



Australian Government

Defence

NATIONAL
DEFENCE STRATEGY

20
26

*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.*

© Commonwealth of Australia 2026

ISBN: 978-0-9874959-5-2 (print)

ISBN: 978-0-9874959-6-9 (online)

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968* (Cwth), no part may be reproduced by any process without prior written permission from the Department of Defence.



Australian Government

NATIONAL DEFENCE STRATEGY



Contents

FOREWORD	5
Australia's strategic environment	5
Protecting and defending Australia	6
Capability priorities and resourcing	7
Reform	8
The path forward	9
1 Strategic Environment	11
Strategic competition in the Indo-Pacific	12
United States engagement in the Indo-Pacific	13
Compounding security challenges	13
The growing cost of defence	14
Technological advancement and the changing character of war	15
2 National Defence	19
Defence's contribution to National Defence	23
3 Defence Strategy	25
Deter actions against Australia's interests	28
Shape Australia's strategic environment	29
Respond with credible military force	29
The ADF's five tasks	31
4 Defence Force Structure, Posture and Bases	33
ADF structure	33
Six capability effects	35
ADF basing requirements	37
International partner cooperation in Australia	38



5	People	41
	Recruitment and retention	41
	Future workforce requirements	42
	Workforce preparedness	43
	Culture and wellbeing	43
	National workforce	44
6	Capability Investment Priorities	47
	Priorities for the integrated, focused force	48
	AUKUS nuclear-powered submarine pathway	53
	Guided Weapons and Explosive Ordnance enterprise	54
7	International Partnerships	57
	The United States Alliance	59
	Engagement with Indo-Pacific partners	60
	Working with global partners	65
8	Defence Industry and Acquisition Reform	69
	Australia's sovereign defence industrial base	69
	International industrial base collaboration	71
	The need for acquisition reform	74
	Minimum viable capability	74
9	Defence Innovation, Science and Technology	79
	Innovation, science and technology	79
	Asymmetric advantage	80
	Advanced Strategic Capabilities Accelerator	81
	AUKUS Pillar II – Advanced Capabilities	82
	Partnerships and collaborations	83

10	Resourcing	85
	Additional investment in National Defence	85
11	Reform	89
	Defence reform agenda	89
	Biennial National Defence Strategy cycle	94



FOREWORD

There is no more important task for the Government than defending Australia and protecting the security, interests and way of life of the Australian people.

The Government has made significant progress in implementing the 2024 National Defence Strategy. Over the last two years, Defence has delivered critical military capabilities that have strengthened our capacity to deter potential adversaries; shaped Australia's strategic environment to reinforce regional security and prosperity; and increased the range, lethality, resilience and preparedness of the Australian Defence Force (ADF) to respond to acts of aggression against Australia.

The Government has moved at pace to deliver the six immediate priorities announced in response to the 2023 Defence Strategic Review. This has included:

- ▶ progressing the acquisition of conventionally-armed, nuclear-powered submarines through AUKUS to improve our deterrence capabilities;
- ▶ enhancing the ADF's ability to precisely strike targets at longer range and Australia's capacity to manufacture munitions;
- ▶ enhancing the ADF's ability to operate from Australia's northern bases;
- ▶ improving 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.

Australia's strategic environment

The deteriorating trends in our strategic environment that were identified in the 2024 National Defence Strategy have broadened and intensified. New strategic challenges have emerged that further threaten Australia's security and complicate the pursuit of Australia's interests.



We have entered a more dangerous and unpredictable era, characterised by a more overt struggle among states where thresholds against the use of force are being eroded. This will elevate risks to Australia's security and prosperity over the coming decade.

The United States is our closest ally and principal strategic partner. Our Alliance contributes to the peace and stability of the region.

Intense competition between major powers – principally the United States and China – will be an enduring feature of our strategic environment. China continues to undertake the largest military build-up in the world today, without the transparency or strategic reassurance the region expects. Coercive statecraft and grey-zone operations increase the risks of military escalation and miscalculation. That is why integrated statecraft, and deploying all arms of national power, play a crucial role in advancing our interests by contributing to regional security.

The global rules-based order, which has underpinned Australia's security and prosperity for decades, is in transition. The end state is difficult to predict. While there will be elements of continuity, the coming decade will likely be defined more by fracture, rivalry and disorder.

Protecting and defending Australia

The 2026 National Defence Strategy sets out the Government's strategic framework to guide the continued transformation of: Defence's capability, force structure, force posture, acquisition, recruitment and international engagement.

The 2024 National Defence Strategy set out for the first time the concept of *National Defence* and adopted the Strategy of Denial as the cornerstone of Defence planning. The 2026 National Defence Strategy builds on these foundations by:

- ▶ increasing efforts to develop greater self-reliance over the longer term so Defence can more ably and independently deter force projection against Australia;
- ▶ prioritising capability acquisition and sustainment plans to deliver the Strategy of Denial, drawing on lessons learned from the war in Ukraine and conflicts in the Middle East;
- ▶ strengthening the resilience of Australia's sovereign defence industrial base and building stronger, more diverse international industrial partnerships;

- ▶ improving national civil preparedness and national resilience as part of *National Defence* to help shield Australia from regional or global disruption; and
- ▶ increasing coordination with regional partners to collectively deter actions inimical to our shared interests and shape a region governed by rights and rules, not fear or force.

Together, the 2026 National Defence Strategy and 2026 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 protecting and upholding global rules and norms.

Capability priorities and resourcing

To deliver the 2026 National Defence Strategy, the Government is investing an additional \$14 billion over the next four years and \$53 billion over the next 10 years in the 2026 Integrated Investment Program to enhance Defence capability, preparedness and resilience. This increase is historic, taking the total additional investment from the 2024 National Defence Strategy and 2026 National Defence Strategy to \$30 billion over the next four years and \$117 billion over the decade to 2035-36.

This includes new and increased investment through the 2026 Integrated Investment Program in capabilities that increase the ADF's ability to deter and respond to current and emerging threats, while also investing in the longer term to build a more self-reliant ADF. It also includes targeted investments to increase preparedness and resilience to ensure the ADF is postured and ready today to respond to unforeseen events tomorrow.



Reform

To meet the challenges posed by our complex strategic environment and ensure the Government's investment in Defence is well spent, the Government will continue to drive urgent and fundamental reform within Defence. The Government's approach to the transformation and reform of Defence is disciplined and ambitious. It includes:

- ▶ reforming the portfolio's capability development and delivery functions;
- ▶ enhancing the delivery of the conventionally-armed, nuclear-powered submarine enterprise; and
- ▶ delivering the Government's response to the Defence Estate Audit.

The establishment of the Defence Delivery Agency will ensure capability acquisition and sustainment are streamlined and accelerated.

The Government will continue to grow naval shipbuilding and sustainment capabilities and deliver the conventionally-armed, nuclear-powered submarine enterprise, in coordination with whole-of-government and whole-of-nation partners.

Implementing the recommendations of the Defence Estate Audit will ensure the Government's investment is focused on the ADF's core operational and capability needs and that the Defence estate is fit for purpose.

The Government will progress these priorities in line with other strategic and enterprise-level reforms to ensure the Defence portfolio is agile, efficient, effective and has the requisite structures, processes, priorities and culture to deliver its mission.

The path forward

During this challenging time of disruption in the global security environment, the Government is investing in the defence capabilities Australia needs to ensure a secure and prosperous future.

The 2026 National Defence Strategy maintains a focus on delivering an ambitious transformation of the ADF into an integrated, focused force that will be positioned to safeguard Australia's sovereignty, security and prosperity and contribute to regional peace and stability for decades to come.

The next National Defence Strategy will be delivered in 2028.



The Hon Richard Marles MP

Deputy Prime Minister

Minister for Defence





1



1 Strategic Environment

- 1.1 The 2023 Defence Strategic Review and the 2024 National Defence Strategy identified that Australia's strategic environment was deteriorating, marked by intensifying competition between the United States and China. This competition was playing out in military and non-military ways and accompanied by an unprecedented military build-up. These documents recognised that volatility was manifesting in conflicts and crises in multiple regions, including Europe and the Middle East.
- 1.2 Since the 2024 National Defence Strategy, the trends driving this deterioration have broadened and intensified. International norms against the use of force and coercion are weakening, with more states already engaged in conflict at the start of 2024 than at any point since 1946. Coercion and the use of force are again becoming more prominent features of statecraft. Strategic risks are compounding in every region of the world, including our own – the Indo-Pacific. Technological breakthroughs offer both revolutionary promise but also enable new threats, with the rate of development outpacing regulation. Revisionist states are increasingly working together to reshape the international system as incumbent powers re-evaluate their role in defending it.
- 1.3 The international system is under greater strain than at any time since the end of the Cold War, with a trend away from rules towards the exercise of power. The concept of deterioration is no longer adequate to describe Australia's strategic environment. The global rules-based order – which has underpinned Australia's security and prosperity – is in transition. The end state is difficult to predict. While there will be elements of continuity, the coming decade will likely be defined more by fracture, rivalry and disorder. Rules and norms will not disappear but they will continue to be tested and undermined, with implications for how we protect and promote sovereignty, security and prosperity.
- 1.4 The net effect is that Australia will face elevated levels of geopolitical risk over the coming decade and our exposure to force projection and military coercion will reach levels not seen since the Second World War.



- 1.5 In this environment, Australia's allies and partners will remain irreplaceable force multipliers. Australia's defence and security – and our efforts to shape a region governed by rights and rules, not fear or force – would be much harder if we were acting alone. Australia will retain a vital national interest in a regional order where states are able to pursue their objectives consistent with international law and free from coercion. A stable and peaceful region underpins resilient Australian economic connectivity to our trading partners.
- 1.6 However, the challenges in our strategic environment mean allies and partners are a necessary but not sufficient condition for Australia's defence. Greater Australian investments in defence and security, including through developing a more self-reliant ADF, will also be needed.

Strategic competition in the Indo-Pacific

- 1.7 China's growing national power and increasingly potent military capabilities remain the primary driver of changes to Indo-Pacific security dynamics. China's regional strategic weight will increase with the growth of its national power and its quest for greater strategic depth.
- 1.8 China will continue to prosecute its maritime and territorial claims in the South and East China Seas, including increased employment of the People's Liberation Army (PLA) and China Coast Guard. PLA intercepts of foreign military vessels and aircraft operating under international law in international waters and airspace are becoming more frequent and, at times, are unsafe and unprofessional.
- 1.9 Flashpoints in the Taiwan Strait, the South and East China Seas and on the Korean Peninsula, as well as the India-Pakistan and India-China borders, all present risks of miscalculation that could lead to conflict.
- 1.10 Indo-Pacific security will continue to be influenced by – and at times dependent on – events outside our region. The war in Ukraine and conflicts in the Middle East illustrate the potential for conflicts outside the region to disrupt trade and investment flows, undermine economic growth and create supply chain shocks.

United States engagement in the Indo-Pacific

- 1.11 Any effective balance of military power in the Indo-Pacific will require the continued presence and role of the United States. However, as the cost of strategic competition grows, the United States increasingly expects its allies and partners to invest more in their own defence, reduce their reliance on the United States military and contribute more to collective defence. This includes in defence industrial, economic and diplomatic capabilities.
- 1.12 Australia-United States security arrangements, interoperability, intelligence sharing and industrial collaboration remain critical to Australia's national security. Our Alliance expands our strategic options, making us less vulnerable to coercion and enabling Australia to pursue capabilities and interests far beyond what we could achieve alone. Australia will maintain its strong contribution to the Alliance, including through: increased investment in potent, agile and credible defence capabilities; Australia-United States force posture cooperation in Australia; our longstanding intelligence cooperation; strengthened industrial base collaboration, including through AUKUS and Australia's Guided Weapons and Explosive Ordnance enterprise; and active contributions to collective deterrence that support stability in the Indo-Pacific and globally.

Compounding security challenges

- 1.13 Natural disasters, exacerbated by climate change, will continue to impact Indo-Pacific security and strain emergency response systems. Over the coming decades, climate change could contribute to regional crises and instability. Demand for humanitarian assistance and disaster relief operations in our region will increase as climate hazards grow in severity. Pandemic and biosecurity threats will also pose major and difficult to predict national security risks. Security challenges have deeply gendered impacts, with women and girls often disproportionately affected.
- 1.14 In our region, the conditions for unrest and state fragility endure. Requests to help manage political volatility and violence beyond the means of local security forces could occur with little or no warning. Grey-zone activities continue to expand in the Indo-Pacific. Some countries are employing para-military forces more frequently, including China in the South China Sea. Australia's maritime approaches and border security continue to face persistent threats, including transnational crime, illegal migration and illegal and unregulated fishing.



- 1.15 Espionage and foreign interference are already at extreme levels, posing intensifying threats to Australia's security and sovereignty. Authoritarian regimes are becoming more willing and able to disrupt critical infrastructure, conduct cyber intrusions and engage in misinformation and disinformation campaigns. Critical seabed infrastructure, the backbone of Australia's digital communications, remains vulnerable to sabotage by hostile nations.
- 1.16 The threat from nuclear weapons proliferation is growing. Almost all nuclear weapon states are now expanding, diversifying or modernising their nuclear forces. The largest nuclear arsenal expansion is occurring in China, which is expected to have over 1,000 warheads by 2030. At the same time, international cooperation on disarmament, arms control and risk reduction, is in stasis or is being rolled back. North Korea's nuclear weapons and ballistic missile programs continue, despite multiple United Nations Security Council resolutions, and are now aided indirectly by Russia as payment for North Korean troop contributions to Russia's illegal war in Ukraine.
- 1.17 For Australia, the best protection against the increasing risk of nuclear escalation remains United States' extended nuclear deterrence on the one hand and the pursuit of new avenues of arms control on the other.

