and globally. This is vital for the development of Defence capability, intelligence sharing (including through the Five Eyes arrangement) and cooperation in support of shared security interests.


Australian Government
SOUTH-WEST PACIFIC – Australian Defence Engagement 2020
Defence personnel in country
Infrastructure
ADF exercises
People-to-people
Specialist training
Current number of Pacific Patrol Boats (PPB)
Guardian Class Patrol Boats (GPB) to be received
Major Defence funded infrastructure project
Defence sponsored aerial surveillance recipient (Forum Fisheries Agency member)
RAN regional engagement and activities
PALAU
FEDERATED STATES OF MICRONESIA
REPUBLIC OF THE MARSHALL ISLANDS
PAPUA NEW GUINEA
PAPUA NEW GUINEA
Lombrum Naval Base
NAURU
KIRIBATI
TUVALU
TOKELAU
SOLOMON ISLANDS
Western Border Outpost
TIMOR - LESTE
Port Hera Development
VANUATU
Cook Barracks Redevelopment
COOK ISLANDS (NZ)
TIMOR-LESTE
SOLOMON ISLANDS
VANUATU
NIUE
SAMOA
FIJI
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Development
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2.9 Australia engages multilaterally, such as with the United Nations, and through bilateral partnerships such as our Special Strategic Partnership with Japan and our Comprehensive Strategic Partnership with India, to support shared interests in global rules and norms. Australia also works with smaller groups of likeminded countries, such as the Trilateral Strategic Dialogue between Australia, Japan and the United States, to address common strategic issues.

2.10 Australia will continue to be an active and vocal advocate for a rules-based international order designed to support economic growth, security, prosperity and our values. This includes support for laws and treaties, such as the United Nations Convention on the Law of the Sea, and international institutions that help constrain the exercise of coercive power and support collective responses to challenges such as terrorism and the proliferation of weapons of mass destruction.

2.11 Defence must also remain prepared to make military contributions outside of our immediate region where our interests are sufficiently engaged, including in support of US-led coalitions and counter terrorism actions such as in the Middle East. Therefore, the ADF's ability to deploy forces globally, where the Government chooses to do so, must be maintained. This includes contributions across the wider Indo-Pacific, including in North Asia. North Asia is a region of global strategic and economic significance and Australia has important trade and broader partnership-based interests with countries in the region. But any such wider contributions must be based on specific national interests. Consideration of making wider military contributions should not be an equally-important determinant for force structure compared to ensuring we have credible capability to respond to any challenge in our immediate region.

2.12 The Government has set three new strategic objectives for defence planning. These objectives replace the Strategic Defence Framework set out in the *2016 Defence White Paper*. The new objectives are: to **shape**

Australia's strategic environment; to **deter** actions against Australia's interests; and to **respond** with credible military force, when required.

2.13 These new objectives will guide all aspects of Defence's planning including force structure planning, force generation, international engagement and operations. To implement the new objectives, Defence will:

- prioritise our immediate region (the north-eastern Indian Ocean, through maritime and mainland South East Asia to Papua New Guinea and the South West Pacific) for the ADF's geographical focus;
- grow the ADF's self-reliance for delivering deterrent effects;
- expand Defence's capability to respond to grey-zone activities, working closely with other arms of Government;
- enhance the lethality of the ADF for the sorts of high-intensity operations that are the most likely and highest priority in relation to Australia's security;
- maintain the ADF's ability to deploy forces globally where the Government chooses to do so, including in the context of US-led coalitions; and
- enhance Defence's capacity to support civil authorities in response to natural disasters and crises.

Shape Australia's strategic environment

2.14 Australia must be an active and assertive advocate for **stability, security** and **sovereignty** in our immediate region. To support this objective, international engagement will continue to be a core Defence activity. Defence will continue to build new, and strengthen existing, partnerships that support this objective. This includes continuing to build on the Government's Pacific Step-up.

2.15 Our partnerships with regional countries have a long history but will need to be continually developed to support shared interests in the context of our evolving strategic environment. This will involve expanding our defence diplomacy, cooperation and capacity-building activities, including delivering security-related infrastructure. This increased engagement will focus on the growing shared interest across the Indo-Pacific in strengthening sovereignty and resilience to coercion. Defence will also expand its regional operational cooperation including in relation to humanitarian assistance and disaster relief and maritime security.

2.16 The capacity to conduct cooperative defence activities with countries in the region is fundamental to our ability to shape our strategic environment. For defence planning, shaping Australia's strategic environment includes preventing our operational access in the region from being constrained. Constrained access would limit cooperative activities and the ADF's ability to deploy military force in support of shared interests. We must also be prepared to lead coalition operations where it is in the interests of the region for us to do so, especially in our immediate region.

2.17 The security arrangements, interoperability, intelligence sharing, and technological and industrial cooperation between Australia and the United States are critical to Australia's national security. We will continue to deepen the Alliance, including ensuring it reflects the priority our respective defence strategies accord the Indo-Pacific.

2.18 We will also continue to prioritise our engagement and defence relationships with partners whose active roles in the region will be vital to regional security and stability, including Japan, India and Indonesia.

