

The cost of Defence

ASPI Defence budget brief 2026–2027

One hundred and eighty-one million, eight hundred and seventy-eight thousand, nine hundred and four dollars and eleven cents per day.



The cost of Defence 2026

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Foreword

ASPI has published *The cost of Defence* every year since 2002. The series has, year after year, assessed what governments said they would do against what the books showed. It's the type of scrutiny that simultaneously strengthens transparency over, and the social licence for, spending to meet the current, emerging and future threats facing the nation.

The 2026 edition is published in a different strategic environment from any of its predecessors. Global conflict and tension are now so entrenched that they no longer mark a temporary period of disruption or deteriorating circumstances, but a long-term era of instability and insecurity in which further conflict is a credible possibility.

There's no question that a huge body of work is being undertaken. The 2024 and 2026 National Defence Strategies (NDSs) named the Strategy of Denial as the cornerstone of Australian defence policy. The accompanying integrated investment programs reshaped almost every line of the previous decade's plans. AUKUS has moved from announcement to execution. The rotational US–British submarine presence at HMAS Stirling begins next year. The first Virginia-class submarine is scheduled to arrive in 2033. The first sovereign nuclear-powered attack submarine (SSN-AUKUS), on the current trajectory, should be built by the early 2040s. The strike enterprise is being transformed. The integration of air and missile defence has begun. The northern bases program has started. The maritime fleet is being redesigned. The land force is being reorganised.

Still, questions remain about implementation, readiness and risk mitigation, including by the government itself, which announced in December 2025 a new Defence Delivery Agency to reform acquisition and sustainment activities.¹

Our job is to test the defence budget against the strategy.

In this year's federal Budget, the Treasurer placed defence inside a wider resilience pillar, alongside fuel security, critical minerals and the sovereign capability agenda. That doctrinal choice matters. It folds the question this report has always asked (whether the defence appropriation matches the strategy that the government has declared) into a wider one about the funded reality of Australia's national defence. The 2026 edition takes that hook and tests it against the Budget.

What the Budget shows is partial success. The government has committed to one of the most significant decades-long force restructurings in the country's peacetime history. The work of the decade ahead is to convert that commitment into delivered capability.

Our review of the 2026–27 Budget and Defence Portfolio Budget Statements (PBS) suggests a pattern. The Budget presents a clear strategy, with structured spending and delivery set for the long term, which is positive for those looking for long-term commitments rather than either quick fixes or stop–start processes. But it also reveals some cuts and delays and, in several major capability investment streams, an approvals gap between the investment announced and actual funded delivery of capability. That pattern is consistent enough that our central judgements are summarised early: the program is necessary and broadly correctly sized, if late to deliver; the government's defence strategy isn't constrained by a blindness to the threats or lack of willingness to commit; constraints are found in the workforce, the industrial base, the integration across capabilities, the institutional follow-through over multiple electoral cycles, and a

dangerous inconsistency in allies working together to deter China and the group of authoritarian regimes it leads. Those constraints will be relaxed but not removed by additional money alone.

This year, the Australian Government shifted to using the NATO model to determine Australia's defence spending as a share of gross domestic product (GDP) and outlined that Australia would hit approximately 3.0% by 2033. Transitioning to the NATO model is sensible to ensure that Australia can be more easily compared with like-minded democracies. However, it will take some time to transition to that model and, for now, benchmarking the Budget against the old model is a useful and simple guide, so we've taken that approach.

The Defence portfolio has spent the better part of a decade hovering inside a narrow band either side of 2.0%. So, if the strategic case for such spending existed in 2013 and 2016 (confirmed and made more urgent in the assessment of the 2026 NDS that the coming years are the most dangerous since the end of World War II), that case would warrant higher spending now. The government and intelligence agencies are telling us that we live under greater threat now than we did at any point in the Cold War. Its own Defence Strategic Review and National Defence Strategies have said the ADF isn't yet fit for purpose for managing the current strategic environment. The arithmetic of the 2026–27 Budget hasn't yet caught up with the strategic case that the government has itself articulated.

The Budget reality is understandable: the global economy is weak and cost-of-living pressures are high. But history has shown that any short-changing of defence and security investment now will result only in higher costs later. Europe has been living that reality since the Russian invasion of Ukraine in 2022, which followed years of defence neglect, leading to a failure of deterrence.

The GDP percentage is a useful yardstick, but it's not the focus of this report. The operative measure is what the money buys: the capability delivered, the platforms acquired, the workforce trained and retained, the ADF sustained, the operations conducted, and the readiness held against the strategic environment that the NDS describes. A defence budget that sat at 3.0% of GDP but converted poorly into capability would be a worse outcome than a defence budget that sat at 2.0% and converted efficiently. The percentage is the input; the capability is the output; the challenge is the Defence portfolio's capacity to turn one into the other. That's what most of this report evaluates.

The report's purpose is not to answer every question about each Defence project. The Defence PBS continues the trend mentioned in last year's *The cost of Defence* regarding the increasing opacity of program and capability-level transparency. The report is an aid to the public conversation about Australia's defence, helping readers to demystify the Budget papers and allowing them to judge for themselves whether the defence budget is achieving bang for buck and is reflective of the reality of the threats that the nation faces. ASPI has, for 25 years, kept faith with our charter responsibilities to provide alternative and contestable advice on major strategic and defence policy issues and to nourish public debate and understanding of those issues. That tradition continues here.

I thank the authors and the entire ASPI Defence Strategy team, who are all driven by a national-security mission. Consistent with ASPI's charter, the judgements expressed in the report are the authors' own, not institutional. The Department of Defence, the Australian National Audit Office and the broader defence and security community have engaged with *The cost of Defence* in good faith for many years. That engagement has made each edition better. This one is no exception.

Justin Bassi, Executive Director

May 2026

Executive summary

Mark Thomson's early *The cost of Defence* editions made a habit of putting a single number on the cover: the daily cost of Australian defence. The 2026 edition revives the device because the headline billions can make the scale of the Budget hard to feel. The 2026–27 Defence budget of approximately \$66.4 billion is approximately \$181.9 million per day. For readers used to seeing their tax returns tell them how their tax contribution is distributed across the major federal functions, Defence sits at approximately \$1 in every \$13 of total Australian Government spending in 2026–27, behind social security and welfare, 'other purposes' (which includes grants to states and interest on public debt), health and education.

The 2026–27 federal Budget delivered the first appropriation against the 2026 National Defence Strategy (NDS) and the 2026 Integrated Investment Program (IIP). Total Defence resourcing in 2026–27 is approximately \$66.4 billion, which is a nominal decrease of approximately \$752 million on the 2025–26 estimated actuals. The whole-of-government Defence spend in Budget Paper No. 1 (Table 6.3) is also down in 2026–27, by \$799 million or 1.5% nominal, before backloaded growth kicks in from 2027–28.

Of every dollar in the additional \$53 billion decade-long NDS announceable, about 4 cents is appropriated in this Budget year. The remaining 96 cents sits in forward estimates promises, decade out-year profiles, Contingency Reserve allocations, and alternative financing intentions that the Budget papers don't specify. The 2009 Defending Australia in the Asia Pacific Century White Paper (2009 DWP) precedent shows that promises of this kind can, and often are altered by subsequent budgets. For the 2009 DWP, the cumulative shortfall between the then government's commitments and budgetary realities reached approximately \$48 billion of lost funding against the 3 per cent real growth commitment.²

Defence spending peaks at 2.13% of GDP on the portfolio appropriation measure in 2025–26, falls to 2.02% in 2026–27 and is forecast at 2.04% in 2027–28. The decade preceding the 2026 NDS was spent hovering inside a narrow band either side of 2.0%. The 2026–27 Budget does not, on present settings, break that pattern.

The Treasurer's speech on Budget night captured defence within the resilience pillar of the national enterprise. The Treasurer's 'resilience and reform' framing positioned defence alongside fuel resilience, critical minerals and the gas reservation. We take the framing on its own terms: on resilience, the government has earned the banner in policy architecture if not yet in appropriation; on reform, the Treasurer's speech is conspicuously silent on defence, and the Defence Delivery Reforms scheduled for 2027–28 are the test the government has banked for the next Budget and the next electoral cycle.