The growing cost of defence

- 1.18 Australia is not alone in making the assessment that the world has entered a new and more dangerous age. Nations across the globe are reaching the same conclusion, irrespective of geography. This is driving many nations that had previously deferred modernisation of major military platforms to surge investment in their own defence capabilities. There was an estimated 2.5 per cent real increase in global defence spending from 2024 to 2025, inflation-adjusted, reaching an annual total of USD 2.6 trillion.
- 1.19 These trends – the need to address deferred modernisation and respond to a more dangerous and unpredictable era – are driving up global demand for military capabilities. European nations are re-capitalising their domestic defence industrial bases as they contend with Russia's belligerence. The war in Ukraine and conflicts in the Middle East have exposed the vast materiel requirements for protracted conflicts and the speed with which stocks of munitions and military capabilities can be exhausted during conflict. Closer to home, Japan and the Republic of Korea are making greater investments in their security and defence.

- 1.20 The consequences of global conflicts and escalating demand include supply-side pressures and a sustained increase in the costs of defence materiel. These are exacerbated by stubborn upstream constraints – including infrastructure and supply chain bottlenecks – leading to rising input costs.
- 1.21 Global defence businesses and supply chains are struggling to meet this increased demand. Off-the-shelf procurement no longer offers a guarantee of speed to capability. This will have ongoing cost implications for Defence’s capability acquisition, particularly in the shipbuilding and guided weapons and explosive ordnance sectors, in which Australia is strengthening its sovereign manufacturing capabilities.

Technological advancement and the changing character of war

- 1.22 The character of warfare is changing. While attrition and high-intensity conflict remain enduring features of major war, in recent conflicts some military forces have achieved asymmetric operational advantage by combining innovative technologies with adaptive concepts of employment and command.
- 1.23 The most significant potential for technological disruption in the coming years may come from artificial intelligence, which is already transforming war and changing the role of human decision-making. How this transformation progresses will hinge on further advances in technology, the risk tolerances of military and political leaders and the policies and norms that states employ to manage ethical and safety concerns.
- 1.24 The technologies underpinning autonomous and uncrewed systems have also advanced rapidly. While not decisive for either side in the war in Ukraine and the conflicts in the Middle East, they have often had a disproportionate impact over exquisite platforms, particularly when combined with the rapid adaptation of new military concepts and technologies.
- 1.25 Although Australia’s geography still offers certain strategic advantages, it cannot protect us against new long-range missiles, space and cyber capabilities, disinformation, supply chain disruptions or the erosion of global rules and norms.
- 1.26 Missile systems, including more sophisticated data-driven sensor-shooter networks, have matured, giving states the reach to impose strategic effects further from their borders. Indo-Pacific states are investing in new and more sophisticated weapons, many with greater range and speed that are increasingly difficult to counter.



- 1.27 China is continuing to improve its capabilities in all areas of warfare, in line with its growing strategic and economic weight. In 2025, China unveiled highly advanced weapons and military hardware, spanning nuclear-capable air-launched ballistic missiles, hypersonic anti-ship missiles, stealth attack drones, artificial intelligence-enabled military systems, laser-enabled electronic attack systems and robotic platforms. China continues to advance research and development in critical dual-use technologies, including artificial intelligence, quantum technology, advanced semi-conductors and biotechnology. The region expects transparency and reassurance as China improves its capabilities.
- 1.28 Cyber and space capabilities are playing a growing role in military operations. Malign actors – both state and non-state – are continuing to improve their cyber capabilities, increasing the risk of disruptions to Australia’s critical systems, infrastructure and networks. Space is a critical enabler of military operations, supporting communications, targeting and situational awareness. The threat posed by counter-space technologies is accelerating.
- 1.29 Investing in innovation, science and technology remains fundamental to properly equipping and preparing a modern fighting force in a technology-dominated world. The war in Ukraine has demonstrated the need for rapid innovation cycles to create advantage in conflict, alongside maintaining preparedness and domestic industrial capability that can be scaled quickly.

Trends in warfare: lessons from Ukraine

The war in Ukraine has demonstrated the most effective way to generate asymmetric advantage is to match cheaper military equipment against larger, more expensive platforms and systems. This includes Ukraine’s use of low-cost drones and other counter-uncrewed aerial systems capabilities, such as nets, to intercept Russian capabilities and the use of large numbers of cheap sensors to locate Russia’s drones. Ukraine’s Unmanned Systems Forces, comprising just 2.2 per cent of its defence personnel, now account for 35 per cent of hits against Russia’s military.

While asymmetry is important, it has not replaced high-intensity conventional warfare. Geography still shapes the conflict, including which weapons provide the greatest advantage. Attrition remains a way of warfare as does the possibility for protracted engagements. Ukraine has used a mix of low-volume, high-cost and high-volume, low-cost systems to generate a spectrum of offensive and defensive military effects, resilience against attrition and mass for high-intensity warfare and protraction.

Real-time adaptation and innovation of hardware, operational concepts and tactics are essential to keep pace with evolving battlefield conditions, particularly electronic warfare. These processes emphasise innovating, accepting and launching capability at the pace of conflict over chasing perfection. Ukraine's innovation efforts have been supported by continuous and close cooperation with foreign militaries and domestic and foreign commercial, industrial, scientific and research entities.

The war in Ukraine has underscored the necessity of maintaining and sustaining sufficient volumes of expendable supplies, including guided weapons. There are significant risks associated with an over-reliance on small numbers of advanced capabilities. In order to sustain combat operations, states need domestic industrial capability that can be scaled at the onset of a conflict.

In response, many European countries are strengthening their whole-of-nation preparedness. Finland and Sweden, for example, are heavily investing in their Total Defence strategies, which emphasise the societal, industrial and economic components of national preparedness, alongside military readiness.

The war in Ukraine has also reinforced the power of both small and major commercial companies as warfighting partners. Ukraine's Brave1 program has issued over 750 grants, engaging more than 2,300 companies across 5,000 products. This is balanced with major initiatives and partnerships such as Starlink's space communications infrastructure and Palantir's artificial intelligence-enabled targeting to provide resilient battlefield communications and compressed targeting cycles.

The Government's defence strategy takes into account lessons learned from the war in Ukraine, including assessments by an ADF operational analysis team deployed to Ukraine. It is clear that Australia needs the industrial capability that can adapt to make what we need and in the quantities we require in times of crisis or conflict.

- 1.30 The following chapters set out how the Government will continue to build upon the 2024 National Defence Strategy. This includes by continuing to mature a whole-of-government and whole-of-nation approach to *National Defence*, refining Australia's defence strategy and continuing to invest in next-generation capabilities to enhance the lethality of the ADF to deter any potential adversary and keep Australians safe.





2

2 National Defence

- 2.1 The 2024 National Defence Strategy identified that the deteriorating strategic environment was diminishing Australia’s historical and geographical advantages, which demanded a new approach to defending Australia and its national interests. In response, the Government adopted 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 alliances and partnerships in the Indo-Pacific.
- 2.4 In light of our more dangerous strategic environment, the Government is determined to ensure that Australia becomes more self-reliant, more resilient and takes greater responsibility for our own security. Strengthening our *National Defence* is a prudent and effective approach to achieve those objectives.
- 2.5 Defence makes a singular contribution to *National Defence* – its core mission is to protect and defend Australia and its national interests by generating and employing military power. As a key element of *National Defence*, the Government is continuing to make a generational investment in the ADF’s posture, capability and structure.
- 2.6 Since the 2024 National Defence Strategy, the Government has strengthened whole-of-government and whole-of-nation efforts to protect and defend Australia. This includes the Department of the Prime Minister and Cabinet leading whole-of-government coordination on national civil preparedness, the Department of Foreign Affairs and Trade leading efforts to establish a more integrated approach to statecraft and the Department of Home Affairs leading efforts to improve Australia’s national resilience.



- 2.7 In addition, the Department of Climate Change, Energy, the Environment and Water, together with Defence, has established a National Fuel Council, which is supporting efforts to deliver more resilient national fuel supply, distribution and storage and sustainable sovereign refining capabilities. The Department of Industry, Science and Resources is also working with Defence to support more resilient supply chains and advance domestic manufacturing for sovereign capabilities.

Enhancing fuel resilience and security

The Government's focus on fuel security and fuel resilience is a critical component of *National Defence*.

The recent events in the Middle East and the impact they have had on the global supply and distribution of commercial fuel demonstrates the exposure of the current fuel supply chain in Australia. In response to the 2023 Defence Strategic Review and the 2024 National Defence Strategy, the Government has been accelerating efforts to increase the reliability, resilience and capacity of the Defence fuel network as part of broader efforts to increase national fuel security.

Through the Defence Fuel Resilience Program, Defence is delivering enhanced fuel holdings, more storage capacity and greater resilience all over Australia. These efforts have resulted in an increase to fuel stocks and an uplift in Defence's fuel distribution capability. Since 2022, Defence has established a strategic fuel reserve, doubling its fuel stockholdings. Fuel distribution capability has been enhanced by acquiring additional road distribution assets, improving our ability to distribute fuel to where it is needed. Defence is also introducing the capability for the ADF to convert civilian grades of aviation fuel to military specifications, if required in times of crisis or conflict.

The Government has already invested \$2 billion in these critical initiatives and will make a further investment of up to \$4.8 billion over the decade to support fuel resilience and sovereign fuel capability. The program will deliver additional improvements to the existing Defence fuel network, including a significant increase in fuel storage capacity and holdings and enhancements to other major means of distribution of fuel, including by rail and sea. This will enhance storage capacity across Australia's northern bases, significantly increasing available reserves. The Government will further improve Defence's resilience against supply

chain disruption by investing in alternative fuel sources and distribution systems. This work builds on the Government's investments in expanded domestic fuel storage infrastructure and enhanced fuel distribution.

In parallel, Defence is delivering on the Future Energy Strategy by diversifying Defence's fuel supply chain and supporting the Government's emissions reduction targets. This includes accelerating the adoption of low-carbon liquid fuels – which can be used without any loss of capability in Defence platforms and be produced in Australia. Defence has demonstrated the successful use of these fuels across air, maritime and land platforms, including in trials conducted at RAAF Base East Sale and the Army School of Armour in Puckapunyal.

2.8 In addition to investing in a more capable, focused and potent ADF, the Government will coordinate action across the following priority areas to deliver *National Defence*:

- ▶ **Economic security** – Australia's sovereignty, security and prosperity are inextricably linked and interdependent. Security and stability in our region and our connectivity to the world are key to domestic growth. Prudent investment in *National Defence* supports national productivity, innovation and economic security. The Government will prioritise opportunities where security, economic and social policy outcomes overlap to maximise the benefits to Australia's sovereignty, security and prosperity.
- ▶ **Integrated statecraft** – Diplomacy and integrated statecraft play a crucial role in advancing our interests by contributing to regional security. Promoting free trade and leveraging our comparative advantages in an increasingly transactional strategic environment are also vital.
- ▶ **Defence industrial base** – A stronger sovereign defence industrial base is vital in crisis and conflict. To realise this goal, the Government will weight investment toward the sovereign defence industrial capabilities that can produce, adapt, sustain and replenish the most critical lethal systems and munitions needed by the ADF in the event of a conflict. The Government will coordinate industrial policy levers to grow our sovereign defence industrial base, including through defence acquisition, sustainment, international industrial collaboration, trade relations and foreign investment. The Government's approach to industrial policy will prepare for disruptions in our strategic environment, while maintaining the competitiveness and productivity of our economy.



- ▶ **Supply chain resilience** – Australia’s supply chains are key to sustaining the ADF’s deployed forces, defence industry and civil society in crisis and conflict. The Government is accelerating efforts between the Commonwealth, states, territories and industry to address critical supply chain vulnerabilities and strengthen Australia’s capacity to recover from supply disruptions. This includes supporting domestic production of inputs to defence capability, diversifying global sources of supply, reducing reliance on vulnerable sea lines of communication and strengthening civil maritime freight capacity.
- ▶ **National logistics and infrastructure** – Australia’s logistics networks and infrastructure must be able to support the ADF’s ability to sustain protracted combat operations from northern Australia and – as required – rapidly move forces and supplies from southern Australia. This requires strengthening critical bases, infrastructure, roads, railways, ports, telecommunication networks and domestic fuel and energy security and building redundancy where possible. Efforts to improve healthcare systems and cyber security and protect critical infrastructure will also support the availability of essential services. The Commonwealth will continue to engage state and territory governments, industry partners and civil society to address areas of highest risk.
- ▶ **A workforce and skills pipeline** – The ADF and Australia’s sovereign defence industrial base require a skilled and professional workforce in order to deliver *National Defence* priorities. The Government will target efforts across education and workplace relations to attract, upskill and grow a workforce that supports *National Defence*. This includes leveraging skills and training programs – such as apprenticeship incentives and Free TAFE – to support higher uptake in defence, manufacturing, construction, transport and logistics, health and technology.
- ▶ **Intelligence** – Robust intelligence capability is crucial to Australia’s ability to generate strategic warning and undertake military operations. Australia’s National Intelligence Community must enable the ADF to achieve decision-making advantage in competition, crisis and conflict.