2.19 We will also increase investment in capabilities that support the ADF's awareness of our immediate region. This includes expanding the Jindalee Operational Radar Network to provide wide area surveillance of Australia's eastern approaches. The Jindalee Operational Radar Network, based on

world-leading Australian technology, currently provides comprehensive surveillance of Australia's northern and western approaches and is a vital component of Australia's strategic surveillance network.

Deter actions against Australia's interests

2.20 Australia has a highly effective, deployable and integrated military force. But maintaining what is a capable, but largely defensive, force in the medium to long term will not best equip the ADF to deter attacks against Australia or its interests in the challenging environment this document sets out.

2.21 The nature of current and future threats – including coercion in the region, more capable and active regional military forces, and expanding anti-access and area denial capabilities – requires Defence to develop a different set of capabilities. These must be able to hold potential adversaries' forces and infrastructure at risk from a greater distance, and therefore influence their calculus of costs involved in threatening Australian interests.

2.22 Only the nuclear and conventional capabilities of the United States can offer effective deterrence against the possibility of nuclear threats against Australia. But it is the Government's intent that Australia take greater responsibility for our own security. It is therefore essential that the ADF grow its self-reliant ability to deliver deterrent effects.

2.23 Given Australia's limited resource base, we must improve our ability to deliver these effects without seeking to match the capability of major powers. This includes developing capabilities to hold adversary forces and infrastructure at risk further from Australia, such as longer-range strike weapons, cyber capabilities and area denial systems.

2.24 These capabilities will need to deliver deterrent effects against a broad range of threats, including preventing coercive or grey-zone activities

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from escalating to conventional conflict. The ADF's presence and regional engagement must also serve to prevent actions that undermine regional resilience and sovereignty.

Respond with credible military force

2.25 The prospect of high-intensity conflict in the Indo-Pacific, while still unlikely, is now less remote. The ADF must be better prepared for such conflict if deterrence measures fail, or to support the United States and other partners where Australia's national interests are engaged.

2.26 This means it is vital that we continue to enhance the lethality and readiness of the ADF, as well as the logistic support required for high-intensity warfighting. In the event of a high-intensity conflict that engages the ADF, we need to have depth for sustaining key capabilities and materiel, especially munitions. This will require less risk-averse engagement with industry to accelerate capability development and strengthen supply, as well as selectively increasing interdependence with the United States and other partners in more responsive and assured global supply chains.

2.27 Defence will also need to enhance its support to civil authorities in response to national and regional crises and natural disasters, such as pandemics, bushfires, floods or cyclones. This includes detailed planning for the provision of logistic and other support for civil authorities during and after a disaster. The Government has directed further development of Defence capability in this area, including in relation to equipment, facilities, training, logistics and planning. It also means strengthening partnerships with civil authorities in Australia to support national efforts against shared challenges, including closer relationships with other Commonwealth as well as state and territory authorities.

Implications for force structure

2.28 The *2016 Defence White Paper* judged that Australia required a force structure and military capability able to undertake a broad range of tasks. Objectives for this force covered Australia and its approaches, our nearer region, the broader Indo-Pacific and global order. The objectives were equally weighted for force structure and force posture decision-making.

2.29 The *2016 Defence White Paper* maintained broad continuity with past defence planning, based on a strategy designed to respond to a wide range of regional and global challenges. Our relatively more benign past security environment provided the strategic space for this strategy.

2.30 Our environment is now more complex, with Australian interests being more directly challenged than in the past, and sharper prioritisation is required. Although the security implications of the COVID-19 pandemic are unclear, they are unlikely to improve the long-term trends in Australia's environment, such as increasing strategic competition, or decrease the importance of building a more potent ADF. Defence must be able to deploy military power to shape our environment, deter actions against our interests and, when required, respond with military force. The new policy will require force structure and capability adjustments focussing on responding to grey-zone challenges, the possibility of high-intensity conflict and domestic crises.

2.31 More detail on the Government's plans to strengthen Defence capabilities to deliver its strategic policy is set out in the next chapter.

3

Chapter Three: Capability

3.1 As a result of the decisions the Government made in the *2016 Defence White Paper*, Defence has made substantial progress in building a more potent, capable and agile ADF. Defence is regenerating and expanding its maritime capabilities, delivering a fifth-generation air force and enhancing the mobility and security of its land forces. Defence is also implementing upgrades and enhancements to critical enabling functions that support its warfighting capabilities.

3.2 However, the Government has decided that adjustments to the *2016 Defence White Paper* plans are required. These adjustments focus on ensuring the ADF can shape Australia's strategic environment, deliver credible deterrence and respond to challenges to our interests. The Government's strategy includes continuing to strengthen the intelligence and cyber capabilities of the Australian Signals Directorate, which are critical for identifying and responding to foreign threats targeting Australian interests.

3.3 The Government's plans include:

- capabilities to support an enhanced Defence posture and whole-of-government efforts to build Australia's partnerships and influence in the region, including the Pacific Step-up objectives;
- more potent capabilities to hold adversary forces and infrastructure at risk further from Australia, including longer-range strike weapons, cyber capabilities and area denial systems;
- more durable supply chain arrangements and strengthened sovereign industrial capabilities to enhance the ADF's self-reliance, including in the context of high-intensity operations;
- increased investment in capabilities to respond to grey-zone activities, including improved situational awareness, cyber capabilities, electronic warfare and information operations; and

- measures to enhance ADF support to civil authorities in response to national crises and natural disasters, such as pandemics, bushfires, floods or cyclones.