The shape of Defence's cost categories in the Defence PBS signals the choices the government has made. Workforce is up \$815 million; acquisition is down \$724 million; sustainment is down \$283 million. The government is paying for the people in advance of the platforms they'll operate. With acquisition and sustainment both falling year on year, Defence is buying a future and is doing so by accepting that the ADF will be able to do less today. That trade-off is defensible if the strategy demands a future force more than a current force, but it should be named for what it is. The investment trajectory is

backloaded to 2027–28 and beyond. This is the pattern that *The cost of Defence* predicted last year, now confirmed in the 2026–27 Budget papers.

The 2026 IIP is the largest planned reshaping of the ADF in the post-Defence of Australia era. Across the decade to 2035–36, total defence funding is expected to reach approximately \$887 billion. Of that, approximately \$425 billion is capability investment, organised under the 12 capability investment priorities (CIPs) defined in the 2024 IIP and refined in the 2026 update. *The cost of Defence 2026* assesses each CIP on the same terms: against the 2026 NDS and IIP, how does the budget look, and how is capability delivery going?

The bottom line is that we're still waiting for the reality to match the rhetoric. If the government's promises are delivered, the principal adequacy gap is no longer money. It's the workforce, the industrial base, the integration across capabilities, and the institutional follow-through that the decade ahead requires. Those constraints won't be relaxed by additional money alone.

The 2026 program is large but not unprecedented. Across our post-Federation history, we've seen several major reshapings of the ADF in response to changes in Australia's strategic circumstances. The Defence of Australia era (1976–1997) was the last major reshaping, and the subsequent 2000, 2009, 2013 and 2016 Defence White Papers and their force structure imperatives were framed within the fundamental assumptions of that era, but with a more outward-looking, regional and coalition-focused framework displacing the self-reliant defence of Australia as the only strategic and force structure paradigm.

The 1990s saw a sustained fiscal interruption to the post-Defence of Australia recapitalisation, and the early 2000s recovery never fully closed the gap, as we discuss in a subsequent chapter. By the most recent assessments, the cumulative defence underspend since the 1990s is in the order of \$285 billion in lost capability investment. The 2026 IIP is, in significant measure, a catch-up program: a sustained recapitalisation after a long underinvestment in Australia's defence. Australia isn't building a defence force from scratch; we're recovering from decades of structural underinvestment in a strategic environment that has materially deteriorated.

The NDS names the Strategy of Denial as the cornerstone concept. The Strategy of Denial requires three things of the joint force: the credibility to deny adversary military objectives, the capacity to deter through visible and effective capability, and the resilience to sustain operations against a peer adversary in the primary area of military interest. The IIP and the government's defence budgets are the financial expression of those three requirements.

The 2026 NDS doesn't describe a deteriorating environment; indeed, it states that 'the concept of deterioration is no longer adequate to describe Australia's strategic environment.' Rather, it describes a strategic environment characterised by 'fracture, rivalry and disorder' and the fastest military development in the Indo-Pacific since World War II. The NDS frames the 2030s as the period of greatest strategic risk and requires the ADF, under the Strategy of Denial, to hold at risk any adversary projecting force through Australia's northern approaches, implying that the relevant capabilities must be ready before that risk window opens, not as it closes. The defence budget doesn't meet that requirement.

Across all 12 CIPs, most of the investment, typically 75%–80% by value, remains unapproved and backloaded precisely into the period that the NDS identifies as most dangerous. The most acute example is integrated air and missile defence (IAMD; CIP 7): of a decade total of \$21–30 billion, just \$850 million is approved; the \$10–15 billion E-7A Wedgetail replacement is carrying only \$5 million in approved funding, and active missile defence (\$7.2–10 billion) is carrying \$210 million. The Virginia-class submarine purchases should arrive in the early 2030s; the British SSN-AUKUS is planned for the late 2030s; the sovereign Australian SSN-AUKUS is expected in the early 2040s. Northern base infrastructure, the physical foundation of the denial strategy, has \$1.6 billion approved against a \$13–16 billion program, with Tindal, Darwin and Scherger still in early preconstruction phases. The NDS's own funding profile concentrates the heaviest expenditure in the 2032–35 window. The implication is direct: the force that the strategy requires won't be fully funded, let alone delivered, until the risk window may already be closing.

Key findings and crosscutting themes

Across the 12 CIPs, the same pattern recurs. The strategy is clear, and the investments are mostly appropriate to the identified need. The budget is structured. Delivery has commenced, even if progress remains slow and uneven. Australia is a regional power with the capabilities to help deter war in the region. Where we identify an adequacy gap and constraints on meeting that capability, the issue is more complex than money. It's workforce, organisational capability, industrial base capacity, integration across CIPs, and institutional follow-through.

Six crosscutting themes recur across the 12 CIPs. They aren't new in themselves; *The cost of Defence* readers will recognise most of them from prior years. The 2026 edition's contribution is to assess them at the system level, with the data and the strategic context that the 2026 IIP and 2026 NDS now provide. The six findings developed in the body and the conclusion of this report are summarised here in the same order. Across all six is the need for strategic communications to ensure the Australian public is aware of the threats facing the nation and why such high spending is needed on defence, whether at the current or higher levels. The NDS does that well, and the government's decision to undertake biennial updates is a positive development, but the threats are persistent, which therefore requires persistent strategic messaging. This is necessary to increase the social licence enabling governments to invest in defence before a war or crisis. This messaging aspect is made harder by the collective of like-minded democracies, including Australia's allies and strategic partners, too infrequently acting in coalition against the common strategic threats that they all face. Regardless of the money invested in defence, Australia and our strategic partners would have a more aware, more resilient and more cohesive set of societies and therefore be more secure by transparently working together and not doing so only after a crisis strikes.

Finding 1: Workforce is the binding constraint

The most consistent adequacy gap across Defence is workforce. Submariners, surface-combatant crews, fighter pilots, intelligence, surveillance and reconnaissance (ISR) and electronic warfare (EW) operators, the joint targeting workforce, cyber operators, guided weapons and explosive ordnance (GWEO) engineers, Army aviation and armoured trades, acquisition specialists, and the broader science, technology, engineering and mathematics (STEM) and industry workforce that supports them all,

draw on overlapping recruitment pools. Concurrent demand makes the workforce challenge larger than the sum of its parts. Across all CIPs, the most cost-effective additional investment, dollar for dollar, is in workforce. Without the workforce, the platforms can't be operated, the programs can't be delivered, and the strategic concept can't be sustained.

Our strongest single finding is therefore not about a platform decision. It's about the need for a sustained, multi-year investment in the people who deliver the program. In this year's Budget, to the government's credit, that warning appears to have been heeded: the workforce funding line is the only major line that grew.

Finding 2: Sovereignty is a long-term trajectory, not the present state

Across the strike enterprise, GWEO, satellite communications and the SSN program, Australia is on a long-term trajectory to increase sovereign capability. That trajectory is positive. The present state remains heavily dependent on US production, US technology release and US allocation decisions. The gap between this present state and the planned trajectory is the principal vulnerability. The April 2026 US congressional warning on Virginia-class delivery to Australia,³ the UK Houses of Parliament's similar warnings on UK commitments to AUKUS⁴ and the US commitment to restore its own munitions stockpiles ahead of allied procurement are concrete reminders that Australia is competing for a US and allied production base under stress. The balance between foreign acquisition and sovereign production is one of the operative levers. Approximately \$18 billion has been publicly committed to US missile procurements against approximately \$2.5 billion in domestic industry programs in CIP 10 alone, and the pattern holds across multiple CIPs. The opportunity to use acquisitions to build domestic industry is being continuously passed over, in naval shipbuilding (CIP 12) as much as in GWEO (CIP 10).

Rebalancing acquisition decisions towards domestic production, technology transfer and Australian small and medium-sized enterprises (SMEs), treated as critical procurement requirements rather than 'nice to have' policy objectives, would change the trajectory.