- ▶ **Innovation, science and technology** – Australia’s innovation, science and technology ecosystem must support the most pressing defence and security priorities and accelerate the delivery of next-generation capabilities to the ADF. The Government will strengthen research partnerships and harness emerging technologies to develop novel approaches to *National Defence*. This will help equip and prepare the ADF and enhance Australia’s ability to innovate at pace in the event of conflict, supported by a strong technical workforce.
- ▶ **National civil preparedness** – Whole-of-nation support is key to Defence preparedness in a crisis or conflict. Civil preparedness efforts would support continuity of government, the availability of essential goods and services to Australians, social cohesion and surge support to Defence operations. The Government and national security community will work with whole-of-nation partners, including state, territory and local governments, the private sector and the broader Australian community and international partners to drive civil preparedness efforts.

Defence’s contribution to National Defence

- 2.9 Defence continues to play a unique and vital role in *National Defence* as the only arm of the Government that generates and employs military power.
- 2.10 The Government will continue to transform the ADF 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. The following chapter sets out the Government’s defence strategy, which directly contributes to *National Defence*.





3

3 Defence Strategy

- 3.1 In the context of a more dangerous and unpredictable era – 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 The 2024 National Defence Strategy set out an effective response to Australia’s deteriorating strategic circumstances. It did so by adopting the concept of *National Defence* and the Strategy of Denial and by investing in a more agile and potent integrated, focused force.
- 3.3 The 2026 National Defence Strategy maintains the three strategic defence objectives:
- ▶ **Deter** actions against Australia’s interests;
 - ▶ **Shape** Australia’s strategic environment; and
 - ▶ **Respond** with credible military force when required.
- 3.4 Deter remains Defence’s primary strategic defence objective. Defence’s shaping activities and the demonstration of Australia’s response capabilities and preparedness must clearly support deterrence.
- 3.5 The Government’s 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. It guides Defence’s contribution to *National Defence* and spans all five domains – maritime, land, air, space and cyber.
- 3.6 The Strategy of Denial is designed to deter a potential adversary from taking actions that would be inimical to Australia’s interests and regional stability. It requires demonstrating the ADF’s credible capability, capacity and resolve to hold a potential adversary’s forces at risk and degrade their willingness and confidence to employ force or military coercion against us. It involves working with the United States and key partners to contribute to regional stability and security and strengthen deterrence against the threat of military coercion or a conflict.



- 3.7 The Strategy of Denial remains focused 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 Australia, its populated offshore territories and its northern approaches.
- 3.8 The Government's defence strategy, capability plans and resources remain 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 United States and other key partners to contribute to the collective security of the Indo-Pacific, while providing calibrated contributions outside Australia's primary area of military interest as required.
- 3.9 The 2026 National Defence Strategy builds on the 2024 National Defence Strategy direction that Australia should become more self-reliant and take greater responsibility for its own security. Defence will work towards greater independent capacity to generate and employ military power as required. This includes:
- ▶ ensuring Defence can more self-reliantly deter force projection against Australia and respond with military power; and
 - ▶ strengthening the resilience of Australia's sovereign defence industrial base and building stronger, diverse international industrial partnerships.
- 3.10 Chapter 6 details the Government's substantial investment in military power to increase Australia's self-reliance over the coming decade. This includes: the conventionally-armed, nuclear-powered submarine enterprise; a larger and more lethal surface fleet; a sovereign naval shipbuilding and sustainment enterprise; capabilities to precisely strike targets at longer range from the air, sea and land; domestic munitions manufacturing; and improving the ADF's ability to operate from Australia's northern bases.
- 3.11 The Government's investment also includes capability enhancements through the 2026 Integrated Investment Program to strengthen ADF and industry capability in autonomous systems, counter-uncrewed aerial systems, integrated air and missile defence and space communications technology. Targeted investments to uplift sustainment and preparedness, logistics and health will also support increased self-reliance by contributing to national preparedness and resilience.

Self-reliance

Increased self-reliance means enhancing Australia's ability to employ and sustain credible military power to defend Australia in a crisis or conflict, including when support from allies or partners may be limited.

Greater self-reliance will be achieved over time.

Self-reliance does not mean self-sufficiency – that is, the ability to deliver Australian defence capability without any access to the technological, capability or industrial strengths of our allies and partners. This would be neither desirable nor achievable for Australia.

Self-reliance means prudent, meaningful and feasible investments to reduce critical dependencies and mitigate strategic and operational risks.

It balances critical sovereign tasks and effects Australia must be able to undertake ourselves with those that can be assured through trusted partnerships.

It includes substantial investment in a force more capable of the impactful projection of military power.

It also involves building stronger, diverse international industrial partnerships that can reduce the risk of supply chain shocks and dependency on a concentrated source of foreign supply, for instance through co-development programs.

And it means investing in a sovereign defence industrial base that enhances our ability to produce, adapt and sustain the capabilities needed by the ADF in the event of conflict.

- 3.12 The 2026 National Defence Strategy also builds on the 2024 National Defence Strategy direction to enhance collective deterrence. Collective deterrence – working with allies and partners to demonstrate collective capability and resolve – is the most effective way to contribute to regional stability and security and strengthen deterrence against the threat of military coercion or a major conflict.



- 3.13 To enhance collective deterrence, the Government will strengthen its networks of security partnerships in the Indo-Pacific to increase our capacity to push back on and withstand coercion. This includes building deeper bilateral and multilateral partnerships that better integrate our capabilities and operations with a principal focus on deterring actions inimical to our shared interests. It also includes greater coordination with regional partners to protect the rules and norms that matter most to us and to shape a region governed by rights and rules, not fear or force. Further detail on how the Government will achieve this is set out in Chapter 7.

Deter actions against Australia's interests

- 3.14 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 measures and responses in place that change a potential adversary's risk assessment and therefore its decision-making calculus.
- 3.15 To deter actions against Australia's interests, Defence will work with other government agencies, the United States and key partners to make a credible contribution to a favourable regional strategic balance and hold at risk forces likely to target Australia's interests. This includes by:
- ▶ demonstrating our capability and resolve to withstand and respond to attacks on Australian territory, including by conducting advanced military exercises with the United States and key regional partners;
 - ▶ protecting Australia's critical sea lines of communication;
 - ▶ supporting the maintenance of global rules and norms;
 - ▶ strengthening defence cooperation with our closest neighbours in Australia's primary area of military interest;
 - ▶ strengthening the ability of the sovereign defence industrial base to supply and sustain the ADF's mission critical capabilities;
 - ▶ strengthening the individual and collective capabilities of Australia, the United Kingdom and the United States under AUKUS, including through enhanced trilateral defence capability and technology sharing;
 - ▶ maintaining a highly capable defence innovation, science and technology sector; and
 - ▶ signalling our high level of situational awareness in Australia's primary area of military interest.

Shape Australia's strategic environment

- 3.16 Defence's international engagement is an important part of Australia's efforts to maintain regional peace and prosperity and prevent conflict. Defence – in concert with other government agencies – 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 key 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 enable Defence to build and sustain a sovereign defence industrial base in priority areas and support a favourable regional 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 norms and supports regional architecture.

Respond with credible military force

- 3.17 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 Australia. This has implications for the ADF's structure, posture and preparedness planning, including the need for:
- ▶ developing greater lethality across the force;
 - ▶ enhancing the ability to project and sustain deployed forces in Australia's primary area of military interest and to operate with the United States 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;
- ▶ ensuring adequate levels of recruitment and retention to achieve and sustain the required Defence workforce;
- ▶ developing people with the skills, expertise and resilience to deliver, operate and sustain the integrated, focused force;
- ▶ maintaining appropriate levels of preparedness; and
- ▶ maintaining the ability to support stability operations and provide humanitarian assistance and disaster relief in the Indo-Pacific.

Strategic communications

3.18 The global information environment is a complex and highly interconnected system in which information is created, shared and consumed. The internet, telecommunications networks and advanced technologies enable information to rapidly flow to domestic and international audiences. The increasing influence of social media, the use of artificial intelligence and the growing prevalence of misinformation and disinformation, present both strategic opportunities and challenges requiring considered policy responses.

3.19 Strategic communications are essential to delivering Australia's defence strategy, aligned with a whole-of-government approach. Domestically, strategic communications underpin the social licence for Defence activities by transparently setting out our intent, values and resolve. Internationally, strategic communications help build trust and support and reinforce Australia's preference for durable rules and norms that are observed by all states.

The ADF's five tasks

- 3.20 Australia's interests remain global. In an interconnected world, events outside the Indo-Pacific can directly affect our interests, including through supply chain disruptions, disinformation and attempts to reshape the multilateral system. As the war in Ukraine and conflicts in the Middle East show, global events can have implications for the Indo-Pacific.
- 3.21 The defence of Australia's interests lies in the protection of our economic connection to the world and the maintenance of a favourable regional balance of power. Accordingly, the ADF must maintain the capacity to:

Defend Australia and our immediate region.	The most consequential task for the ADF is the defence of our nation and its interests against military attack. This includes defending Australia's sovereign territory, people and economic connections against attacks by any potential adversary.
Deter through denial any potential adversary's attempt to project power against Australia through our northern approaches.	The ADF must deter acts of military aggression. This involves both demonstrating that Defence has the capability, capacity and resolve to defend against any potential adversary's attempt to project power against Australia and working with our allies and partners to contribute to collective deterrence in the Indo-Pacific.
Protect Australia's economic connection to our region and the world.	The ADF must safeguard Australia's interests, including protecting Australia's economic connection to our region and the world from coercion and harm. This includes ADF contributions to protecting Australia's maritime approaches and responding to domestic and international threats.
Contribute with our partners to the collective security of the Indo-Pacific.	The ADF will contribute, with allies and partners, to regional stability in the Indo-Pacific. This includes through enhancing maritime domain awareness, regional training and exercises and responding to regional crises through disaster relief and humanitarian assistance.
Contribute with our partners to protecting and upholding global rules and norms.	The ADF must remain agile and prepared to contribute with allies and partners to protecting the rules and norms of the multilateral system. This includes exercising Australia's rights under international law and activities in support of global peace and security.

- 3.22 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.





4

4 Defence Force Structure, Posture and Bases

ADF structure

- 4.1 The ADF is continuing to shift 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 will be more capable of the impactful projection of military power.
- 4.2 The ADF's force structure must also be integrated across five domains – maritime, land, air, space and cyber – with the capabilities vital to the ADF's posture and preparedness.
- 4.3 Through focused investment over the coming decade, the Government will continue to 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.
- 4.4 Since the release of the 2024 National Defence Strategy, the Government has made significant progress in the transformation of the ADF's structure, posture and preparedness.
- 4.5 The Government has strengthened Australia's northern bases; uplifted its long-range precision missiles; enhanced the ADF's cyber capabilities; invested in a more capable surface fleet; developed a more mobile and amphibious capable Army; and advanced development of the Henderson Defence Precinct and the Osborne Naval Shipyard.
- 4.6 Following the delivery of the Defence Estate Audit, the Government has also begun to reprioritise and reorientate its estate investments to ensure they meet current and future capability needs.



ADF preparedness and national resilience

- 4.7 The war in Ukraine and conflicts in the Middle East have reinforced the importance of national resilience and preparedness. These conflicts have also reinforced the importance of having sufficient industrial capability that can be scaled at the onset of conflict.
- 4.8 In response, many states around the world are investing in whole-of-nation preparedness. This includes efforts to increase societal, industrial and economic resilience alongside military readiness.
- 4.9 Recognising that 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 civil preparedness, emergency management and crisis response and recovery capabilities set out in Chapter 2.
- 4.10 Defence will maintain ADF readiness at a state of preparedness that enables the ADF to undertake operations required by the Government to achieve the ADF's five tasks.
- 4.11 This includes ensuring the ADF has the capacity to deploy, manoeuvre and sustain the force at the right time and in the right location against the nation's most significant military risks.
- 4.12 It also includes improving coordination across all levels of government and industry to support critical preparedness inputs – including fuel reserves, transport, infrastructure, supply chain resilience, health services and emergency management processes.

Three epochs

- 4.13 The 2024 National Defence Strategy included three critical time periods over which Defence's force structure, posture and preparedness would be transformed.
- 4.14 The Government will continue to deliver an ADF that is fit for purpose across all five domains and their enablers by mid-2030 and beyond. The 2026 National Defence Strategy repurposes this approach to epochs with a rolling period of planning epochs. The 2026 defence planning epochs are:
- ▶ mid-2026 to mid-2028 – the **Enhanced Force-in-Being** will focus on immediate enhancements that can be made to the current force;
 - ▶ mid-2028 to mid-2030 – the **Objective Integrated Force** will see the accelerated acquisition of critical capabilities; and
 - ▶ mid-2030 and beyond – the **Future Integrated Force** will see the delivery of an ADF that is fit for purpose across all five domains and enablers.
- 4.15 The Government's capability plans as set out in the 2026 Integrated Investment Program focus on transforming the ADF 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

- 4.16 This transformation remains focused on delivering the following six key capability effects.

One – Project force

- 4.17 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 interests.

Two – Hold a potential adversary's forces at risk

- 4.18 The ADF requires the ability to hold at risk any potential adversary that could target Australia's interests during a conflict, complicating their cost and risk calculus.



Three – Protect ADF forces and supporting critical infrastructure in Australia

- 4.19 Defence's ability to protect its personnel, critical facilities and information 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.

Four – Sustain protracted combat operations

- 4.20 The ADF must be able to sustain protracted combat 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.

Five – Maintain persistent situational awareness in our primary area of military interest

- 4.21 Defence, working with other Commonwealth agencies, must be able to provide persistent and timely intelligence, surveillance and reconnaissance of our primary area of military interest. This includes maintaining an awareness of the strategic intent and capability of any potential adversary and of potential threats to Australia, to provide warning time and decision-making space for the Government.