Capability priorities

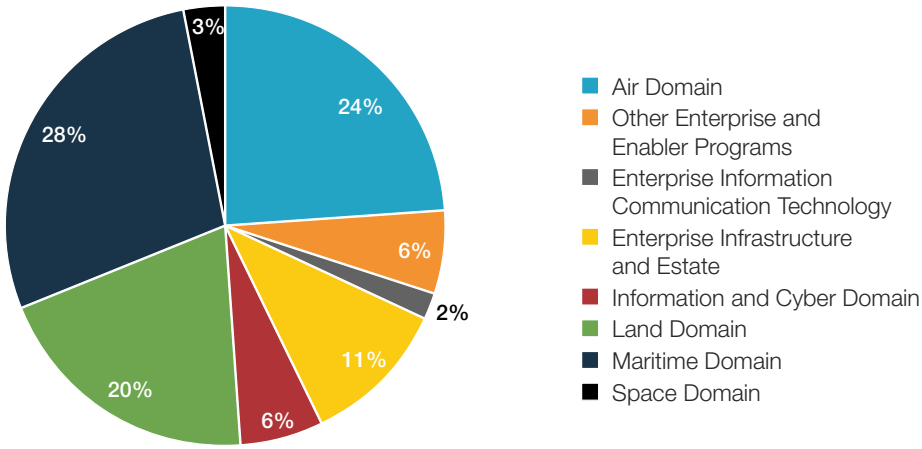
3.4 As is longstanding practice, Defence regularly reviews its capability plans to ensure they can deliver the Government's strategy. Under the *2020 Force Structure Plan*, a comprehensive assessment of the ADF's force structure and current and future Defence capability investments has been conducted. This assessment focussed on meeting the strategic guidance set out in this document, responding to new technologies and supporting ongoing modernisation of Defence over a 20 year timeframe.

3.5 The Government has directed that Defence implement the *2020 Force Structure Plan*. To deliver the Government's defence strategy, including the capabilities set out in this chapter and the *2020 Force Structure Plan*, the Government will provide Defence, including the Australian Signals Directorate, with total funding over the decade to 2029-30 of $575 billion, including approximately $270 billion of investment in Defence capability. Further details of the Defence funding model are set out in Chapter Five.

3.6 The development of the *2020 Force Structure Plan* was based on extensive experimentation and analysis, underpinned by cost modelling. This included assessing the ADF's ability and capacity in relation to a range of possible scenarios, including responding to natural disasters, and managing a number of concurrent tasks.

3.7 This investment plan will strengthen Defence capability across five domains: Information and Cyber; Maritime; Air; Space; and Land. The Government has also allocated funding for measures to enhance resilience and supply chain security and initiatives to enhance Defence's workforce, enterprise information and communications technology and infrastructure and estate. These capabilities are essential for strengthening the ADF's ability to deploy and operate as an integrated joint force.

Chart 1 – Proportional Capability Investment for the Decade 2020-2030



Note: these percentages are rounded numbers and may not equate exactly to the capability domain investment figures.

3.8 Key investments in each of these areas are set out below, with further detail outlined in the *2020 Force Structure Plan*. The capabilities outlined in this plan will provide the Government with a flexible range of options to shape Australia's strategic environment, deter actions against Australia's interests and respond with credible military force. Increasing integration across Defence will continue to be critical to deliver these options, with individual capabilities contributing to different options in different ways.

Information and Cyber capabilities

3.9 Information underpins all effective military operations. Secure and resilient information systems are critical to delivering capability, conducting operations, sharing information with partners and communicating with other government agencies. This includes measures to ensure that critical information and communications infrastructure, systems and networks are defended against cyber attacks.

3.10 Investments are planned in joint command, control and communications systems, joint electronic warfare and defensive cyberspace operations. This investment in systems will be complemented by the establishment of a new counter-intelligence capability, including infrastructure and training equipment.

3.11 Defence will also invest in offensive cyber and operational cyberspace capabilities for deployed forces, as well as systems to integrate intelligence, surveillance and reconnaissance programs and data. Intelligence capability will be further bolstered by continued investment in signals intelligence and the expansion and upgrading of secure communication systems.

3.12 This investment in strengthened Information and Cyber domain capabilities will total around $15 billion over the next decade.

Maritime capabilities

3.13 Australia's naval and maritime forces are a vital element of our defence strategy. They must be able to project force at long range from Australia, operate across vast distances and work closely with civil maritime security agencies to protect our borders. The *2016 Defence White Paper* laid the foundation for the largest recapitalisation of the Royal Australian Navy in modern history, underpinned by a continuous National Naval Shipbuilding Enterprise. This includes the acquisition of 12 *Attack*

Class Submarines, nine *Hunter* Class Frigates and 12 *Arafura* Class Offshore Patrol Vessels.

3.14 The Government will continue to deliver this nationally significant program of investment in ships and submarines, modern shipyard infrastructure and the associated vital workforce growth and skilling initiatives. Additional investments will be made in anti-submarine warfare, sealift, border security operations, maritime patrol and reconnaissance, air warfare, sea control and undersea warfare capabilities. The Government will also prioritise the acquisition of strike weapons to increase the ADF's maritime deterrence and long-range land strike capabilities.