Finding 3: Sustained operations require resilience that the program hasn't yet built

The 2026 NDS asks the ADF to be ready to fight tonight as a credible deterrent, and to be able to sustain that posture across multiple concurrent demands. The capability inventory that the IIP delivers won't, on its own, sustain operations. Stockholdings of guided weapons, the depth of strategic fuel and ammunition reserves, the sustainment workforce in maintenance, repair, overhaul and upgrade, surge industrial capacity in Australia's shipyards and explosive ordnance plants, nationally critical infrastructure, theatre logistics nodes in northern Australia and the strategic shipping capability that moves the force across the archipelago all sit below the level that the strategy requires. The 2026–27 Budget's resilience pillar funds elements of fuel security, critical-minerals reserves and communications resilience across other portfolios, but none of that funding is tagged or measured as relevant to national defence. The transparency gap is itself the policy gap.

The next Budget cycle should either tag the relevant cross-portfolio resilience funding to a national defence outcome or fund the equivalent inside Defence.

Finding 4: Cross-CIP integration is the system-level challenge

Each CIP is necessary on its own terms. The joint force, however, is more than the sum of the CIPs. Cross-CIP integration, between the strike enterprise and GWEO, between maritime forces and the submarine industrial base, between Army fires and joint targeting, between IAMD and command and control (C2) and between logistics and northern bases is the system-level challenge that CIP 12 was created to address. The integration challenge is institutional as much as it's technical. The IIP commits the money for capabilities. It doesn't commit the institutional plumbing that connects them.

The maturity of the joint targeting enterprise, the C2 architecture, the digital backbone and the cross-CIP coordination mechanisms inside Defence, and between Defence and other portfolios, will determine whether the platform investments produce a joint and integrated force or a coterie of discrete fleets. Until it's addressed, the connective tissue that turns capabilities into a joint and integrated force will remain the limit on the Strategy of Denial.

Finding 5: Defence is buying a future and is doing so by accepting that the ADF will be able to do less today

The 2026–27 Budget funds increased workforce, while acquisition falls, sustainment falls and the operating line falls with them. The whole-of-government defence spend falls in nominal terms in 2026–27. The higher 2025–26 acquisition and sustainment outlay was driven in part by Government decisions to accelerate elements of capability and preparedness into 2025–26 from future years, including for the Nuclear-Powered Submarine Program.⁵ Even allowing for that acceleration, the underlying reductions are real and the cost of them is a present-day force less prepared: less spare parts stockholdings, less training intensity, less platform availability, less ammunition consumption, and less time at sea, in the air and in the field. The Australian National Audit Office (ANAO) *Major projects report* (MPR) for 2024–25 gives the texture: schedule slippage of multiple years against the original public baselines and contingency drawdowns absorbing cost growth that, in the previous decade, would have been visible as published budget variation. The pattern, not any single project, is the signal. We're spending more on projects for future capability, while the current force atrophies. That trade-off can be the right one if the strategic environment demands a future force more than a current force. It must be named for what it is, though, because the 2026 NDS asks the present force to carry the deterrence load through the 'optimal pathway' window to the 2030s, and the present force is being asked to carry it with less. Restoring present-day preparedness funding in the 2027–28 Budget, rather than its further compression, is the corrective that the next Budget cycle should deliver.

Finding 6: The strategy is set; the institutional follow-through is the test

Across the IIP, the ratio of unapproved to approved investment is unusually large. Within individual CIPs, approved investment ranges from 4% to 22% of the decade allocation. This reflects the early stage of several major programs (the GP frigate, MQ-28A, sovereign satellite communications, GWEO assembly facilities) but also the structural challenge of moving programs from announcement to contract under the current acquisition system. The approval gap is the operational test of the announced program. Every Budget moves a fraction of unapproved investment into approved and

funded delivery; the cumulative rate of that movement, not the headline decade total, determines whether the Strategy of Denial gets the force that the strategy requires. Notable approval movements between the 2024 and 2026 IIPs include the Ghost Bat increase, the Guided Multiple Launch Rocket System sovereign assembly establishment, the groundbreaking for the Kongsberg factory, and conversely the cuts to approved cyber capabilities, electronic warfare, air-launched strike and hypersonic weapons. The cuts aren't technical rescoping; they're a choice about capability effect. The 2026–27 Budget is the first opportunity in this NDS cycle to show that the announced plan is becoming committed delivery at the pace that the strategy demands. The institutional reforms scheduled for 2027–28 are the central reform lever (see the 'Reform' chapter). They'll either lift the conversion rate above the historical and consistent 30%–33% band, or the announced IIP will remain, in budget throughput terms, a commitment in nominal excess of the approval system's actual capacity to deliver.

On the NATO 5% framing, two pluses sit alongside the gaps

NATO's defence commitment of 5% by 2035, adopted in 2025, is comprised of two categories: 3.5% towards core military capabilities and 1.5% towards non-military, broader security related resilience. The 2026 IIP is one of the largest peacetime defence investment commitments in Australian history. The framing that Australia is on track to meet the full NATO standard, however, doesn't survive the analysis.

The Government has stated it is currently spending approximately 2.8% of core funding based on the NATO model and, even on the Government's own prediction of reaching 3.0% by 2033-34, the gap to the 3.5% core defence floor remains real. Australia's 1.5% broader security position is materially closer to the Hague target. Relatedly, on NATO's 2014 Wales Pledge to devote at least 20% of annual defence expenditure to major new equipment, Australia exceeds the standard. The trajectory is in the right direction.

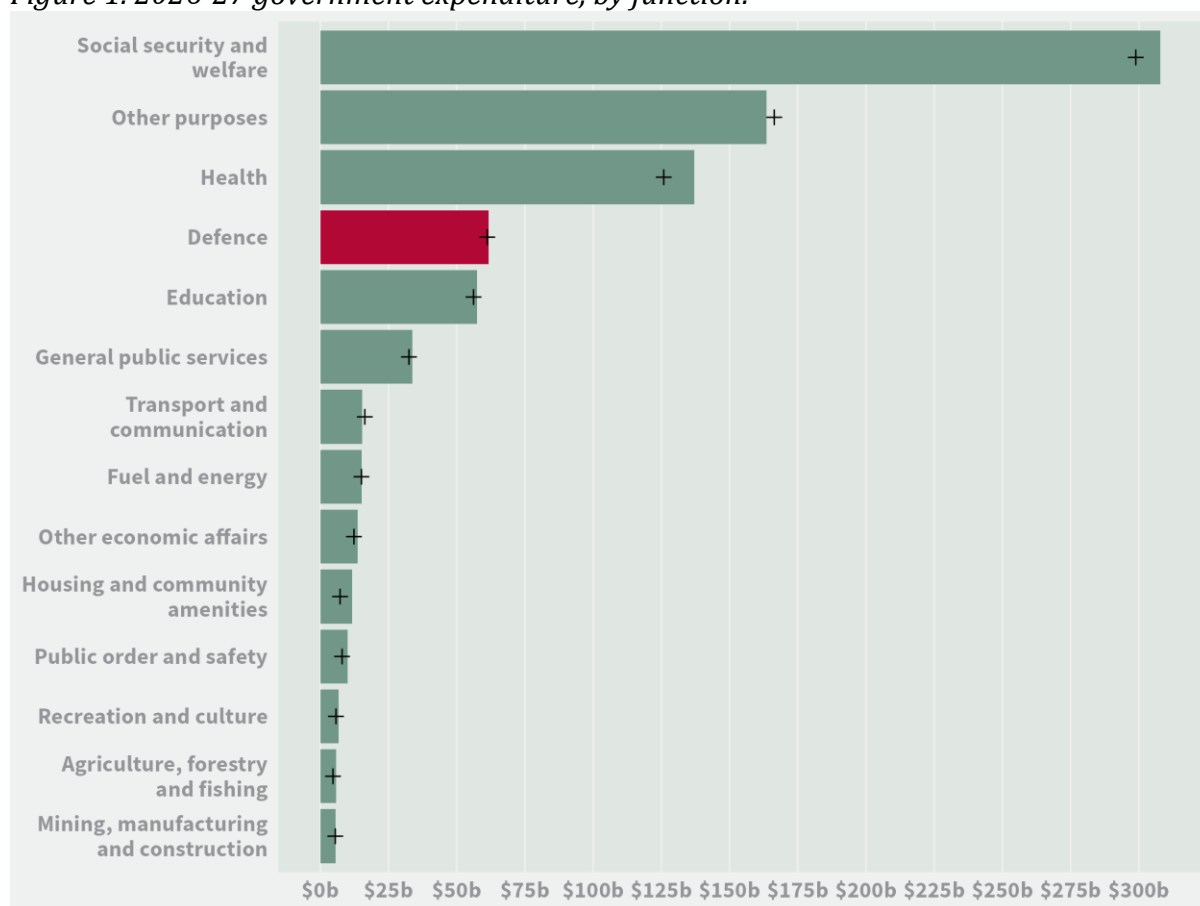
Therefore the defensible Australian framing is that the gap to the NATO core is narrowing but not closing, the non-core, broader security position is closer to met than the discourse allows, and the Wales Pledge is met decisively.