Six – Achieve decision advantage

- 4.22 Defence must be able to exercise effective command and control during conflict. It must be able to withstand disruption to enable the ADF to achieve its operational objectives when and where needed. 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

4.23 Defence will 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 must:

- ▶ deliver a logistically networked and resilient set of bases, predominantly across northern 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 United States and key partner training and cooperation on Australian territory where these activities are in our national interests;
- ▶ enhance energy security and adopt climate adaptation strategies across the Defence estate; and
- ▶ advance civil-military arrangements for infrastructure in the event of a crisis or conflict. This includes roads, railways, ports, telecommunication networks, healthcare and domestic fuel and energy security.

4.24 Defence will implement the recommendations of the Defence Estate Audit agreed by the Government. Defence must reduce its property holdings through focused divestment of sites at market value in areas not aligned with current or future capability priorities.

4.25 The Defence Estate Audit found that Defence's existing estate footprint comprises numerous legacy sites without a clear link to current or future capabilities. Urgent interventions are needed to correct the unsustainable costs resulting from decades of deferred decisions on contentious estate issues. Defence will adopt contemporary estate management practices and greater co-location and sharing of facilities to deliver increased force integration.



International partner cooperation in Australia

- 4.26 Force posture initiatives with the United States 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.
- 4.27 Australia's force posture cooperation with the United States will continue to be a key pillar of our Alliance. It supports Australia's ability to deter and respond, strengthens the credibility and resilience of the United States' force posture in the region and supports collective deterrence efforts.
- 4.28 Australia will also continue to enhance the size, scale and complexity of our engagement with other key allies and partners, including New Zealand, Japan and Singapore.
- 4.29 Australia's force posture cooperation with international partners, including the United States, is managed through robust policy frameworks that maintain and protect our sovereignty. This includes our longstanding policy of having no foreign bases on Australian territory. These frameworks ensure Australia retains full knowledge and concurrence of foreign defence activities conducted in, from or through Australian territory or involving Australian assets. They also guide how we partner together to conduct activities and acquire capabilities in line with Australia's national interests.
- 4.30 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.





5

5 People

- 5.1 People are Defence's most important capability. The Government will continue its focus on recruiting, retaining and growing the highly specialised and skilled Defence workforce required to deliver Australia's defence strategy.
- 5.2 Since the 2024 National Defence Strategy, Defence has delivered tangible workforce reforms and addressed immediate workforce needs by increasing recruitment numbers and retention across all three services. Defence has also strengthened the recruitment pipeline by expanding eligibility for select non-Australian citizens and increasing offers of continuation bonuses. Defence has also delivered significant culture and wellbeing reforms, including by implementing the Government's response to the Royal Commission into Defence and Veteran Suicide.

Recruitment and retention

- 5.3 Defence is focused on recruitment, retention and skilling initiatives to grow the workforce and make Defence an even more attractive employer.
- 5.4 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 broader range of Defence's workforce segments. This involves greater representation of women, First Nations people and those from culturally and linguistically diverse backgrounds. Diversity in the workforce strengthens collaboration, problem-solving and decision-making.
- 5.5 Since the 2024 National Defence Strategy, Defence has transformed its recruitment and retention. This includes improving ADF inflows and retaining existing, highly skilled personnel. However, ADF junior and middle ranks will need to grow, especially in critical and specialised categories. Middle ranks provide the backbone of the ADF's workforce capability, experience and mentorship.



- 5.6 Defence will continue to undertake recruitment reform to improve the volume, velocity and overall experience of candidates to maintain ADF inflow rates. This will strengthen the speed and scale with which Defence can process new applications and train new recruits and bring them into the ADF.
- 5.7 The Government has also expanded recruitment of non-Australian citizens into the ADF, commencing with Five Eyes nations and Papua New Guinea.

Future workforce requirements

- 5.8 The Government remains committed to a permanent ADF of 69,000 by the early 2030s, with continual growth to achieve a permanent ADF and Australian Public Service (APS) combined workforce of around 100,000 by 2040.
- 5.9 Defence will align workforce allocation to the strategic priorities identified in the 2026 National Defence Strategy. This means carefully considering workforce requirements and supply constraints in force design and capability investment decisions.
- 5.10 Defence's APS workforce performs vital roles in strategy, international policy, intelligence, operational support, capability development and delivery and technological innovation. Targeted APS recruitment and upskilling is required to professionalise the APS workforce and reduce reliance on externally contracted staff. This will be particularly important as the new Defence Delivery Agency commences in 2027.
- 5.11 Defence will ensure its workforce possesses both the skills and adaptability required for modern conflict. As Defence integrates new and emerging technologies into its core business, it must provide the necessary training and upskilling to operate, maintain and sustain the next generation of capabilities. Emerging technologies – such as autonomous systems and artificial intelligence – combined with rapidly evolving operational environments, demand flexible thinking, resilience and a willingness to innovate.

Workforce preparedness

- 5.12 Workforce preparedness is central to strengthening deterrence and ensuring Defence is ready to respond to Australia's most significant strategic risks. Defence will prioritise preparedness when training, employing and deploying the ADF and identify opportunities to leverage the skills and expertise of Defence's APS workforce.
- 5.13 Defence will uplift the capacity of ADF personnel to support preparedness. This includes strengthening the ADF Reserve to enable force expansion. Defence will ensure the recommendations of the 2024 Strategic Review of the ADF Reserves are implemented at pace.
- 5.14 Defence health services are vital for preparedness. Defence will prioritise the readiness of its theatre health system for conflict, in coordination with the Department of Health, Disability and Ageing.
- 5.15 Across the ADF, there must be a continuous focus on individual readiness, deployability and resilience. The integrated, focused force must be maximally deployable to protect and defend Australia's interests.

Culture and wellbeing

- 5.16 Defence's culture must continue to evolve and strengthen to achieve the significant reforms required to deliver the 2026 National Defence Strategy.
- 5.17 Defence's culture must be leadership-driven, values-based and underpinned by the Defence values of service, courage, respect, integrity and excellence and a commitment to protect and defend Australia.
- 5.18 Improving Defence's culture is fundamental to achieving the Defence mission. Defence will continue to implement initiatives that enable an inclusive, respectful and psychologically safe workplace.



- 5.19 This includes responding to the recommendations of the Royal Commission into Defence and Veteran Suicide. The Government accepted the overwhelming majority of the Royal Commission's recommendations and is addressing the issues raised by the Royal Commission through a wide-ranging and substantial program of reform. This includes establishing the Defence and Veterans' Service Commission to provide independent oversight and evidence-based advice to improve suicide prevention and drive better outcomes for serving and ex-serving ADF personnel. Defence has sole or joint responsibility for implementing 76 of the Royal Commission's 122 recommendations.
- 5.20 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.
- 5.21 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 2026 National Defence Strategy.

National workforce

- 5.22 The delivery of next-generation capabilities – including conventionally-armed, nuclear-powered submarines, naval shipbuilding and sustainment, guided weapons and explosive ordnance, autonomy, space and cyber – requires deep collaboration between Defence, industry and the broader national workforce.
- 5.23 Defence will partner with industry, other Commonwealth agencies, science and technology institutions and education providers to secure the specialised skills needed for the integrated, focused force. These partnerships will help manage competition for critical skills and enable a whole-of-nation approach under *National Defence*.

Defence Workforce Plan

- 5.24 The 2026 National Defence Strategy updates the eight strategic workforce tasks outlined in the 2024 Defence Workforce Plan to reflect the Government's continued focus on growing and developing the Defence workforce. Defence will continue to implement the Government's strategic workforce tasks to enhance the ability of Defence's people to protect and defend Australia and deliver credible military capabilities through:
- i. optimised design of the integrated workforce and implementation of Defence reform to ensure Defence can operate and sustain ADF capabilities in competition, crisis and conflict;
 - ii. enhanced ADF inflow to ensure Defence has the highly skilled and specialised ADF workforce to protect and defend Australia's interests;
 - iii. partnerships with defence industry, Commonwealth agencies and state and territory governments to create, train and retain the highly skilled and experienced workforce needed to deliver capability outcomes for Australia's national security;
 - iv. enhanced ADF health services and readiness to provide healthcare to ADF personnel and to deliver a health effect in support of ADF warfighting capabilities;
 - v. development and transformation of the Defence workforce to equip ADF and Defence APS personnel with higher levels of education, training and experience;
 - vi. management of the integrated workforce and strengthening of the ADF Reserve to deliver the integrated, focused force required to protect and defend Australia;
 - vii. improved culture, mental health and wellbeing and resilience to provide a positive and psychologically safe environment for the Defence workforce; and
 - viii. support to Defence personnel, families and transitioning members to manage the impact that military service has on their day-to-day lives.
- 5.25 The forthcoming 2026 Defence Workforce Plan will set out the detailed strategic workforce actions required to deliver the 2026 National Defence Strategy.





6

6 Capability Investment Priorities

- 6.1 The 2026 Integrated Investment Program will continue to deliver the integrated, focused force and the six capability effects set out in Chapter 4. The design of the integrated, focused force remains focused on introducing minimum viable, next-generation capabilities as soon as possible. The 2026 Integrated Investment Program also incorporates the tough choices required to continue the ADF's transition to the integrated, focused force.
- 6.2 Through the 2026 Integrated Investment Program, the Government will continue to deliver the capabilities needed to implement Australia's defence strategy.
- 6.3 In delivering the integrated, focused force, Defence has shifted away from its previous domain-centric approach to ADF force design. Force design is now focused on capability development that addresses specific strategic and operational needs and bringing minimum viable capability into service as efficiently and effectively as possible. This ensures capability development is aligned with strategy, resources and capacity.
- 6.4 The 2026 Integrated Investment Program continues to prioritise the Government's 11 investment priorities outlined below. Defence has made significant progress against these priorities since the 2024 National Defence Strategy. This includes progress towards the acquisition of conventionally-armed, nuclear-powered submarines as a national endeavour, the transformation of 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 In addition to prioritising the introduction of next-generation capabilities as soon as possible through the 2026 Integrated Investment Program, Defence must continue to provide options for the Government to respond to crises in the short term. The Government has increased investment in the capability of the current force. Drawing on lessons from recent global conflicts, this investment will increase force availability, lethality and interoperability.



- 6.6 The Government has further increased its investment in defence capability over the coming decade, as outlined in Chapter 10. This investment will support efforts to increase Australia's self-reliance; strengthen the resilience of Australia's sovereign defence industrial base; and build stronger, more diverse international industrial partnerships and supply chains.

Priorities for the integrated, focused force

- 6.7 Through the 2026 Integrated Investment Program, the Government will make further investments in the integrated, focused force, delivering 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;
- ▶ an amphibious capable combined-arms land system, enabled by Navy and Air Force combat capabilities and supported by Navy's amphibious capability, to optimise 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 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 during a conflict and remain resilient during disruptions to networks;
 - ▶ a Guided Weapons and Explosive Ordnance 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 Within these priorities, the Government's continued investment in the integrated, focused force will deliver specific capability systems and platforms across the ADF, enabling:
- ▶ A Navy with enhanced strike capability, through:
 - conventionally-armed, nuclear-powered submarines that are harder to detect, have longer range and endurance and have more lethal and versatile weapon systems and sensors;
 - development and introduction of uncrewed underwater and surface vessels to complement Navy's enhanced lethality surface combatant fleet and fleet of conventionally-armed, nuclear-powered submarines;
 - an enhanced lethality surface combatant fleet through the integration of the Tomahawk weapon system, the Naval Strike Missile and the Standard Missile-6 long-range air defence missile, which can strike land, maritime and air targets at longer range;
 - enhancements to the undersea warfare capability of Navy's surface combatant fleet, including through six new Hunter class frigates; and
 - enhancements to the broader lethality of the surface fleet with the introduction of the 11 new general purpose frigates of the upgraded Japanese Mogami class design, new Large Optionally Crewed Surface Vessels, upgrades to the Hobart class destroyers and, with the Australian Border Force, a combined 25 minor war vessels.



- ▶ An Army optimised for littoral manoeuvre with a long-range strike capability, through:
 - acquisition of a littoral manoeuvre capability, including domestically produced landing craft medium and heavy, to sustain land forces in our region;
 - the accelerated and expanded acquisition of land-based long-range fires, including the High Mobility Artillery Rocket System, to provide the ADF with a deployable strike capability 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;
 - 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 – to ensure Army can secure strategic land positions and provide protection for the force;
 - new and continued investment in counter-small uncrewed aerial systems for domestic and deployable use to protect buildings, headquarters and deployed ADF systems and personnel;
 - the accelerated introduction of medium-range, ground-based active missile defence through investment in missile launchers and munitions and integrating them with the ADF's command and control systems; and
 - continued investment in land command, control, communications and computing integration to support improved planning, decision-making, resilience and responsiveness.

- ▶ An Air Force with long-range intelligence, surveillance and reconnaissance and an enhanced strike capability, through:
 - integration of the Long-Range Anti-Ship Missile with the P-8A, F/A-18F and F-35A to enable the ADF to strike maritime targets at longer ranges;
 - integration of the Advanced Anti-Radiation Guided Missile – Extended Range with the EA-18F 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 to enhance the ADF’s ability to strike land targets;
 - integration of the Joint Strike Missile onto the F-35A;
 - development of hypersonic air launched weapons for employment from the F/A-18F;
 - replacement of the E-7A Wedgetail Airborne Early Warning and Control aircraft with a next-generation aircraft;
 - investment in uncrewed capabilities like the MQ-28A Ghost Bat to augment surveillance and strike capabilities and improve the survivability of combat aircraft;
 - replacement of the C-27J Spartan aircraft fleet with a commercial aircraft fleet to support personnel and logistics transport across the Pacific; and
 - acquisition of a modern joint air battle management system to support the ADF’s air and missile defence capabilities.