3.15 Significant planned investments will extend Navy's ability to project and sustain joint operations, including in responding to disasters. This includes two multi-role sealift and replenishment vessels, life extension of Australian Defence Vessel *Ocean Protector* and its subsequent replacement with an ice-rated vessel capable of operating in the Southern Ocean. The Government is also planning the acquisition of a vessel built in Australia to support the Pacific Step-up. The Government will also invest in area denial systems including an enhanced mine warfare capability to secure Australia's maritime approaches. Navy's mine countermeasures and tactical hydrographic capabilities will be enhanced through the acquisition of up to eight additional vessels, built in Australia, potentially based on the *Arafura* Class Offshore Patrol Vessel design.

3.16 The Government's strengthening of the ADF's maritime capabilities will involve investment of around $75 billion over the next decade. Further detail on the critical role of Australia's shipbuilding industry in delivering this plan will be included in an update to the Government's *Naval Shipbuilding Plan* at the end of 2020.

Air capabilities

3.17 Australia requires a technologically advanced strike and air combat capability which must be capable of defeating threats as far from Australia or its deployed forces as possible. As well as possessing potent weapons, our air combat capabilities must be fully integrated with supporting intelligence, surveillance, reconnaissance and logistics systems. Investment will be made in Australia's air combat capability, comprising the F-35A Lightning II Joint Strike Fighters and EA-18G Growler Electronic Attack aircraft, to ensure they remain capable of delivering lethal and potent effects. Defence will also acquire additional advanced air defence and longer-range strike weapons.

3.18 The Government's plans also include the acquisition of remotely operated and/or autonomous air vehicles and the development of advanced air-to-air and strike capabilities with improved range, speed and survivability, potentially including hypersonic weapons. The survivability of our deployed forces will also be improved through new investments in an enhanced integrated air and missile defence system and very high-speed and ballistic missile defence capabilities for deployed forces.

3.19 The Government will also enhance Defence's intelligence, surveillance and reconnaissance capabilities. This includes expanding the Jindalee Operational Radar Network to provide wide area surveillance of Australia's eastern approaches.

3.20 To deliver these strengthened air capabilities the Government will invest around $65 billion over the next decade.

Space capabilities

3.21 Assured access to space is critical to ADF warfighting effectiveness, situational awareness and the delivery of real-time communications and information.

3.22 The Government will significantly increase investment in Defence's space capabilities. This includes plans for a network of satellites to provide an independent and sovereign communications network and an enhanced space control program. The Government will continue investment in space situational awareness, including sensors and tracking systems.

3.23 Defence will work closely with industry and other government agencies to advance its space capabilities, including through the Australian Space Agency.

3.24 The Government has agreed to invest around $7 billion in space capabilities over the next decade.

Land capabilities

3.25 The land force must be connected, protected, lethal and enabled. Enhanced mobility, firepower, protection and situational awareness will allow land forces to rapidly deploy, achieve their missions and return home safely.

3.26 To enable this, investments will be made in enhancing the protection, weaponry and communication systems of the land force. Long-range lethality will be strengthened through additional long-range rocket systems, protected mobile artillery and enhanced missile development.

3.27 Regional force projection and lift capabilities will be enhanced with new large landing craft, special operations vehicles, watercraft and long-range helicopters.

3.28 The Government will strengthen the ADF's land capabilities with investment of around $55 billion over the next decade.

The Defence enterprise

3.29 A Defence enterprise that is resilient to shocks and outside interference is critical to the Government's defence strategy. The ADF must increase its self-reliant ability to deploy and deliver combat power and reduce its dependencies on partners for critical capability. The ADF must also be more capable of working with Commonwealth and state and territory agencies, including to respond to disasters within Australia. The Government will enhance Defence's resilience through a range of investments and sustainment funding in the Defence enterprise.

3.30 To further build resilience and self-reliance, Defence will increase the range and quantity of the weapon stocks it holds. Funding has also been allocated for exploring and potentially implementing additional measures, including the development of sovereign manufacturing capabilities for advanced guided weapons and explosive ordnance and expanding ADF fuel storage capacity.

3.31 Increased sustainment funding will increase the ADF's preparedness to provide faster responses, longer duration assistance and more flexibility to Government in support of operations in Australia or overseas. The ADF's preparedness will also be increased through enhancements to Defence training areas and facilities both live and simulated.

3.32 The Government will also continue to build Australia's self-reliant geospatial-information and intelligence capability, both to support strategic intelligence requirements and support precision guided weapons. This will include acquisition of a sovereign space-based imagery capability to enhance coverage of the Indo-Pacific region.

3.33 Upgrades to Defence's core enterprise management systems will be driven by a business enterprise architecture and transformation program, which will include improvements to Defence's human resource, health, resource planning and enterprise information management systems.

3.34 This capability investment in the Defence enterprise will be around $15 billion over the next decade.

Workforce

3.35 The Government has determined that the ADF and Defence's Australian Public Service workforce must grow beyond the plans in the *2016 Defence White Paper*. The requirement is based on detailed analysis of a range of scenarios, from humanitarian assistance and disaster relief operations to combat. Additional growth is also planned for cyber operations within the Australian Signals Directorate.