The following chapters provide details of the CIPs, and, where the information is available (such as from the Top 30 program tables in the PBS), we provide details of the budgetary impacts. However, for many projects within the CIPs, the Defence PBS is silent. We've worked from announcements and other publicly available information where we can.

Defence in 11 figures

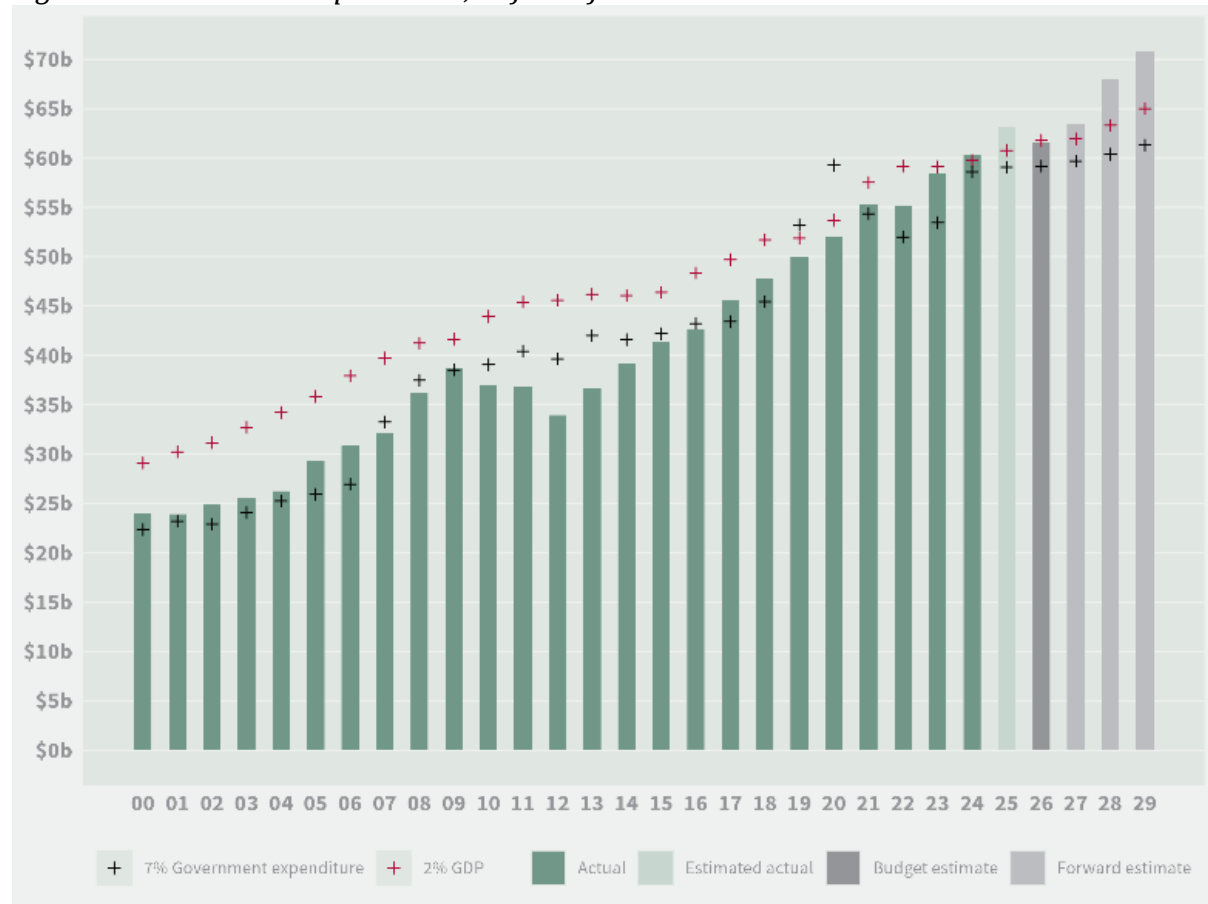
The 11 figures in this section outline the major implications of the 2026–27 Defence PBS and the 2026 NDS. The detailed analysis of each issue is dealt with later in the report. The different time series used in the figures throughout this report are drawn from successive PBSs, Portfolio Additional Estimates Statements (PAESs) and Defence annual reports. Where expenditure is reported in real terms, the conversion to constant price dollars is made via the Consumer Price Index series published by the Australian Bureau of Statistics. Where expenditure is reported in nominal terms, the figures are taken directly from the source documents.

Figure 1. 2026-27 government expenditure, by function.



Source: Aggregated from current and previous Budget Papers. Plus signs indicate the forward estimate for 2026-27 given at the 2025-26 Budget.⁶

Figure 2. Government expenditure, Defence function



Source: Aggregated from current and previous Budget Papers and ABS GDP timeseries. Prices expressed in constant 2026-27 AUD.

Figure 3. Government expenditure, Defence function, year-on-year growth.



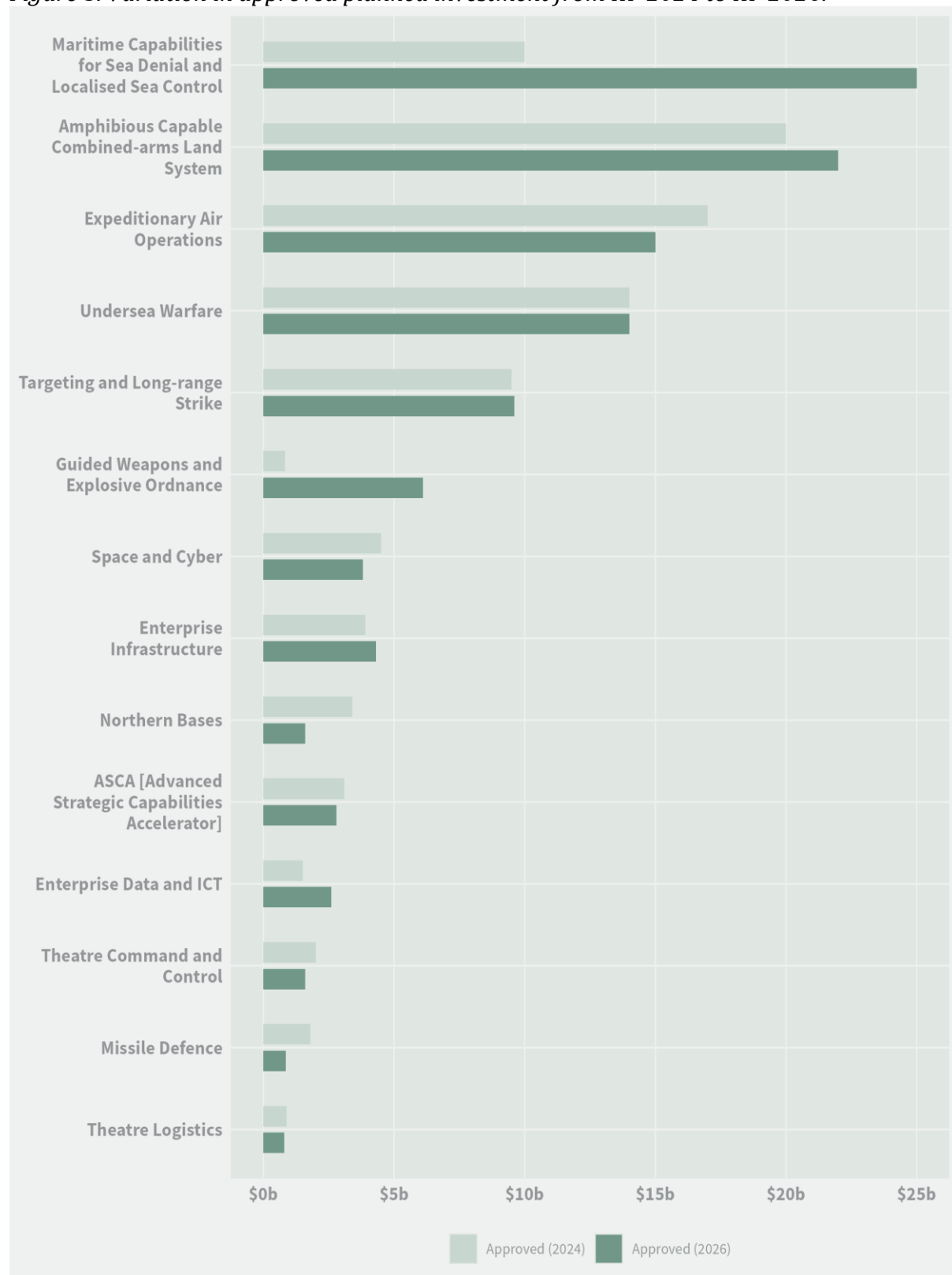
Source: Aggregated from current and previous Budget Papers.