- ▶ Space capabilities that enhance intelligence, surveillance and reconnaissance, provide resilient communications and counter emerging space effects, through:
 - delivery of a resilient, multi-orbit satellite communications system that will provide communications to ADF forces in the Indo-Pacific;
 - the Deep-space Advanced Radar Capability, a collaborative project with the United Kingdom and the United States, providing greater situational awareness in space;



- investment in geospatial intelligence capabilities; and
 - investment in space control capabilities to provide the Government with options to ensure Australia's access to space.
- ▶ 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 to significantly enhance Australia's cyber capabilities, provide options to defend Australian networks and support ADF capabilities;
 - an uplift to Defence's communications networks to provide greater network efficiency, resilience and redundancy; and
 - enhanced defensive cyberspace capability through investment in workforce and cyber mission systems.
- ▶ The integrated, focused force will continue to be supported by:
- a sovereign Guided Weapons and Explosive Ordnance enterprise with the industrial capability to 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 resilient network of northern bases that enables force projection; and
 - a resilient theatre command and control network.

Defence intelligence

Timely, impactful and insightful defence intelligence is crucial to delivering strategic, operational and tactical decision advantage. Intelligence is also a critical enabler of ADF operations and capability development.

Defence intelligence informs the posture of the ADF's advanced platforms, sensors and weapons and supports the ADF by providing early indicators and warnings of threats to Australia.

Defence intelligence, comprising its people, processes, systems and data, also supports targeting across all domains as a critical enabler of the defence targeting enterprise and long-range strike.

The Government will invest in Defence's ability to collect, analyse and disseminate intelligence, including through new systems, enhanced training and new facilities and adoption of cutting-edge technology.

AUKUS nuclear-powered submarine pathway

- 6.9 Under AUKUS, a trilateral partnership with the United Kingdom and the United States, 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 is being implemented as a conditions-based three-phase program, consisting of:
- ▶ **Phase One:** the United States, as commenced in 2023, and the United Kingdom, 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 United States nuclear-powered submarines and up to one rotation of a United Kingdom nuclear-powered submarine;



- ▶ **Phase Two:** the sale of three United States 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 United Kingdom design integrating technologies from all three countries, including cutting-edge United States submarine technologies to be operated by Australia and the United Kingdom, 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.
- 6.13 Acquiring, building and sustaining Australia's conventionally-armed, nuclear-powered submarine capability is one of Australia's most complex national endeavours. Successful delivery of the Optimal Pathway will require whole-of-government support and expertise in workforce delivery, industrial uplift, environmental planning, infrastructure, education and training and diplomacy.

Guided Weapons and Explosive Ordnance enterprise

- 6.14 The war 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.
- 6.15 In line with the 2024 Australian Guided Weapons and Explosive Ordnance Plan, the Government is pursuing a comprehensive approach to building Defence's guided weapons and explosive ordnance 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.

- 6.16 Australia's self-reliance is being enhanced through the development of an industrial capability to produce, maintain, repair and overhaul select weapons. The domestic manufacture of guided weapons and explosive ordnance and munitions is one of Defence's Sovereign Defence Industrial Priorities. A resilient and secure guided weapons and explosive ordnance supply chain will enhance the ADF's ability to sustain its strike capabilities in the event of conflict.
- 6.17 Through the 2026 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 United States and other key partners;
 - ▶ the continued manufacturing of Guided Multiple Launch Rocket System missiles in Australia, and the commencement of domestic manufacturing of the Naval Strike Missile and the Joint Strike Missile from 2027, representing important progress toward establishing domestic missile manufacturing on a large scale; and
 - ▶ the construction and uplift of storage and distribution facilities to accommodate Defence's growing guided weapons and explosive ordnance inventory.
- 6.18 Further information on the Government's capability investments to achieve the objectives of the 2026 National Defence Strategy is set out in the 2026 Integrated Investment Program.





7

7 International Partnerships

- 7.1 A diverse and robust network of bilateral, regional and multilateral defence partnerships is essential to navigating a strategic environment characterised by fracture, rivalry and disorder. Defence's international engagement activities are focused on contributing to regional security and stability and strengthening deterrence against the threat of military coercion or a major conflict. This means strengthening networks of security partnerships across the Indo-Pacific that support a favourable regional balance of power and can deter actions that run counter to our collective interests.
- 7.2 Defence's international engagement must contribute to national efforts to shape our strategic environment. This includes working across government to coordinate with key regional partners to reinforce regional security through arrangements that protect our shared interests and shape a region governed by rights and rules, not fear or force.
- 7.3 Defence's international engagement also plays a key role in advancing military interoperability with key partners, expanding access to international technologies, capabilities and markets and accelerating industry cooperation that supports the growth of Australia's sovereign defence industrial base.
- 7.4 Though focused on Australia's primary area of military interest, Australia retains global interests and global partners. Strong global partnerships remain critical to protect Australia's economic connection to the world and support the maintenance of global rules and norms. Investing in these partnerships ensures the Government can respond to unexpected events that impact Australia's interests, such as the war in Ukraine and conflicts in the Middle East.
- 7.5 Australia remains committed to transparency about its strategic intentions and defence capabilities. This approach builds strategic trust and demonstrates Australia's value as a credible and reliable defence partner for the Indo-Pacific. Regional engagement is also important for developing a shared understanding of the security environment.



7.6 Since the 2024 National Defence Strategy, the Government has enhanced Defence's international partnerships through targeted defence engagement, activities and investments, including:

- ▶ substantial upgrades to our bilateral agreements and arrangements, including the Australia-Papua New Guinea Mutual Defence Treaty, the Australia-Indonesia Treaty on Common Security and Australia-Indonesia Defence Cooperation Agreement, the Timor-Leste Partnership, the Australia-Japan Framework for Strategic Defence Coordination and the Australia-Singapore Memorandum of Understanding concerning Enhanced Defence Cooperation, agreed under the Australia-Singapore Comprehensive Strategic Partnership 2.0;
- ▶ deepening cooperation across the Pacific, including supporting the establishment of the Pacific Response Group, the delivery of large-scale infrastructure projects, including HMPNGS *Tarangau* (Lombrum Naval Base) in Papua New Guinea, the Vuvale Maritime Essential Services Centre in Fiji and Cook and Tiroas Barracks in Vanuatu;
- ▶ deepening partnerships and collective deterrence networks, including cooperation with the United States and Japan, new patterns of engagement with the Philippines and the Republic of Korea and substantial cooperation with the United States and the United Kingdom (including through the AUKUS partnership);
- ▶ conducting more frequent and complex exercises and operations with partners, including participation in over 26 regional and global operations, the expansion of ADF participation in high-profile exercises across the Indo-Pacific and maintaining a near-continuous maritime presence in the Indo-Pacific in support of regional security and stability; and
- ▶ working with partners further afield to support global rules and norms, including continued military assistance and training to Ukraine, strengthening industrial cooperation with European partners and working closely with French and United Kingdom carrier strike group deployments to the Indo-Pacific.

7.7 The Government will continue to prioritise international engagement that enhances stability and collective deterrence.

The United States Alliance

- 7.8 Australia's Alliance with the United States remains fundamental to our national security and the ADF's capacity to generate, sustain and project credible military capability. The Alliance is critical to maintaining collective deterrence and regional stability in the Indo-Pacific and enables Australia to pursue our national security interests far beyond what we could achieve alone.
- 7.9 Australia, the United States and our 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 United States 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 enhanced force posture initiatives.
- 7.10 Australia and the United States share strategic interests and a mutual respect for each other's sovereignty and national interests. It is in Australia's national interest to further strengthen Alliance cooperation in pursuit of shared strategic interests while upholding Australian sovereignty and increasing our self-reliance.
- 7.11 The Government will continue to strengthen its defence engagement with the United States to:
- ▶ ensure joint exercises and capability rotations with the United States 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 United States systems and capabilities, including through technology transfer, information sharing, innovation and co-development, co-production and co-sustainment programs;
 - ▶ deliver AUKUS, including the commencement of Submarine Rotational Force - West and establishing the conditions for the transfer of Australia's Virginia class submarines;



- ▶ streamline access to United States capabilities and technology to accelerate the development and acquisition of military capabilities, including through further United States export control reforms; and
- ▶ increase the capacity and resilience of Australia's sovereign defence industrial base, including through the Guided Weapons and Explosive Ordnance enterprise.

Engagement with Indo-Pacific partners

- 7.12 Australia's security and prosperity remains 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.
- 7.13 The Government will continue to strengthen defence engagement with Indo-Pacific partners, embracing bilateral, regional and multilateral opportunities to support mutual interests, build trust and deepen cooperation as well as maintain peace, security and prosperity in the region.
- 7.14 Australia's regional defence partnerships strengthen collective deterrence in the Indo-Pacific and advance capability and technology sharing. Defence will work even more closely with regional partners to increase interoperability, contribute to peace and prosperity and help protect and uphold global rules and norms.
- 7.15 Australia will deepen trilateral cooperation with the United States and Japan to advance interoperability and strengthen deterrence. Defence will prioritise enhancing exercises, operational cooperation, interoperability and technology and capability initiatives.
- 7.16 Cooperation between the United States, Australia, Japan and the Philippines offers high potential for deeper security engagement across a strategically important geographic area. Defence will work with this grouping to improve coordination and expand activities that contribute to collective deterrence.
- 7.17 The Quad remains a vital diplomatic partnership between Australia, India, Japan and the United States.
- 7.18 Australia will seek to expand cooperation between Australia, India, Japan and the United States to advance regional peace, security and prosperity. This includes strengthening maritime domain awareness, operational interoperability and humanitarian assistance and emergency response cooperation.

The Defence Cooperation Program and Pacific Maritime Security Program

- 7.19 The Defence Cooperation Program remains the primary mechanism for Australia's practical defence engagement in the Indo-Pacific.
- 7.20 Through the Pacific Maritime Security Program, the Government will continue to partner with Pacific Island Countries to deliver maritime capabilities that are underpinned by through-life sustainment, training and regional coordination.

Pacific

- 7.21 The Pacific is vital to Australia's security and prosperity. The Government continues 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. This includes upholding sovereignty, protecting resources, mitigating the effects of climate change and contributing to whole-of-government efforts on transnational crime. Australia's aim is to remain the ongoing partner of choice for the Pacific family, including in security cooperation.
- 7.22 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.
- 7.23 Implementing the Mutual Defence Treaty with our newest ally, Papua New Guinea, will remain a high priority.

New Zealand

- 7.24 Australia will seek to enhance interoperability with New Zealand – which is investing in uplifting its military capability to address threats to our shared interests – and jointly pursue security and stability in our region. Defence will operationalise the alliance with New Zealand across six lines of effort: force posture activities, combined operations and exercises, preparedness, industry integration, resilience and Pacific security.



Southeast Asia

- 7.25 Southeast Asian states are central to the Indo-Pacific's strategic future and to Australia's national interests. Australia has broad, deep and long-standing defence partnerships across the region, which are strengthened through Australia's participation in the ASEAN Defence Ministers' Meeting Plus. Defence's engagement with Southeast Asia supports a regional order with ASEAN at its centre, providing an essential stabilising influence.
- 7.26 Indonesia is an essential and enduring partner. Australia will continue to invest in our bilateral defence partnership, building on the landmark Australia-Indonesia Treaty on Common Security (the Jakarta Treaty) and working together in support of regional security.
- 7.27 The Government will continue to strengthen defence engagement with other Southeast Asian partners, including Singapore, Malaysia, the Philippines and Timor-Leste. This cooperation will support regional and maritime security, uphold sovereignty, enhance interoperability, address common challenges such as cyber security and climate change and support a favourable regional balance of power.
- 7.28 The Government will continue to focus its broader bilateral engagement with Southeast Asian partners 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.
- 7.29 The Government will continue to invest in the Five Powers Defence Arrangements to enhance Australia's military relationships with Malaysia and Singapore and support New Zealand's and the United Kingdom's military engagement in the Indo-Pacific. The Five Powers Defence Arrangements are the only multilateral security arrangements of their kind focusing on Southeast Asian security and the longest-standing regional security mechanism of which Australia is a member. Cooperation among the five nations supports a peaceful, stable and prosperous region.

North Asia

- 7.30 Trade and investment links with North Asia are critical to Australia's prosperity. Any instability in this region would significantly affect Australia's interests and economic connection to the world. Defence will support whole-of-government efforts to contribute to peace and stability in North Asia.
- 7.31 Japan is an indispensable partner for achieving regional peace and prosperity. Our Special Strategic Partnership is underpinned by a strong convergence of values and interests and our growing interoperability, including in a trilateral context with the United States.
- 7.32 The Government will further enhance our strategic alignment and coordination with Japan, building on our Special Strategic Partnership and Australia's selection of the upgraded Mogami class frigate as Australia's new general purpose frigate.
- 7.33 Defence will increase information sharing with the Japan Self-Defense Forces and deepen discussions on current and future deterrence activities – such as Flexible Deterrent Options – which demonstrate capability and resolve. Defence will also enhance high-end interoperability with the Japan Self-Defense Forces, focused on the scope, objectives and forms for accelerating our operational cooperation. Advancing our cooperation on integrated air and missile defence, counterstrike, undersea warfare and increasing interoperability are key bilateral and trilateral priorities.
- 7.34 The Government will also continue to strengthen our defence relationship with the Republic of Korea, pursuing targeted engagement opportunities that serve to advance our interests. This includes collaboration in capability, defence industry and innovation, science and technology, engagement in regional defence exercises and activities, intelligence exchanges and information sharing.
- 7.35 A stable and constructive relationship is in the interests of both Australia and China. Consistent with Australia's intention to cooperate where we can with China, Defence will continue to pursue defence dialogue with the PLA to build mutual understanding and support whole-of-government efforts to reduce tension and lower the risk of miscalculation. The Government will also continue to raise, both publicly and privately, issues that matter to Australia, including destabilising, provocative or unsafe actions by the PLA, China Coast Guard and maritime militia.