3.36 In the short term out to 2024, the Navy, Army and Air Force will all grow their workforce. In particular, the Navy workforce must expand to support the introduction of new naval capabilities. This larger workforce will support increasing maritime commitments in the region, including an increased presence in the Pacific and enhanced border security.

3.37 The Government has directed Defence to develop further plans for subsequent workforce growth over the medium to long term for consideration by Government in 2021. This growth will be critical to deliver the enhanced capabilities set out in this document. Continual reform will be essential to recruiting, developing and supporting our workforce to ensure that Defence has the people it needs into the future. This is particularly important in growing and highly competitive fields including shipbuilding, cyber security and information and communications technology.

Information and communications technology

3.38 Defence has undertaken significant investment in its critical enabling information and communications technology, including provision of a secure Defence terrestrial communications network and the modernisation of desktop computing and infrastructure.

3.39 Over the next five years, Defence will need to plan for developments including next generation secure wireless networks, artificial intelligence and augmented analytics. The technology changes with implications

for Defence projected over the following six to ten years will also likely include robotics, immersive technologies and quantum computing.

3.40 Defence will continue to focus investments on ensuring it is able to seize the opportunities and meet the challenges posed by such developments. In particular, investments aligned to security, information access and management, connectivity, and processing and storage are planned. They include upgrades to secure networks and to systems that support sharing information with domestic and international partners. In addition to its investments, Defence will continue to deliver enterprise-wide information and communications technology business transformation projects.

3.41 The Government has committed investment of around $5 billion in Defence information and communications technology capability over the next decade.

Estate and infrastructure

3.42 Infrastructure such as bases, ports, airfields, training areas and logistics facilities underpin the ADF's ability to prepare for, conduct and sustain military operations including in response to disasters. The Government has committed to strengthening the Defence estate and infrastructure with investment of around $30 billion over the next decade.

3.43 The Government will continue to invest in new and enhanced facilities to support and sustain the ADF. Key planned investments include a new Army watercraft base in Northern Australia, upgrades to key maritime ports to support Navy's operations, upgrades or new facilities to support the expanded submarine fleet and provisions for significant enhancements for Australia's airbases.

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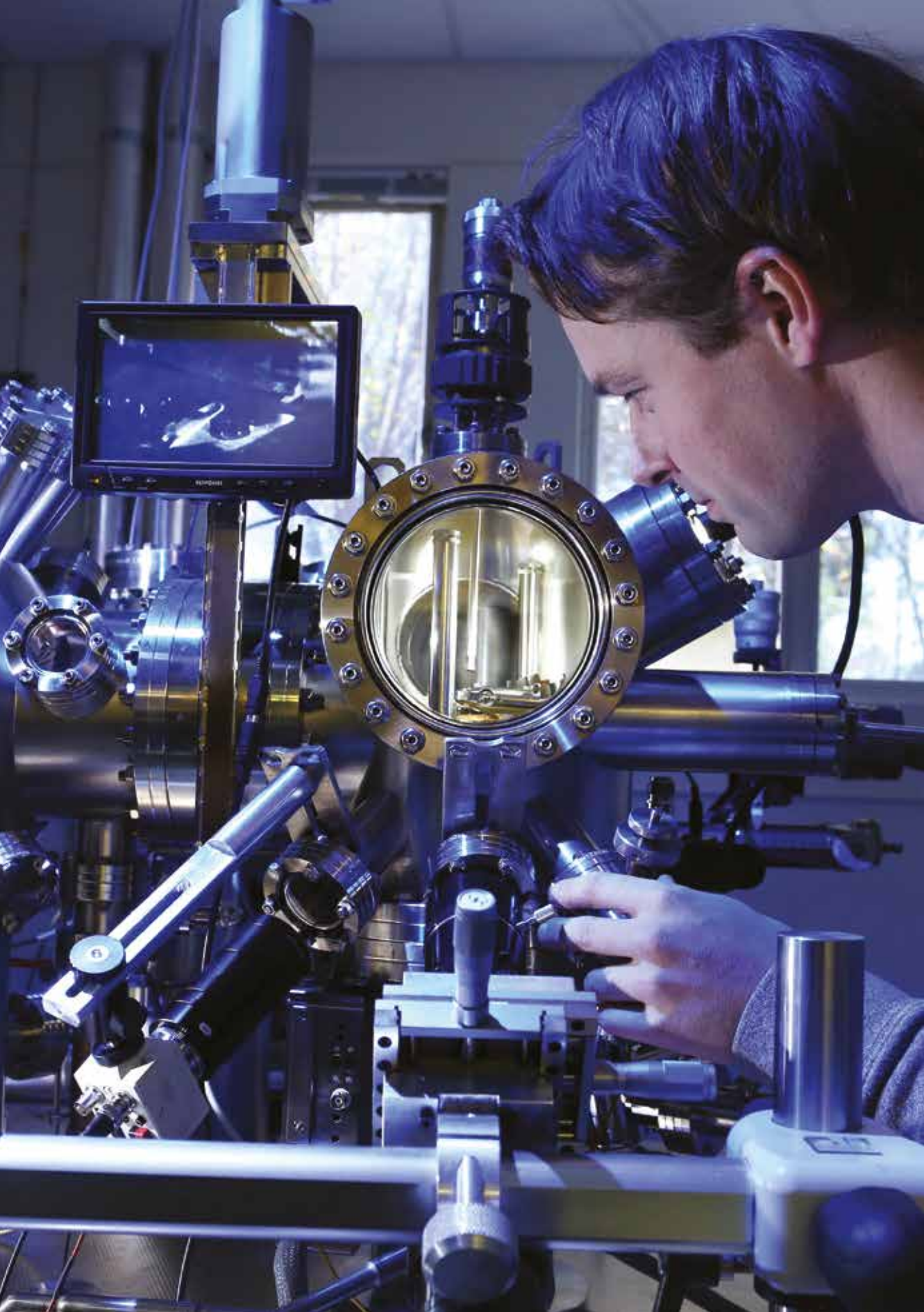