Figure 4. Defence, departmental expenditure by key cost category.



Source: Aggregated from current and previous Defence PBS. Prices expressed in nominal AUD.

Figure 5. Variation in approved planned investment from IIP 2024 to IIP 2026.



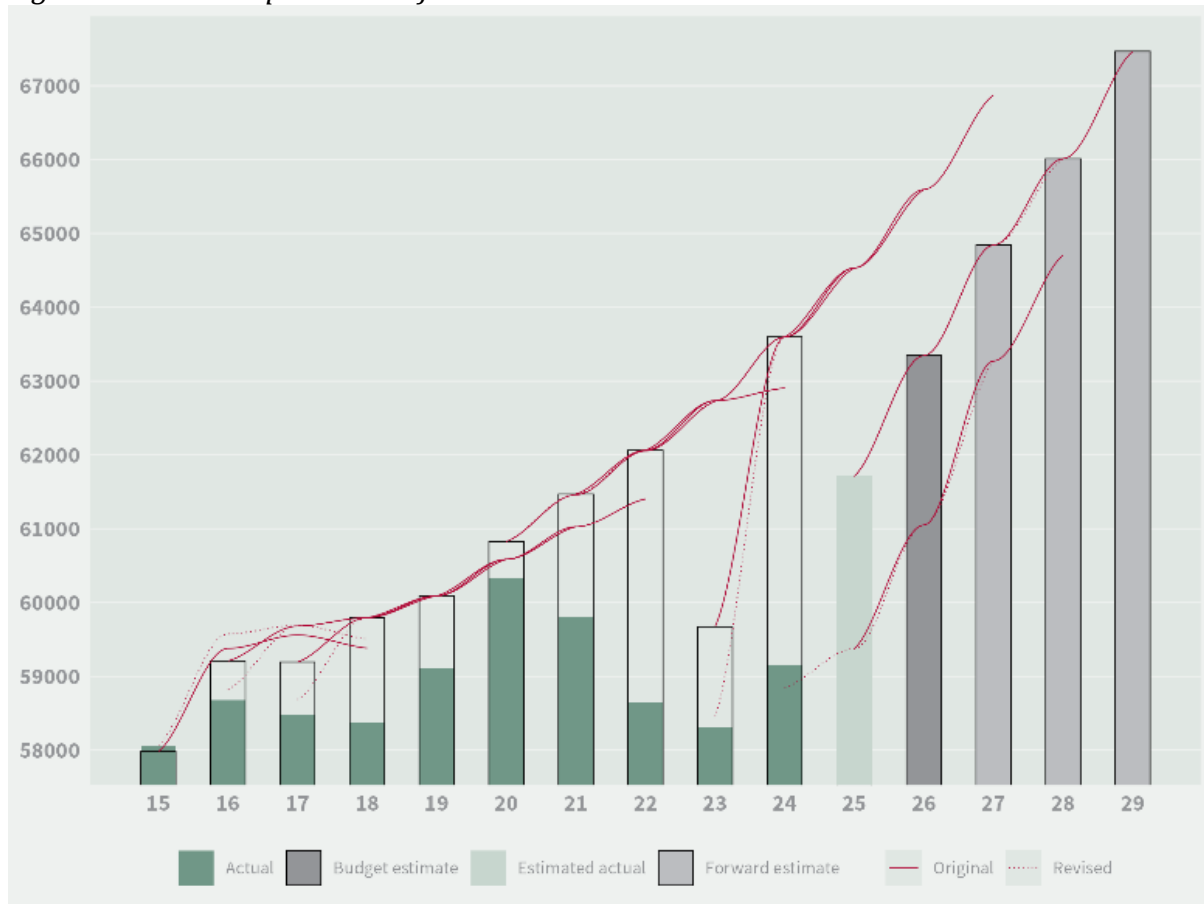
Sources: 2024 and 2026 IIP.

Figure 6. Variation in approved and unapproved planned investment from IIP 2024 to IIP 2026.



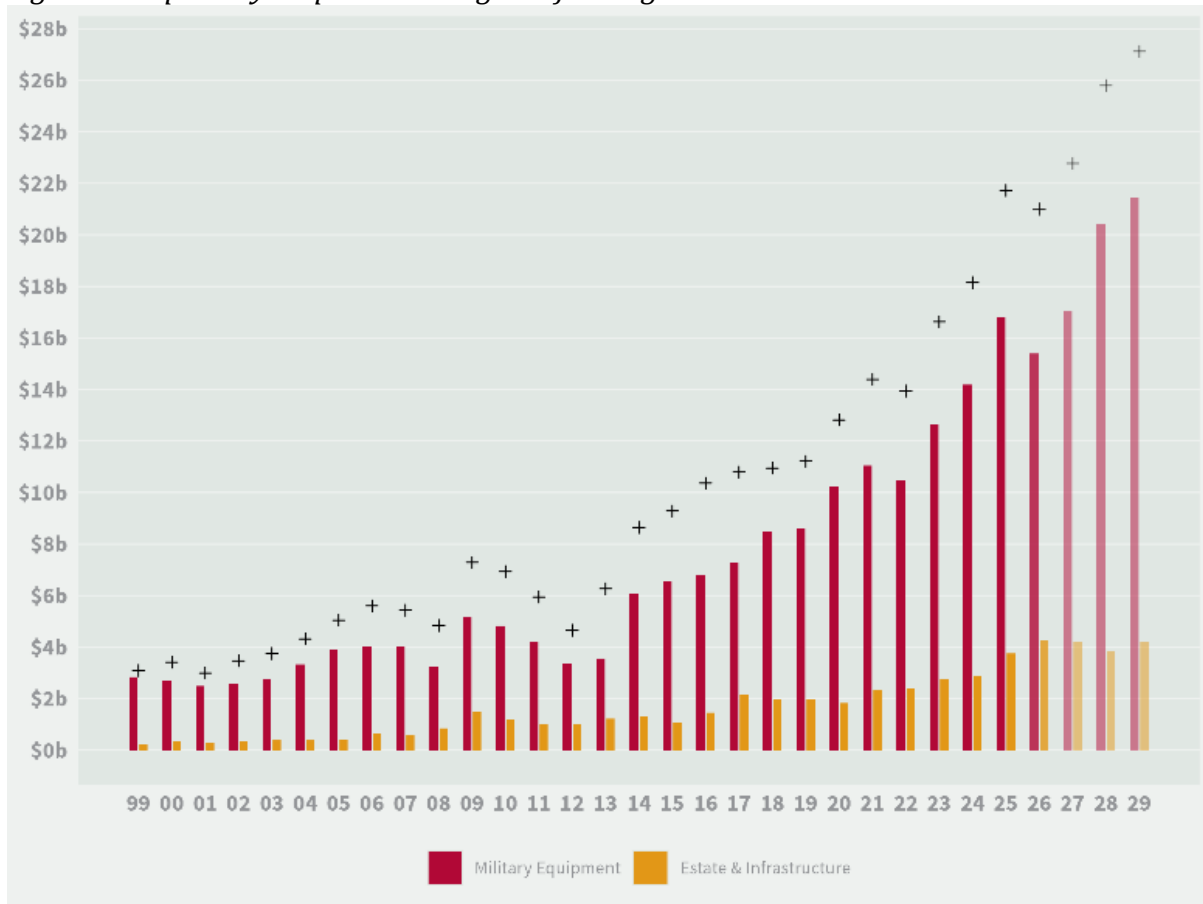
Sources: 2024 and 2026 IIP.