- 7.36 Australia has a longstanding bipartisan one-China policy. The Government advocates for peace and stability across the Taiwan Strait and opposes any unilateral action to change the status quo. We encourage dialogue rather than a resort to coercion or the use of force.

Indian Ocean region

- 7.37 The Northeast Indian Ocean is central to Australia's sea lines of communication. Australia's interests lie in a stable region that is well-disposed to Australia.
- 7.38 India is a top-tier security partner for Australia and our most important defence partner in the Northeast Indian Ocean. Through the Australia-India Comprehensive Strategic Partnership, the Government is continuing to prioritise practical and tangible cooperation that enhances collective strength and directly contributes to Indo-Pacific stability.
- 7.39 Australia will continue to support India's key role in the region and build interoperability by increasing the depth, complexity and frequency of our defence cooperation. The Government will continue to pursue opportunities with India to drive practical bilateral and multilateral cooperation across all domains, defence industry cooperation and information sharing.
- 7.40 Defence will strengthen engagement with Bangladesh, Sri Lanka and the Maldives, focusing on regional security and collective maritime domain awareness.
- 7.41 In addition to our engagement with India, the Government's defence engagement in the Northeast Indian Ocean region will continue to focus on:
- ▶ regularising the ADF's presence, including deployments, training and exercises; and
 - ▶ strengthening Australia's defence cooperation with Northeast Indian Ocean countries through regional maritime domain awareness, defence industry engagement and education and training cooperation.

Working with global partners

- 7.42 As the war in Ukraine and conflicts in the Middle East show, what occurs in other parts of the world often has implications for the Indo-Pacific and Australia's own security, including through supply chain disruptions, advancements in military technology and misinformation campaigns.
- 7.43 Australia's bilateral, trilateral and multilateral defence arrangements are critical components of the Government's global engagement. That engagement includes cooperation with the United States and NATO, capability and technology sharing arrangements through AUKUS and diplomatic partnerships.
- 7.44 Australia's defence engagement with like-minded partners will focus on opportunities to contribute to Indo-Pacific stability, shared global interests and advancing capability and defence industry outcomes.
- 7.45 The United Kingdom is one of our most important partners outside of the Indo-Pacific. AUKUS and other capability initiatives, including the Hunter class frigate program, will entwine our industrial bases for decades to come. Defence will continue to deepen defence industrial collaboration with the United Kingdom and continue work to uphold shared security interests in the Indo-Pacific.
- 7.46 Defence will strengthen cooperation with the European Union through our new Security and Defence Partnership. Under this partnership, Defence will increase information sharing with the European Union, cooperate to build resilience to counter complex security threats and create new defence procurement opportunities.

The Five Eyes partnership

- 7.47 The Five Eyes partnership – comprising Australia, Canada, New Zealand, the United Kingdom and the United States – remains a vital element of Australia's security settings. Australia's engagement within the Five Eyes partnership 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

- 7.48 AUKUS is a transformative technology sharing partnership that will contribute to strengthening the individual and collective capabilities of Australia, the United Kingdom and the United States. It builds on decades of close defence capability and technology cooperation between our countries.
- 7.49 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.
- 7.50 Importantly, Australia, the United Kingdom and the United States will progress Australia's acquisition and construction of conventionally-armed, nuclear-powered submarines in a way that sets the highest non-proliferation standards and maintains the integrity and strength of the non-proliferation regime.
- 7.51 Defence's conventionally-armed, 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.





8

8 Defence Industry and Acquisition Reform

- 8.1 Industry policy is security policy. Defence industrial resilience underpins *National Defence*, productivity, innovation and economic security.
- 8.2 The credibility of Australia's defence strategy depends on the ADF possessing the right capabilities at the right time to address the nation's most significant strategic risks. It also requires Australia to have the sovereign defence industrial base to produce, adapt and sustain those capabilities in the event of conflict. The war in Ukraine and conflicts in the Middle East have underlined the vast materiel requirements for modern warfare and the need for domestic industrial capability before the onset of a conflict.
- 8.3 While Australia's defence industrial base will never be fully independent and self-sufficient – and nor does it seek to be – we must increase our self-reliance through growing sovereign defence industrial capability and capacity in the areas most critical for *National Defence*. The Government's defence industry policy is designed to develop a sovereign defence industrial base that can protect and defend Australia with greater self-reliance over the longer term.
- 8.4 The forthcoming 2026 Defence Industry Development Strategy will provide further detail on how the Government will build, grow and sustain the sovereign defence industrial base that Australia needs.

Australia's sovereign defence industrial base

- 8.5 Delivering the sovereign defence industrial base Australia needs is a long-term undertaking, requiring sustained investment and deliberate government prioritisation of the areas most critical for *National Defence*.



- 8.6 This requires weighting investment toward the sovereign defence industrial capabilities that can produce, adapt, sustain and replenish the most critical lethal systems and munitions to ensure the credibility of our deterrence and support rapid force expansion in the event of a conflict.
- 8.7 The Government will work to support the industrial capabilities most relevant to meet Defence's capability needs, and will target its support to those businesses and sectors of the greatest consequence to producing the most critical defence capabilities. The forthcoming 2026 Defence Industry Development Strategy will provide further detail on the Sovereign Defence Industrial Priorities.
- 8.8 Australia's sovereign defence industrial base – and the businesses it comprises – must be commercially viable. Given the scale needed to sustain sovereign defence industrial capabilities, some businesses will likely need additional revenue streams beyond Defence to remain commercially viable and internationally competitive. These additional revenue streams can come either from adjacent industries or from global exports.
- 8.9 Australia's sovereign defence industrial base also depends on Australia's broader industrial capability. This includes robust and resilient domestic supply chains for key components, parts and systems, including critical minerals and strategic materials, such as aluminium, copper and zinc.

Strategic partnerships

- 8.10 Delivering Australia's sovereign defence industrial base will require a collaborative tripartite approach between government, industry, and workers and unions. The Government remains committed to establishing strategic partnerships with industry that provide long-term opportunities on progressive capability development and innovation.
- 8.11 These partnerships provide greater certainty to industry on their long-term investment, incentivise growth in the workforce and support small-to-medium businesses through the expansion of supply chains.
- 8.12 The Government will coordinate and harness industrial policy levers to develop a sovereign defence industrial base that supports national productivity, innovation and economic security.

Uncrewed systems and the cost of sustaining protracted combat operations

Uncrewed systems, and the industrial capability and capacity to produce and adapt them at scale, are now vital to military advantage and sustaining protracted combat operations.

Attrition and high-intensity conventional warfare require militaries and defence industry to carefully consider the cost-exchange ratio of uncrewed systems and munitions with interceptors. The industrial and scientific capability to rapidly adapt and innovate countermeasures is fundamental to reducing the costs of responding to uncrewed systems.

Global demand for uncrewed systems, such as in the ReArm Europe Plan, offers significant export opportunities to grow Australia's sovereign defence industrial base. Export opportunities support Australian defence businesses to commercialise and scale, develop specialist workforce skills and strengthen the innovation, science and technology ecosystem.

As outlined in Chapter 6, the Government is investing in the development of autonomous underwater and surface vessels and uncrewed aerial and land systems to support the six capability effects, including for situational awareness, targeting, survivability and logistics.

International industrial base collaboration

- 8.13 Defence industrial collaboration with our key allies and partners is critical for Australia's security. It contributes to global security, and supports the commercial viability and sustainability of businesses within Australia's sovereign defence industrial base.
- 8.14 Our sovereign defence industrial base is proving its ability to support not only ADF requirements, but the needs of allies and partners through defence exports of major and minor systems. This is important to enable industrial depth and adaptability.



- 8.15 Key Australian export priorities include the Heavy Weapons Carrier and the Jindalee Operational Radar Network. Australian manufacturing of world-leading autonomous capabilities like Ghost Bat and Ghost Shark provide further opportunities to strengthen the long-term commercial viability of Australian production lines. Australian missile production creates an additional source of supply for our allies and partners. The Government will continue to advocate for the sale of Australian-made capabilities, supported by the Australian Defence Strategic Sales Office.
- 8.16 Australian businesses, especially small-to-medium sized enterprises, are securing additional revenue sources and contributing to global defence supply chains through the export of critical components and sub-systems. Programs such as the Australian Submarine Supplier Qualification and Defence Industry Vendor Qualification Program are supporting the qualification of Australian products to strengthen supply chain resilience in both the United States and United Kingdom. The Global Supply Chain Program is also increasing the number of Australian suppliers within the global supply chains of defence industry primes.
- 8.17 Defence will continue to build stronger, trusted and diverse international industrial partnerships. This includes co-development, co-production and co-sustainment programs with key allies and partners in the areas most critical for Australia's future defence needs. Diverse international industrial partnerships support Australia's national security, more robust and resilient global supply chains and the overall health and commercial viability of businesses within Australia's sovereign defence industrial base.
- 8.18 Industrial collaboration with allies and partners, including through government-to-government arrangements, also helps foster rapid acquisition, grow export markets and streamline the complex regulatory frameworks governing export controls and technology partnerships. Defence will continue to work with international industrial partners to co-develop, co-produce and co-sustain capabilities, especially to support the transfer of technology and skills to the Australian sovereign defence industrial base.

Co-development, co-production and co-sustainment of the Precision Strike Missile

The Government has entered into a new cooperative program with the United States Army to co-develop, co-produce and co-sustain the Precision Strike Missile – the next generation of surface-to-surface missile that can deliver effects at longer range.

In September 2025, Australia and the United States established a Cooperative Program Office to coordinate the leadership and management of the Precision Strike Missile program.

In October 2025, Australia, the United States and Lockheed Martin Corporation signed a joint statement of intent providing a pathway for the co-development, co-production and co-sustainment of critical long-range fires and their component supply chains.

Following the successful co-production of the Guided Multiple Launch Rocket System, Defence will look to accelerate the cooperative production of the Precision Strike Missile. This will provide greater and earlier opportunities for Australian industry to contribute to the component supply chain, which will attract investment in advanced manufacturing capabilities and support skilled jobs to strengthen the Australian economy.

Co-sustainment will enable the establishment of a regional support base for the sustainment of Australia's Precision Strike Missile and potentially that of our allies and partners.

Co-development of the Precision Strike Missile will build on the longstanding engagement between the Defence Science and Technology Group and the United States Army, enabling ongoing opportunities for Australia to contribute to future increments of the Precision Strike Missile family of munitions.

The Precision Strike Missile program marks the deepening of a long-term partnership for this critical capability between the United States and Australia.



The need for acquisition reform

- 8.19 Urgent reform is required to effectively deliver increasingly complex defence capabilities and to meet the challenges of our strategic environment. This reform is being delivered through the establishment of the Defence Delivery Agency in July 2027 and the consolidation and professionalisation of Defence's capability development function under the Vice Chief of the Defence Force.
- 8.20 The changes to capability development will support the transition from a balanced force to an integrated, focused force. It will do this by ensuring the projects in the 2026 Integrated Investment Program are more tightly aligned to the requirements of Australia's defence strategy. Furthermore, through the consolidation and professionalisation of Defence's capability development function, projects will see a reduction in scope creep, cost increases and schedule delays between project initiation and final approval.
- 8.21 Further detail on the establishment of the Defence Delivery Agency is included in Chapter 11.

Minimum viable capability

- 8.22 Defence's minimum viable capability model, featured in the 2023 Defence Strategic Review and 2024 National Defence Strategy, remains important to accelerate the introduction of new capabilities into the hands of the warfighter. A minimum viable capability can be introduced into service at pace, sustained effectively and generate directed effects in the required timeframe. It is underpinned by minimum viable products, which successfully 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 and ongoing innovation to counter evolving threats and technology.
- 8.23 Minimum viable capability supports innovation and developmental projects, allowing the Government to embrace risk, support speed to capability and work with Australian industry to iteratively develop capability, rather than waiting for a perfect solution.