Chapter Four: Industry and Innovation

4.1 The Government remains committed to developing a strong, sustainable and secure Australian defence industry and supporting leading edge national innovation. Both are vital to the ADF's ability to act with greater independence in an increasingly contested strategic environment.

Industry

4.2 A robust, resilient and internationally competitive defence industrial base is a fundamental input to Defence capability. Continuing the cultural shift to a genuine partnership between Defence and industry is critical to ensuring the expertise resident in our industrial base effectively supports Australia's national security. This means making it easier for industry to work with Defence to access opportunities in the defence sector, including in major capability and infrastructure programs. Defence must also help industry equip itself with the skilled workforce it will require to support the ADF and connect industry to opportunities in international markets.

4.3 The positive and effective relationship between Defence and industry has been demonstrated in the context of the COVID-19 pandemic. Defence has worked closely with industry to ensure continuity of support to critical national security capabilities despite the pressures and impact of the pandemic. The Australian Government has also implemented significant initiatives to support defence industry through the pandemic, and Defence will continue to contribute to strengthening and growing the Australian economy as it recovers from this crisis.

Australian Industry Capability

4.4 The Australian Industry Capability Program supports Australian industry involvement in Defence procurement and projects. The program requires that prime companies competing for Defence contracts demonstrate how they will maximise Australian industry involvement. Examples include the acquisition contract for Boxer Combat Reconnaissance Vehicles involving an Australian Industry Capability commitment of $1.3 billion and the more than 300 Australian companies that are currently associated with the construction of the Offshore Patrol Vessels.

4.5 Australia's defence industry is growing with over 4,000 businesses employing approximately 30,000 staff. An additional 11,000 Australian companies directly benefit from Defence investment and, when further downstream suppliers are included, the benefits flow to approximately 70,000 workers in total.

4.6 The Government is committed to maximising opportunities for Australian industry, including in regional areas, to participate in Defence projects. Defence is establishing an independent audit program to ensure that prime contractors deliver on their contracted obligations to support Australian industry and that commitments to Australian businesses are honoured. Defence will use contractual and non-contractual means to ensure that prime contractors meet the Government's expectation that they maximise Australian industry involvement.

Sovereign Industrial Capability Priorities

4.7 The Government has identified an initial ten Sovereign Industrial Capability Priorities, set out in the *2018 Defence Industrial Capability Plan*. They are the industrial capabilities that are critical to Defence and must be developed or supported by Australian industry. This means Australia must have access to, or control over the skills, technology,

intellectual property, financial resources or infrastructure that underpin the Priorities. The Priorities represent a subset of the industrial capabilities that Defence relies on to deliver its core objectives and will be managed closely across Defence and industry planning.

4.8 By the end of 2020, implementation plans will be available for each of the Priorities. The plans will further clarify the specific industrial capabilities that Defence needs now and into the future. These plans will give industry the confidence to invest in the equipment, people and technologies needed to develop and deliver these industrial capabilities.

Skilling

4.9 Science, technology, engineering and maths skills will underpin the industries and jobs of the future, including in the defence sector. The *Schools Pathways Program*, the *Defence Industry Internship Program* and a new *Skilling Australia's Defence Industry* program will continue to equip the defence sector with the skilled workforce it will require to support and sustain the ADF. The Naval Shipbuilding College is also working closely with industry and education and training stakeholders to understand demand and supply requirements of the naval shipbuilding industry throughout all phases of build and sustainment.

Innovation

4.10 The Government will continue to invest in innovation through a structured approach to deliver a comprehensive, cohesive and agile innovation system that will bridge the gap between technology development, acquisition and delivery into service.

4.11 Effectively shaping and harnessing the national science and technology enterprise is required to achieve a cohesive and agile innovation system that can deliver defence priorities. Defence, through the Defence

Science and Technology Group, will play a stronger role in enabling, coordinating and focusing support to Defence from the national science and technology enterprise including universities, other publicly funded research agencies and industry.

4.12 This more focussed science and technology effort is set out in the *More Together: Defence Science and Technology Strategy 2030*. The strategy provides guidance to ensure the national science and technology enterprise is strengthened and leveraged to address the strategic challenges Australia faces. It includes initiatives to direct resources to Defence's most critical challenges and supports a more streamlined transition of promising technological concepts into capability.