Figure 7. ADF total permanent force.



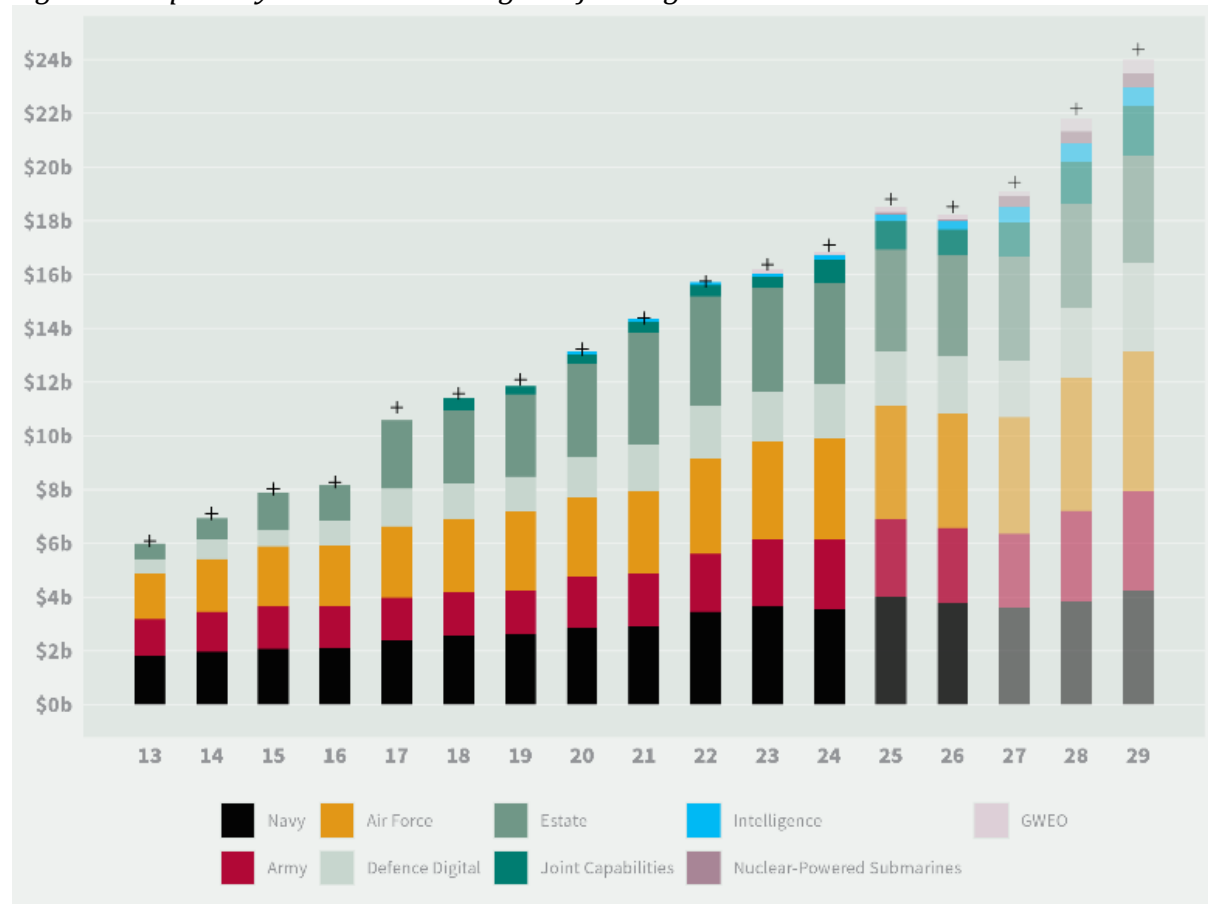
Source: Aggregated from current and previous PBS and PAES workforce tables. Solid bars represent actual results and the latest estimates. Outline bars represent estimates given at that year's PBS. Lines represent forward estimates; solid from PBS, dotted from PAES.

Figure 8. Capability Acquisition Program funding.



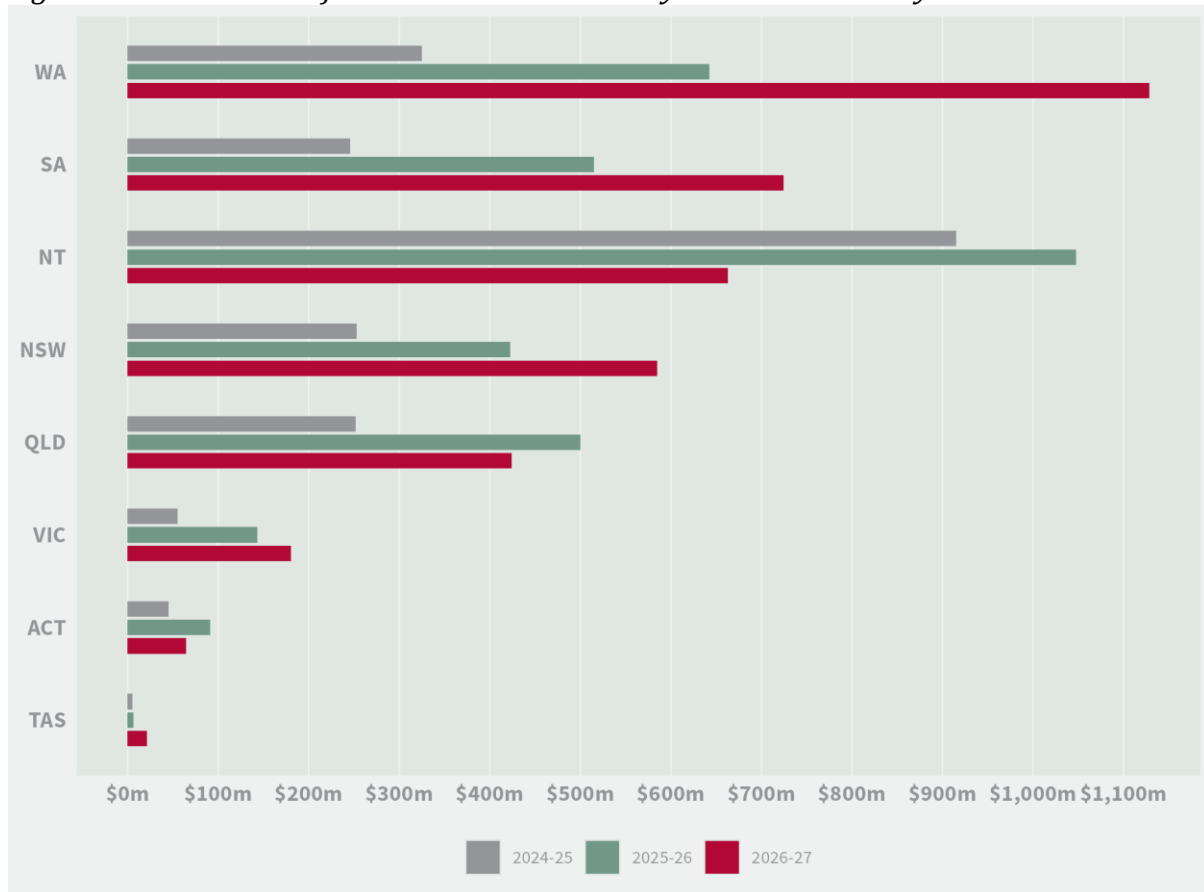
Source: Aggregated from current and previous Defence PBS; + represents the total acquisition spend, including ICT and minor acquisitions. Prices expressed in nominal AUD.

Figure 9. Capability Sustainment Program funding.