Naval shipbuilding and sustainment

- 8.24 Continuous naval shipbuilding and sustainment is a strategic national enterprise that underpins the ADF's maritime power, preparedness and operational endurance. It strengthens sovereign capability, reduces strategic vulnerability and builds a highly skilled workforce and manufacturing base that contributes to national productivity, innovation and economic security.
- 8.25 A sovereign and resilient naval shipbuilding and sustainment enterprise also supports efforts to increase Australia's self-reliance by more independently constructing, maintaining and sustaining key ADF capabilities that underpin Australia's defence strategy.
- 8.26 The 2026 National Defence Strategy sets two objectives for the 2026 Naval Shipbuilding and Sustainment Plan:
- ▶ uplift the capacity, productivity and resilience of Australia's shipbuilding and sustainment ecosystem to support national preparedness and continuous naval shipbuilding and sustainment; and
 - ▶ generate ongoing economic, export and employment opportunities.
- 8.27 The Government has committed to and delivered a plan for continuous naval shipbuilding and sustainment in both South Australia and Western Australia. We will continue to optimise Australia's existing shipbuilding industrial base to support continuous naval shipbuilding at our two principal shipyards: Osborne Naval Shipyard and the Henderson Defence Precinct.
- 8.28 Both shipyards are central to delivering and sustaining the ADF's maritime capabilities, including Navy's enhanced lethality surface combatant fleet, the Collins class submarine and its life of type extension and the future production and sustainment of conventionally-armed, nuclear-powered submarines. The Osborne Naval Shipyard and the Henderson Defence Precinct are reinforced by a broader national maritime network that provides sustainment, repair, modernisation and systems integration across the ADF's entire maritime capability.
- 8.29 The 2026 Naval Shipbuilding and Sustainment Plan will set out the Government's approach to continuing to support the growth of a productive and resilient sovereign shipbuilding and sustainment enterprise. The plan will be complemented by a 30-year shipbuilding forecast, which will provide industry and the public with assurance of Australia's shipbuilding future.



Guided weapons and explosive ordnance

- 8.30 Australia's vast geography requires a secure and resilient pipeline of guided weapons and explosive ordnance. The Government is increasing ADF preparedness by growing the domestic guided weapons and explosive ordnance manufacturing base and critical munition stockpiles. The 2026 Guided Weapons and Explosive Ordnance Plan will outline the measures and actions required to achieve these priorities.

Autonomous systems

- 8.31 Australia is at the forefront of innovation in autonomous systems development. The development of autonomous systems by Australia's sovereign defence industrial base ensures Australia maintains a technological edge that can be rapidly expanded or replenished in the event of a crisis or conflict. Defence will continue to innovate in this area through the development, production and sustainment of autonomous systems, including the development of long-range underwater and surface autonomous systems.
- 8.32 The Government's investments in the domestic production of autonomous capabilities such as Ghost Shark, the MQ-28A Ghost Bat and drone and counter-drone technologies, will provide opportunities for Australia to design, engineer and produce sovereign uncrewed autonomous capabilities, with significant export opportunities.





9

9 Defence Innovation, Science and Technology

Innovation, science and technology

- 9.1 Investing in innovation, science and technology remains fundamental to properly equipping and preparing a modern fighting force in a technology-dominated world. Defence innovation, science and technology is a critical component of Defence capability. Defence's ability to adopt and integrate new and emerging technologies will shape capability development and the effectiveness of the integrated, focused force over the coming decade.
- 9.2 New technologies, including artificial intelligence, autonomous systems and quantum technologies, are transforming military capabilities and contributing to the evolution of warfare. Defence must keep pace with these changes to leverage opportunities, respond to evolving threats and remain interoperable with allies and partners.
- 9.3 The war in Ukraine has demonstrated the importance of rapid innovation cycles that connect innovators directly with operational end-users for creating advantage in conflict. Defence will learn, rapidly innovate and adapt its processes in response to changes in the technologies and operational concepts used in conflict.
- 9.4 The Government's investment in defence innovation, science and technology provides pathways to accelerate capability and develop asymmetric advantage to bolster the ADF's ability to deter and respond. It also enables Defence to contribute world-leading sovereign capabilities to international partnerships to strengthen collective deterrence.



- 9.5 The Government has updated its defence innovation, science and technology priorities to keep pace with changes in technology. They are: long-range fires and hypersonic weapons, high-energy lasers, autonomous systems, quantum technologies, artificial intelligence and undersea warfare. Further detail will be provided in the forthcoming 2026 Defence Innovation, Science and Technology Strategy.

Artificial intelligence

Artificial intelligence is already transforming war, making it more lethal and changing the role for human decision-making. Ukraine is using artificial intelligence through systems such as the Griselda platform to fuse data from satellites, drones, open-source reporting and compromised Russian databases into actionable intelligence.

Specialised artificial intelligence systems are being deployed on the battlefield for tasks like detection, tracking and analysis. More broadly, artificial intelligence is enabling autonomous uncrewed systems, enhanced command and control and rapid battle damage assessment. These systems are performing faster and at scales beyond human capacity, making artificial intelligence a necessity for modern militaries seeking to remain operationally credible.

How this transformation progresses will hinge on further advances in technology, the risk tolerance of leaders and the policies and norms that states employ to manage its adoption.

Defence will demonstrate, develop, certify and integrate artificial intelligence into capability safely and rapidly. This will include fostering the necessary technical environment, workforce expertise and literacy across Defence to accelerate adoption.

Asymmetric advantage

- 9.6 As a middle power, Australia must seek military advantage in innovative ways, including through developing asymmetric advantage. As observed in the war in Ukraine, asymmetric options can preserve conventional military capabilities and contribute an element of operational surprise in a conflict.

- 9.7 Asymmetry changes a potential adversary's cost calculus and complicates its decision-making. The use of asymmetric effects can create doubt and unpredictability, reduce options and timeframes for decision-making and shift the balance of advantage to the ADF.
- 9.8 Defence will generate more options for operational asymmetry that use innovative approaches to create advantage and maximise the potency of ADF capabilities. Defence's innovation, science and technology plans and resources remain aligned with this intent.

Advanced Strategic Capabilities Accelerator

- 9.9 The Advanced Strategic Capabilities Accelerator (ASCA) was established to rapidly translate disruptive new technologies into defence capability in close partnership with Australian industry and research organisations. ASCA's transition to the Vice Chief of the Defence Force Group in 2025 strengthened alignment with capability development pathways and ensures innovation efforts are linked to an approved acquisition pathway.
- 9.10 ASCA has become a key mechanism for strengthening Defence's ability to anticipate, shape and respond to emerging strategic challenges through the development of asymmetric capabilities. Its integration into the Vice Chief of the Defence Force Group embeds ASCA within force design, integration, workforce planning, military strategic planning and capability development and delivery. This will help ensure its work directly supports a coherent, sustainable and employable integrated, focused force.
- 9.11 Through more than 125 contracts worth \$402 million, ASCA has accelerated the maturation of advanced asymmetric technologies including undersea navigation, maritime autonomy, electronic warfare, counter-uncrewed aerial systems and precision strike. This includes supporting ASCA's original mission, to develop the Ghost Shark extra-large underwater vessel, which has transitioned into service with Navy and is being manufactured in Australia. ASCA's partnerships with sovereign industry, academia and international technology ecosystems have broadened national capability, strengthened industrial depth and enhanced technological resilience.



- 9.12 ASCA is successfully leveraging each of its three programs – missions, innovation incubation, and emerging and disruptive technologies – to pursue a suite of asymmetric capabilities ranging in complexity, technological maturity and cost. All programs remain focused on addressing defence capability requirements or future disruptive capability.
- ▶ **ASCA's Missions** have an identified transition pathway to capability, agreed and sponsored by capability managers from mission initiation. Close partnerships between capability and delivery managers will ensure capabilities have a clear acquisition and sustainment pathway. Missions will typically be time-bound to three years with clear performance targets.
 - ▶ **ASCA's Innovation Incubation Program** identifies and supports innovations that can be rapidly adapted, tested and demonstrated. Challenge statements are used to elicit industry and university responses. The program takes a tailored approach to each problem and will apply a range of novel mechanisms to engage industry, including competitions, workshops and pitch fests.
 - ▶ **ASCA's Emerging and Disruptive Technologies Program** provides investment in long-term research and development partnerships for the development of new technologies that address future needs or offer asymmetric or accelerated improvements to existing capabilities. The program offers insight to potential emerging technologies that could become the focus of future ASCA missions.
- 9.13 ASCA will continue to support the co-development of priority capabilities identified through AUKUS Pillar II - Advanced Capabilities, leveraging the respective strengths of each country's innovation organisations and industrial base.

AUKUS Pillar II – Advanced Capabilities

- 9.14 AUKUS partners continue to harness joint research and development to rapidly deliver asymmetric capabilities. The AUKUS partnership continues to focus on key operational problems common to Australia, the United Kingdom and the United States and identifying areas where collaboration will accelerate delivery.

- 9.15 Defence is contributing to the collaborative development of capabilities that can be force multipliers and provide asymmetric advantage. This includes advancements in undersea warfare, hypersonic and counter-hypersonic capabilities, artificial intelligence and autonomy, electronic warfare, quantum technologies and advanced cyber.
- 9.16 The Government remains focused on deepening information sharing and integrating the defence industrial bases of all three AUKUS partners. 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 support enhanced defence technology transfer and trade cooperation with the United States and United Kingdom through the AUKUS licence-free environment. This will include efforts to reduce the Excluded Technologies List and other barriers to defence trade.
 - ▶ **Alignment** – the Government will pursue frameworks to integrate trilateral defence innovation and procurement ecosystems to enable seamless capability development and delivery.
 - ▶ **Engagement** – Defence will work to establish criteria, pathways and mechanisms for industry and private equity firms to participate in AUKUS.

Partnerships and collaborations

- 9.17 Strong and diverse innovation, science and technology partnerships provide Defence with greater access to new technologies and the ability to pull-through and scale-up those technologies with greater speed. Defence will build strong, trusted and diverse defence innovation, science and technology partnerships with Australian research institutions and with allies and partners that enable rapid innovation and build interoperability through co-development.





10

10 Resourcing

- 10.1 Through the 2026 National Defence Strategy, the Government has reaffirmed the longstanding practice of providing a 10-year funding model for Defence. This funding model will provide Defence, including the Australian Signals Directorate, the Australian Submarine Agency and the Australian Naval Nuclear Power Safety Regulator, with total funding of \$887 billion to 2035-36.

	2026-27 \$bn	2027-28 \$bn	2028-29 \$bn	2029-30 \$bn	2030-31 \$bn	2031-32 \$bn	2032-33 \$bn	2033-34 \$bn	2034-35 \$bn	2035-36 \$bn
Defence funding (including ASD, ASA and ANNPSR)	63.4	67.3	73.3	80.1	86.9	90.1	96.6	106.7	110.9	112.1

Table 1: Total Defence funding profile 2026-27 to 2035-36 (including the Australian Signals Directorate, the Australian Submarine Agency and the Australian Naval Nuclear Power Safety Regulator). Defence funding/appropriation is correct as at the date of release of the 2026 National Defence Strategy.

Additional investment in National Defence

- 10.2 Building on the foundations laid by the 2024 National Defence Strategy, the Government is investing an additional \$14 billion over the next four years and \$53 billion over the next 10 years in the 2026 Integrated Investment Program through Defence funding, net proceeds from estate divestment and alternative financing where feasible and there is value for money.
- 10.3 This brings the additional investment from the 2024 National Defence Strategy and the 2026 National Defence Strategy to a total of \$30 billion over the next four years and \$117 billion over the decade to 2035-36. In line with the common methodology adopted by NATO allies to measure defence expenditure, Defence funding is now projected to rise to approximately 3.0 per cent of GDP by 2033-34.

	2026-27 \$bn	2027-28 \$bn	2028-29 \$bn	2029-30 \$bn	2030-31 \$bn	2031-32 \$bn	2032-33 \$bn	2033-34 \$bn	2034-35 \$bn	2035-36 \$bn	FEs \$bn	Decade \$bn
Additional investment through 2024 NDS	0.7	3.8	5.3	5.7	6.9	7.0	9.8	9.9	7.7	7.7	15.6	64.5
Additional investment through 2026 NDS	2.5	3.9	3.7	4.2	5.6	4.8	3.9	8.7	9.8	5.8	14.2	52.8
Total additional investment	3.2	7.7	9.1	9.9	12.5	11.8	13.7	18.6	17.5	13.5	29.8	117.4

Table 2: Total additional investment in defence capability 2026-27 to 2035-36 (2026 National Defence Strategy includes \$12 billion investment in the Henderson Defence Precinct and excludes investment in Australian Naval Infrastructure for the Osborne Naval Shipyard). Figures may not add due to rounding.

10.4 The total funding includes around \$425 billion in capability investment over the decade to 2035-36, as outlined in the 2026 Integrated Investment Program, which compares to \$330 billion in investment for the decade to 2033-34 through the 2024 National Defence Strategy and around \$270 billion for the decade to 2029-30 when the 2020 Defence Strategic Update was released.

Alternative financing

10.5 The 2026 National Defence Strategy acknowledges the need to leverage all forms of investment and financing to deliver defence capability at the scale and pace required. This can include equity-based financing through Commonwealth bodies such as specialist direct investment vehicles and government business enterprises, as well as private financing. Alternative financing, where appropriate and feasible, can present advantages in delivery models, accessing private sector expertise and supporting the sovereign defence industrial base while maintaining responsible budget management. Partnering with the private sector can help manage and balance large upfront capital outlays and better align delivery milestones, performance outcomes and asset utilisation. These mechanisms also provide options for the Government to pursue receipts for goods and services provided outside of the Commonwealth.

10.6 The Government has identified approximately \$5 billion over the forward estimates and \$15 billion over the decade in projects for which Defence will prioritise developing alternative financing delivery options as part of the additional investment in the 2026 National Defence Strategy. This includes projects in the Defence estate, the consolidation of the Henderson Defence Precinct and the development of the Guided Weapons and Explosive Ordnance enterprise.