4.13 The future Defence innovation system includes continued funding for the Next Generation Technologies Fund and the Defence Innovation Hub. This will enable investment in potentially high payoff research and in relatively lower-risk incremental innovation developed from industry technology. This investment reinforces Defence's commitment to stability and continued growth in the innovation sector.

4.14 To ensure Defence's innovation system has the capacity to meet the demands of future technological development, a new Capability Acceleration Fund will be introduced from the middle of this decade. This fund is planned to support the development of key disruptive technologies with industry beyond the early-stage research and demonstration stages, taking promising future technologies all the way through to acquisition.

4.15 The Government has committed around $3 billion of capability investment in Defence innovation, science and technology over the next decade.

4.16 Effectively leveraging Australia's defence industry and innovation capabilities will depend on ongoing reform of the Defence organisation, as set out in Chapter Six.

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Chapter Five: Resourcing

5.1 The Government is providing long-term funding certainty for Defence so it can deliver the strategy set out in this document. To provide this certainty, the Government is continuing its policy of providing a 10-year funding model for Defence, first articulated in the *2016 Defence White Paper*. This funding model will provide Defence, including the Australian Signals Directorate, with total funding of $575 billion to 2029-30.

5.2 Defence needs this certainty so it can plan over the long term, including for complex capability acquisition programs that can span decades. Australian defence industry also requires certainty to underpin its investments in the skills and technology that Defence relies on to deliver and support its capabilities.

The Government's Defence funding model

5.3 The Government is on track to meet its commitment to growing the Defence budget to two per cent of Australia's Gross Domestic Product (GDP) in 2020-21, providing $42.2 billion of funding to Defence (including the Australian Signals Directorate) in 2020-21.

5.4 This funding will grow over the next ten years to $73.7 billion by 2029-30. The total funding of $575 billion over the decade includes around $270 billion in capability investment, compared to $195 billion in capability investment for the decade to 2025-26 when the *2016 Defence White Paper* was released. The Defence Budget has been decoupled from GDP forecasts to avoid the need for adjusting Defence's plans in response to future fluctuations in GDP.

Table 1 Total Defence Funding Profile 2020-21 to 2029-30 (Including the Australian Signals Directorate)

	2020-21 $m	2021-22 $m	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m	2027-28 $m	2028-29 $m	2029-30 $m	Total Decade 2020-21 to 2029-30 $m
Defence Funding (including ASD)[1]	42,151	46,037	50,170	53,318	55,567	58,175	61,239	64,639	69,986	73,687	574,969

NOTE:

1. Defence Funding (including ASD) is as at the MYEFO 2019-20 price basis. This price basis will be regularly adjusted in line with Commonwealth Budget processes.

How will Defence funding be spent?

5.5 The Defence budget, not including its funding for operations, comprises three major categories of costs: acquisition of new capability; sustainment of capability; and workforce. A fourth category, the operating budget, is comparatively minor. Details of the three key categories of funding are outlined below.

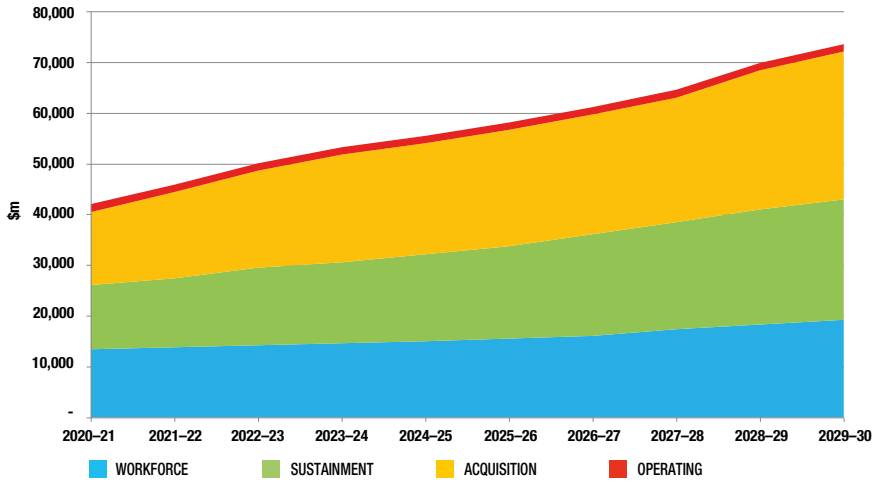
5.6 Over the decade to 2029-30, investment in the acquisition of new capability will grow from $14.4 billion (34 per cent of the budget) to $29.2 billion (40 per cent of the budget).

5.7 Over the decade to 2029-30, investment in sustainment of current and future capability will grow from $12.6 billion (30 per cent of the budget) to $23.8 billion (32 per cent of the budget).

5.8 Over the decade to 2029-30, investment in the Defence workforce will grow from $13.5 billion (32 per cent of the budget) to $19.2 billion (26 per cent of the budget).

5.9 The breakdown of the categories of Defence funding, including the Australian Signals Directorate, is illustrated in the chart below.

Chart 2 –Total Defence Funding Model by Category (including the Australian Signals Directorate)



Alignment of strategy, capability and resources

5.10 The strategy and resourcing set out in this Strategic Update provide Defence with clear direction and certainty to underpin its planning to support Australia's security. However, Defence's capability and funding plans must continue to be responsive to our rapidly changing circumstances. The *2016 Defence White Paper* set out the Government's direction that Defence maintain alignment of strategy, capability and resources over time.