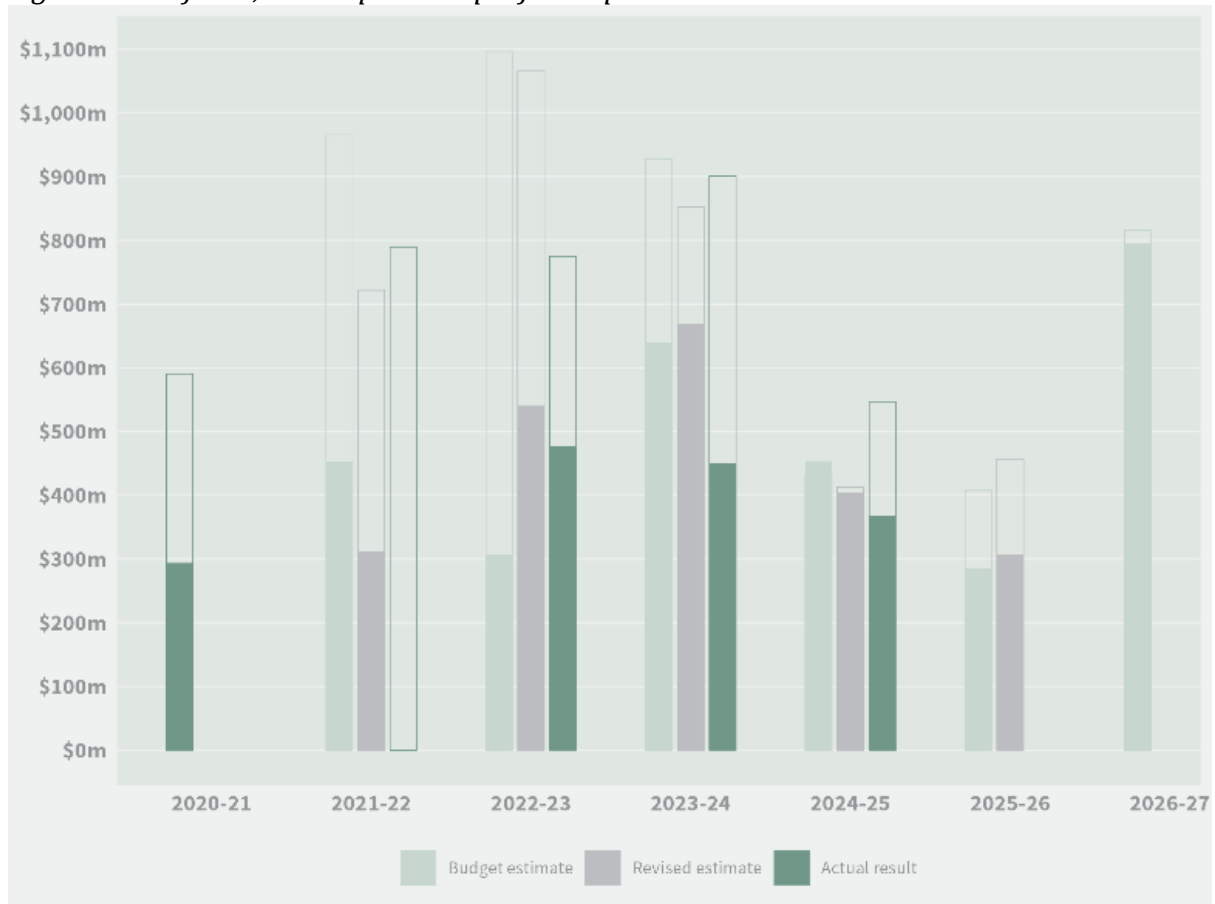
Source: Aggregated from current and previous Defence PBS. Prices expressed in nominal AUD.

Figure 10. Estate and infrastructure investment by state and territory.



Source: Aggregated from current and previous Defence PBS. Prices expressed in nominal AUD.

Figure 11. Defence, ICT acquisition project expenditure.



Source: Aggregated from current and previous Defence PBS. Solid bars represent in-year expenditure on the top 5 ICT projects. Outline bars represent in-year expenditure on the ICT acquisition program as a whole. Prices expressed in nominal AUD.

Introduction

Twenty-five years ago, ASPI published the first edition of *The cost of Defence*. The world was nine months out from the September 11 attacks, Australia was in the early years of its longest engagement in Afghanistan, and the defence budget sat at around \$13 billion per annum. The strategic architecture of the post-Cold War era, with US primacy, an open trading order and a rules-based framework for resolving disputes, looked durable, if imperfect. The central question was modest: was Australia spending enough to maintain a broadly capable force for peacetime tasks, peacekeeping commitments and the Global War on Terror?

The questions in 2026 are considerably harder. Australia's annual defence investment now stands at \$63–74 billion. The government has committed \$887 billion to defence over the decade to 2035–36, including around \$425 billion allocated to capability acquisition alone. The 2026 National Defence Strategy (NDS), alongside an updated Integrated Investment Program (IIP), describes an environment in which Australia faces 'elevated levels of geopolitical risk over the coming decade' and exposure to 'force projection and military coercion at levels not seen since the Second World War'. And that environment can change with no warning.⁷ The 2026–27 Budget, delivered by The Treasurer on 12 May 2026, is the first full Budget since the new NDS.

This year's edition of *The cost of Defence* does what it has always done. It tests whether the money in the Budget translates into capability, and whether the capability is adequate for the strategic challenge. What's changed in 2026 is the scale of the task, the urgency of the timeline, the complexity of the program and the opacity of the appropriated funds.

What's changed

What's changed in the 2026–27 Budget

The 2026–27 Budget is the first under the biennial NDS cycle and the first to implement the 2026 IIP. The 2026–27 Defence Portfolio Budget Statement (PBS) provides the detail that the national Budget can't. Defence Minister Richard Marles extracted a commitment for an extra \$6.8 billion from cabinet's Expenditure Review Committee. Most of his colleagues were offered crumbs or faced cuts. The new money doesn't come close to meeting the challenge set out in the NDS. The Defence shopping list is huge, covering everything from the nuclear-powered submarines to shipbuilding, manufacturing missiles and armoured vehicles, buying new aircraft, building infrastructure and installing new missile defence and command and control systems. Fitting it all into the constrained budget is like trying to stuff a doona into a pillowcase.

There is budget approval for spending \$110 billion on these new capabilities over the next decade but the total cost could be as much as \$560 billion. Spending proposals still awaiting budget approval are estimated at between \$315 billion and \$450 billion over the next ten years. To cover it all would require additional funding of up to \$45 billion a year on average, which is almost as much as the costs of the National Disability Insurance Scheme. And the apparent boost disappears once foreign exchange adjustments, contractor cuts and other movements are considered.

Defence always has more plans on its books than it has approved resourcing, but the tally for the capabilities that the department wants, but which are yet to be signed off, has leapt by as much as \$120 billion or a third in just the last two years. It is not realistic to imagine that funds of that order will be found over the next ten years from a budget which is forecast to remain in deficit through that entire time.

In the whole of government, defence ranks fifth by share of total federal expenses in 2026–27 (Table 6.3), behind social security and welfare (\$308.7 billion, 37.1% of outlays), 'other purposes' (\$163.6 billion, 19.6% covering grants to states and interest on public debt), health (\$136.9 billion, 16.4%) and education (\$57.3 billion, 6.9%). General public services rounds out the top six at \$32.5 billion (3.9%). The education ranking is distorted by the unwinding of HECS-HELP indexation relief, which reduces student assistance from \$15.9 billion in 2025–26 to \$6.1 billion in 2026–27; strip that one-off and education is \$51.2 billion and defence moves to fourth. Either way, the relative priority defence holds against other federal government activities isn't changed by the Budget's announcement.

The Albanese government used its first budget of this three-year electoral cycle for budget repair. Net new spending across the entire government was just \$500 million. The deficit over the four-year forward estimates was reduced by \$29 billion to a still large \$150 billion. The government's budget rules suggest a tight rein on spending growth until gross debt starts falling, which is currently projected for 2029–30 but is contingent on the global outlook.

The Defence Minister maintains that funding for the NDS has been boosted by \$14 billion over the forward estimates (double the published budget allocation) and by \$53 billion over the decade. An itemised breakdown hasn't been released, but the announcement includes alternative financing of \$5 billion over the next four years and \$15 billion over the decade, delivered through public-private partnerships or investment by government-operated funds in commercial-return vehicles that remain off-budget.