Planned expenditure by category

- 10.7 The Defence budget, not including planned expenditure 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.
- 10.8 The Government plans to increase annual expenditure in the three major categories of costs over the coming decade, with the:
- ▶ acquisition of new capability to grow from \$19.2 billion in 2024-25 to \$22.4 billion in 2026-27 and \$47.5 billion in 2035-36;
 - ▶ sustainment of current and future capability to grow from \$18.0 billion in 2024-25 to \$19.8 billion in 2026-27 and \$33.7 billion in 2035-36; and
 - ▶ Defence workforce to grow from \$17.4 billion in 2024-25 to \$19.4 billion in 2026-27 and \$28.3 billion in 2035-36.
- 10.9 The breakdown of the categories of planned expenditure for Defence, including the Australian Signals Directorate, the Australian Submarine Agency and the Australian Naval Nuclear Power Regulator, is illustrated in Chart 1 below.

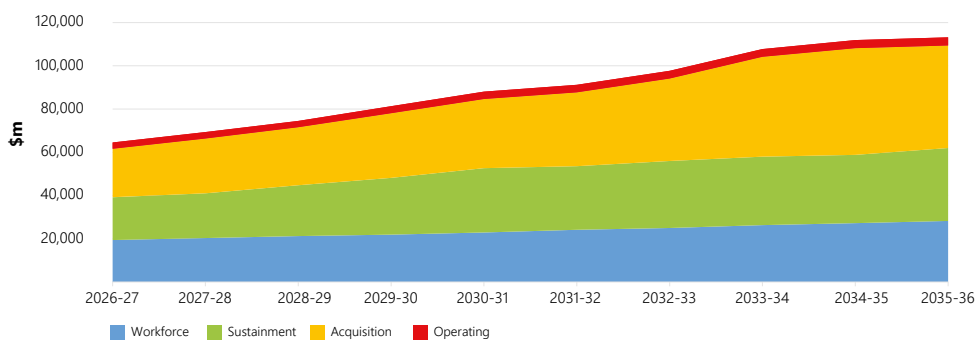


Chart 1: Total planned expenditure for Defence 2026-27 to 2035-36 (including the Australian Signals Directorate, the Australian Submarine Agency and the Australian Naval Nuclear Power Safety Regulator). Planned expenditure includes expenditure funded from Government appropriations and own source revenue.



11



11 Reform

- 11.1 Now, more than ever, Defence must implement the Government's directed reforms to ensure it can govern its resources effectively and deliver capability at speed.

Defence reform agenda

- 11.2 The Government is taking an ambitious approach to enterprise transformation and reform. This includes:

- ▶ reforming the portfolio's capability development and delivery functions;
- ▶ enhancing the delivery of the conventionally-armed, nuclear-powered submarine enterprise; and
- ▶ delivering the Government's response to the Defence Estate Audit.

- 11.3 Defence reform will require an unprecedented effort across the organisation, enabled by a positive culture centred on the Defence values: service, courage, respect, integrity and excellence. Defence leaders must lead by example and empower enterprise transformation through appropriate delegation of responsibilities, a positive disposition to risk, openness to change and measurable performance indicators.

- 11.4 A higher risk tolerance remains critical to enable timely decision-making, ensure speed to acquisition and deliver Australia's defence strategy. Defence leaders at all levels must prioritise timely rather than perfect outcomes. This needs to involve appropriate engagement with risk and encouraging and rewarding innovation.

Reforming capability development and delivery

- 11.5 The reforms to Defence's capability development and delivery functions are critical to delivering the capabilities required by the integrated, focused force to contribute to *National Defence*.
- 11.6 These foundational reforms will drive better fiscal management, cost estimation and project assurance to strengthen capability delivery. Their focus is on improving accountability and clarifying organisational structures to streamline decision-making and support clearer prioritisation.



- 11.7 The implementation plan includes two phases. Phase 1 (until July 2026) involves the consolidation of the capability development functions under the Vice Chief of the Defence Force and the three delivery groups (Capability Acquisition and Sustainment Group, Guided Weapons and Explosive Ordnance Group and Naval Shipbuilding and Sustainment Group) into a Defence Delivery Group by 1 July 2026. This consolidation is an essential step towards the establishment of the Defence Delivery Agency on 1 July 2027 and will support continuity of project delivery while planning and implementation activities to establish the Defence Delivery Agency are completed.
- 11.8 The Defence Delivery Agency will commence from July 2027 and be led by the National Armaments Director, who will report directly to Ministers. The National Armaments Director will play a crucial role in providing advice to the Government on acquisition strategies and delivery of acquisition and sustainment projects.
- 11.9 The Defence Delivery Agency will have control over its budget. This will enable coordinated and holistic delivery of defence capability and improve Australia's ability to maintain its sovereign defence industrial base.
- 11.10 The Government will centralise Defence's capability development functions under the Vice Chief of the Defence Force to support prioritisation and streamline decision-making and accountability for new capability proposals. This will ensure that new capability proposals are strongly aligned to the requirements of the integrated, focused force.
- 11.11 Under the new approach, the National Armaments Director will be singularly accountable for capability delivery consolidated under the Defence Delivery Agency. The Vice Chief of the Defence Force will be supported by stronger and better structured decision support functions that will help set and prioritise capability requirements, ensuring capability alignment to strategy and resources.
- 11.12 These reforms will improve the Government's ability to design and deliver increasingly complex defence capability projects. They will also support the rebuilding of critical skills within the APS and reduce Defence's reliance on external contractors.

Delivering Defence reform

Strategic reform – since the delivery of the 2024 National Defence Strategy, the Government has transformed the core elements of Defence to deliver effects to achieve Australia's defence strategy. This includes:

- ▶ **Strategy reform** to ensure Defence has clear and prioritised objectives and is holistically working towards agreed targets and all decisions are aligned to and informed by the Government's defence strategy;
- ▶ **Force structure reform** to ensure Defence is acquiring and maintaining a structure comprised of the right mix of capabilities and workforce to deliver the integrated, focused force; and
- ▶ **Force posture, preparedness and employment reform** to ensure Defence's disposition, size, strength and readiness enables the Government to best manage risk.

Enterprise reform – the Government has also transformed Defence's enabling elements that drive performance. This includes:

- ▶ **Leadership and direction reform** to drive Defence's 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 grow the sovereign 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 Government's defence strategy;
- ▶ **Training and skilling reform** to build a more agile, scalable and integrated training system, with the ability to quickly reskill, retrain and reallocate as strategic circumstances evolve; and
- ▶ **Cultural reform** to create a positive environment that attracts and retains the talented people required to succeed.



Defence Estate Audit

- 11.13 The Defence Estate Audit found that the Defence estate footprint comprises numerous legacy sites without a clear link to current or future capabilities. Urgent interventions are needed to correct the unsustainable cost trajectory that has resulted from decades of deferred decisions on contentious estate issues.
- 11.14 The Government agreed or agreed-in-principle to all of the Defence Estate Audit recommendations. Defence will reduce its property holdings through focused divestment of sites at market value in areas not aligned with current or future capability acquisition priorities. All proceeds will be reinvested into the priorities of the Government's defence strategy.
- 11.15 Defence will adopt contemporary estate management practices and greater co-location and sharing of facilities to deliver enhanced force integration. Defence will reduce delivery timeframes for infrastructure procurement and consolidate infrastructure and property management into the Security and Estate Group.
- 11.16 A total of 68 sites were identified for divestment by the Defence Estate Audit. Following assessment, the Government agreed to wholly divest 64 sites, partially divest three sites and retain one site in full. The Department of Finance will manage the new divestments arising from the Defence Estate Audit, with Defence managing the transition of people and capability to alternate sites. This will be managed sensitively on a site-by-site basis.

Nuclear-powered submarine enterprise

- 11.17 Acquiring, building and sustaining Australia's conventionally-armed, nuclear-powered submarine capability is one of Australia's most complex national endeavours. Successful delivery of the Optimal Pathway will require whole-of-government support and expertise in workforce delivery, industrial uplift, environmental planning, infrastructure, education and training and diplomacy. This requires close coordination with whole-of-government and whole-of-nation partners, as well as industry and workers.

Budget Process Operational Rules reform

- 11.18 Streamlining processes improves the speed of decision-making. The Government has reformed the Budget Process Operational Rules to accelerate processes related to the management of the Defence budget and the 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 our complex strategic circumstances.
- 11.19 As part of its reforms, options will be developed to adjust the Budget Process Operational Rules to embed best practices for cost estimation to support decision-making.

Information and Communications Technology (ICT) systems reform

- 11.20 The Government is continuing ICT systems reform to urgently deliver timely, effective ICT outcomes to support the ADF. This includes the launch of the Defence Digital Group in 2024 to support the enhancement and management of the Defence ICT environment.
- 11.21 The Government is delivering networks and infrastructure as foundational capabilities to drive decision advantage. The Government is also ensuring that Defence delivers emerging technologies, such as artificial intelligence, in a way that fosters trust and ensures security-by-design.

Legislative reform

- 11.22 The Government will continue to progress legislative reform to address gaps in the legal framework necessary to deliver capabilities to support the ADF.
- 11.23 The Government's legislative reform will build on the progress made since the 2024 National Defence Strategy was released. This includes the introduction of legislation to provide housing and housing-related services for foreign military personnel and their families; the introduction of additional nuclear power safety regulations and the establishment of the Australian Naval Nuclear Power Safety Regulator; and trade control reforms to support international industrial collaboration, including the introduction of the AUKUS licence-free environment.



Enterprise Transformation Plan

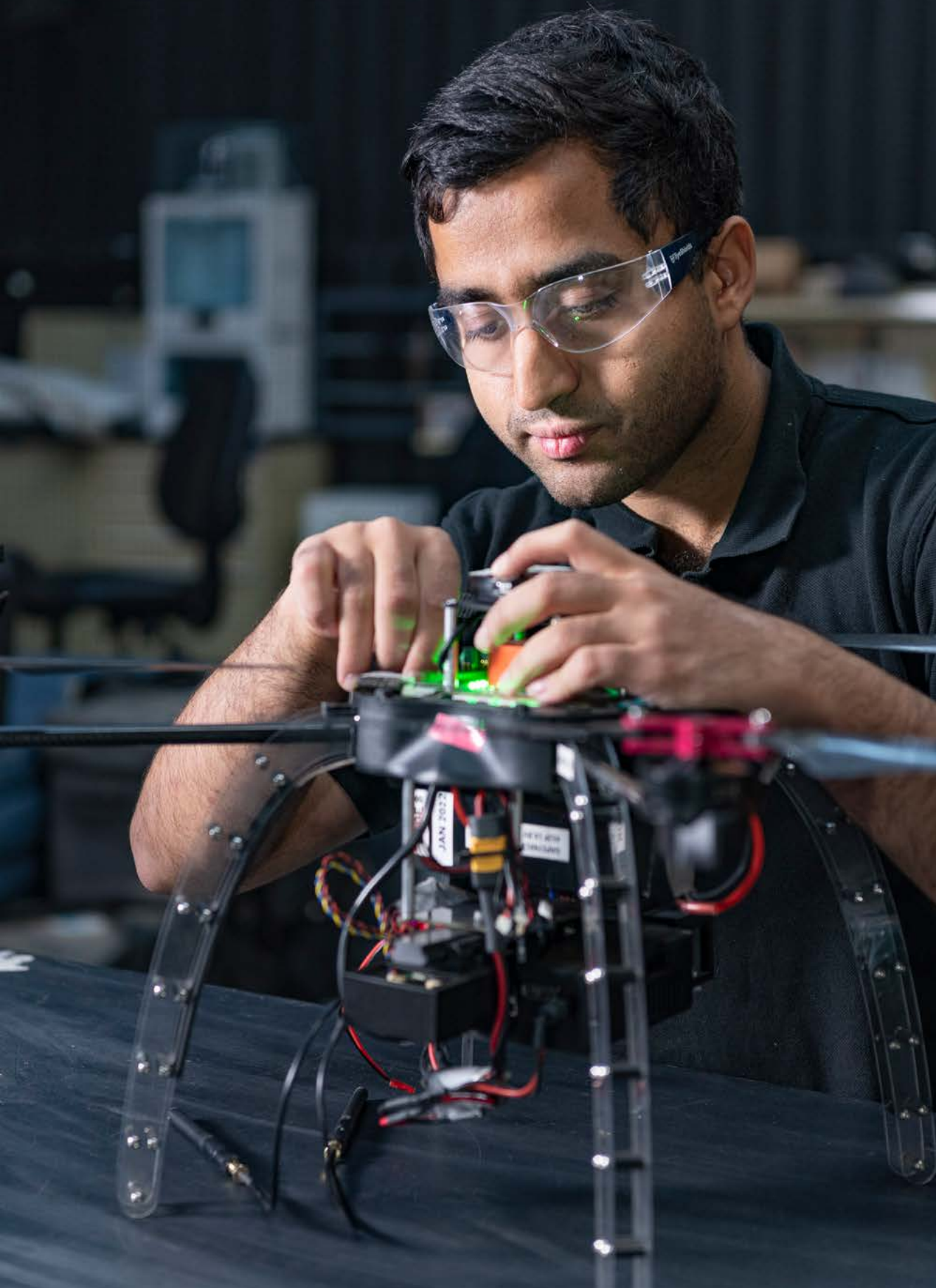
11.24 Defence's enterprise transformation is underpinned by the application of three foundational principles:

- ▶ **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.
- ▶ **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

11.25 The biennial National Defence Strategy cycle provides a structured basis for the Government to regularly re-evaluate and prioritise effort in support of *National Defence*. This ensures policy, strategy, capability and planning keep pace with the evolving strategic environment and remains fit for purpose to respond to Australia's national security priorities and to provide clarity of process and approach to Defence and defence industry.

11.26 The next National Defence Strategy will be delivered in 2028.









Australian Government

Defence