5.11 To ensure Defence remains responsive to the challenges of today and to those in the future, adjustments have been made to several projects planned in the *2016 Defence White Paper*. These adjustments are necessary to ensure the future ADF can project military power to shape our environment, deter actions against our interests and, when required, respond with effective military force. Major adjustments include a

significant reduction in the planned modernisation and replacement of the G-Wagon vehicle fleet. Defence will also adjust the composition of its intelligence, surveillance and reconnaissance, refuelling and airlift aircraft fleets and will not proceed with the purchase of an enhanced long-range search and rescue capability. A number of infrastructure and enabling projects will also be adjusted.

5.12 Although resources have been allocated to implement this Strategic Update, further force structure adjustments and, potentially, trade-offs will be required over the medium to longer term. In particular this could involve the introduction of additional, longer-range weapon systems, which are being developed and introduced into service in many advanced military forces and which will be critical for the ADF to be able to deliver credible deterrent effects.

5.13 Accordingly, the plans set out in this Strategic Update will be subject to regular review by Government and regular reporting to the Australian people through the Parliament. The Government expects that Defence will continue to make investment decisions that balance expenditure on capability acquisition, sustainment, operating and workforce costs to ensure the Government's strategy is delivered within the Defence budget. Ongoing reform of the Defence organisation will be critical to continuing to deliver capability efficiently and effectively, and is addressed in the next chapter.

6

Chapter Six: Reform

6.1 The Government has directed that the three pillars of strategy, capability and reform underpin all aspects of Defence planning and activity.

6.2 Defence must be a single strategy-led and centrally directed organisation – one that is agile, proactive and effective in adapting to strategic and technological trends and changes. To achieve this vision, Defence must improve its capacity to identify and seize opportunities for organisational reform.

6.3 The *2015 First Principles Review* commenced Defence's transformation into an adaptive strategy-led organisation. Implementation has enhanced Defence's agility in strategic policy and capability development, including tighter alignment of strategic and force structure analysis, policy development, acquisition, research and development and industry policy.

6.4 Defence is now driving its next phase of reform under *Defence 2022 – Embedding One Defence*. These reforms are strengthening Defence's strategic centre and clarifying accountabilities to improve strategic performance and governance.

6.5 The new strategic policy framework set out in this Strategic Update will be incorporated into Defence's classified planning guidance. This annual planning guidance directs all planning processes across Defence to ensure the ongoing alignment of strategy, capability and resources.

6.6 Defence continues to mature its approach to managing capability through an end-to-end capability life cycle. Improvements in the processes and analysis of force design decisions are also enhancing Defence's performance in developing and delivering capability. These improvements have underpinned the Government's record of implementing its capability plans through significant numbers of

capability investment approvals, while ensuring ongoing responsible and effective management of Defence's resources.

6.7 The culture of reform has also underpinned the development of the *2020 Force Structure Plan*.

6.8 Work has commenced to determine further reforms necessary to deliver the outcomes required by this new strategy, including improving Defence's accountability and reporting frameworks. Stronger force design processes will be complemented through capability being managed as programs rather than individual projects. Capability will be delivered through clearer and even more streamlined acquisition processes and in even closer partnership with Australian Defence Industry.

6.9 Cultural reform undertaken through *Pathway to Change: Evolving Defence Culture 2017-2022* continues to embed workplace norms and behaviours that support Defence people, help attract the best talent and promote Defence values.

6.10 Defence will further transform its business processes and integrate the delivery of corporate and enabling services to ensure Defence personnel focus on their core roles in delivering and supporting Defence capability. These changes will strengthen Defence's strategic centre, improve enterprise performance and governance, and redirect resources currently devoted to administering Defence to bolstering capability.

6.11 The outcome of these reforms is not simply about the extent to which Defence is performing well against its own internal measures, rather its capacity to ensure that its development and use of capability is sustainable and robust as well as transparent to all Australians through the Parliament.

6.12 Continuous transformational reform is essential for building Defence's capacity to respond to a more uncertain external environment. Reform cannot be a one-off process – improvement is continual – and it must be purposeful. Defence must continue to evolve and adapt to meet Australia's changing strategic environment and maintain alignment of strategy, capability and resources.

Australian Government

ADF GLOBAL

Operation PALADIN – Israel, Syria and Lebanon

Contributing to the UN Truce Supervision Organisation

Operation CHARTER – Cyprus

Contributing to the UN Peacekeeping Force in Cyprus

Operation MAZURKA – Sinai

ADF contribution to the Multinational Force and Observers, assisting the peace process in the Sinai, Egypt

Operation ACCORDION – Middle East Region

Supporting sustainment of ADF operations, enabling contingency planning and enhancing regional relationships

Operation ASLAN – South Sudan

Contributing to the UN Mission in South Sudan

OPERATIONS

Operation STEADFAST – Iraq

Contributing to the NATO capacity building mission

Operation OKRA – Iraq

Contributing to the international effort to combat the Daesh terrorist threat

Operation HIGHROAD – Afghanistan

Contributing to the NATO-led train, advise and assist mission

Operation MANITOU – Middle East Region

Contributing to international efforts to promote maritime security, stability and prosperity

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