The worked example is the \$550 million Headquarters Joint Operations Command at Bungendore in NSW, built by the private sector and managed by a firm linked to the industry superannuation funds. Australia's \$4.5 trillion superannuation sector is an attractive source of capital for government investment priorities, whether transport infrastructure, venture capital, northern development or critical minerals. Well-structured public-private partnerships can deliver public policy objectives at lower cost, but the application in Defence is project-specific, and an intent to seek private finance is much less certain than a firm budget allocation. It's premature, before negotiations have commenced, to count amounts that might be raised as a component of defence funding. The proceeds of the sale of Defence real estate will also be directed to the IIP; the 2024 Defence Estate Audit, conducted by independent co-leads Jan Mason and Jim Miller, estimated that \$3 billion could be raised, or closer to \$1.8 billion net after remediation, relocation and heritage requirements are met.

The quantum of alternative financing is a heroic ask for private financiers and for Defence estate sales revenue in the current cost-of-capital and risk-appetite environment. It's a structural change in how defence investment is being funded and a

credibility test for the alternative financing architecture that the government has introduced. The rate of return that alternative financiers will demand, and the terms and timelines for that return, aren't yet apparent. The 2027–28 Budget and subsequent one will need to show, project by project, that those mechanisms deliver capability at comparable cost to direct appropriation. Until then, the alternative financing line is a policy intention, not a funded program.

The Defence budget papers explain how little of the \$6.8 billion increase reaches the capital program. Defence is required to reduce its spending on external consultants and contractors by \$3 billion over the forward estimates, with a further \$1.4 billion cut in 2029–30. Foreign exchange is the dominant single 2026–27 mover. Budget Paper No. 1 Statement 3 attributes \$883.8 million of the 2026–27 decrease, and \$2.2 billion over the forward estimates, to foreign exchange revisions driven by Australian dollar strength reducing the cost of US-sourced acquisitions. The Australian dollar's rise from US65c to US72c over the year translates to a defence funding reduction of \$3.6 billion, an accounting adjustment with the US dollar amount of equipment imports unchanged. A further \$864 million is shifted from the Defence budget to the Australian Submarine Corporation. The net result is that the \$6.8 billion agreed as a budget measure is whittled back to just \$845 million of genuine appropriation.

Defence is paying for future workforce, accepting reduced acquisition and sustainment in 2026–27. The strategic question we put to that choice is whether the present force can carry the deterrence and warning load that the NDS asks of it while the next force is being prepared.

The structural shape of the defence funding line is worth flagging. Net capital investment grows from \$9.6 billion in 2026–27 to \$14.4 billion in 2029–30 (Budget Paper No. 1, Table 6.20); acquisitions of non-financial assets grow from \$17.4 billion to \$23.9 billion (Table 6.21). The operating line falls year on year. The bulk of the new defence spending is being recorded as investment in non-financial assets rather than operating expenses, which is why the whole-of-government defence spend can fall in 2026–27 even as the appropriation profile grows over the forward estimates. Within that headline, the three major PBS categories grow at sharply different rates. Acquisition of new capability is \$21.00 billion in 2026–27, down \$724 million or 3.3% on the 2025–26 estimated actual of \$21.72 billion. Sustainment is \$18.52 billion, down \$283 million on \$18.80 billion. Workforce is \$18.39 billion, up \$815 million on \$17.58 billion, and the only cost category to grow year on year.

The Treasurer titled the 2026–27 Budget speech 'Resilience and reform' and placed the defence funding announcement inside the speech's 'Resilience and national security' section. The framing is doctrinal, not rhetorical: 'Economic security, economic resilience, and national security are now one and the same. We're investing an additional \$53 billion over the next decade in our defence force to keep Australians and our region safe.' The defence announcement sits in the same speech section as the \$14.8 billion Strengthening Australia's Fuel Resilience package, the Critical Minerals Strategic Reserve, the 20% gas reservation and the Future Made in Australia agenda.⁸ The government's framing aligns the broader security category with what NATO measures in the 1.5% bucket. Our longstanding distinction between the Defence portfolio appropriation and the wider security architecture that Australia is being asked to fund has, on Budget

night, become the government's own organising principle. The resilience claim is only as strong as the appropriations behind it; the reform claim, on which the Treasurer's speech is conspicuously light on Defence, depends on the Defence Delivery Reforms scheduled for 2027–28.

On the cent-on-the-dollar arithmetic, of every dollar in the \$53 billion decade announceable, about 4 cents is appropriated in this Budget year. The remainder sits in forward estimates promises, decade out-year profiles, the Commonwealth Contingency Reserve and alternative financing. The historical record is that promises of this kind have been altered by subsequent federal budgets, the 2009 *Defending Australia in the Asia Pacific Century White Paper* being the most consequential recent example, with a cumulative shortfall of approximately \$48 billion.⁹ Combined with the 2024 NDS commitments, the planned total additional investment since the 2023 Defence Strategic Review (DSR) stands at approximately \$30 billion over the forward estimates and \$117 billion over the decade as an announceable.¹⁰ The proportion of that combined commitment appropriated in this Budget, rather than carried as a future decision placeholder, remains a question that the public PBS doesn't answer directly.

On the appropriated measure, the 2026–27 Budget partially meets the NDS commitment. The Budget appropriates the 2026–27 slice of the announceable (approximately \$2.21 billion of the \$14 billion four-year headline); the forward estimates and decade profile components are committed in intent but not in appropriation; the Contingency Reserve and alternative financing components are committed in announcement only. The Budget has banked the announcement; the appropriation is the Budget year slice.

What's changed from the 2024 NDS/IIP to the 2026 NDS/IIP

The 2026 IIP is a material revision of the 2024 IIP. Total capability investment over the decade is programmed to grow from approximately \$330 billion in the 2024 IIP to approximately \$425 billion (an increase of approximately \$95 billion), funded through a combination of additional appropriations, estate divestment proceeds and alternative financing. The investment growth is concentrated in a small number of capability areas where the 2024 IIP was structurally short.

Several categories of new investment are notable. The most significant new commitments lie in capability areas that were previously under-resourced relative to the strategy.

Integrated air and missile defence (IAMD; CIP 7) is programmed to receive new investment in a medium-range ground-based air defence system, with Australian industry involvement. That directly addresses what independent analysis has identified as the most critical gap in current ADF capability. The system fills a gap at the lower tier of the IAMD architecture below the Aegis-equipped surface fleet and above the short-range National Advanced Surface-to-Air Missile System (NASAMS). The 2026 IIP also commits to sovereign counter uncrewed air systems addressing the proliferation of drone threats demonstrated in Ukraine and the Middle East, with a longer term pathway to directed-energy weapons.

The guided weapons and explosive ordnance (GWEO) enterprise (CIP 10) is programmed to receive new impetus, including investment in sovereign hypersonic strike capability and the expansion of Australian-manufactured weapons stockpiles.

This responds directly to lessons from Ukraine and the Middle East on the rate of munitions consumption in sustained conflict.

Maritime capability is programmed to receive the largest single investment. The Henderson Defence Precinct in Western Australia is established as a permanent home for continuous naval shipbuilding and sustainment. The acquisition of upgraded Mogami-class general purpose frigates is funded, supplementing the Hunter-class frigate and SSN-AUKUS programs. New investment is flagged to replace the Hobart-class destroyers from the 2040s. That commitment wasn't made in the 2024 IIP. The 2026–27 Budget also confirms the accelerated build schedule for the Submarine Construction Yard at Osborne, South Australia, and progresses AUKUS SSN-AUKUS design and infrastructure commitments.

The 2026 IIP commits to a resilient, multi-orbit satellite communications capability optimised for Indo-Pacific operations, replacing commercial dependent architectures with sovereign alternatives.

Replacement planning for the E-7A Wedgetail airborne early warning and control (AEW&C) aircraft is programmed, with the 2026 IIP noting an estimated total cost of \$10–15 billion. That's one of the largest single platform-replacement decisions in the program.

Several substantial commitments continue from the 2024 IIP without material change. The AUKUS nuclear-powered submarine pathway continues the schedule established by the 2024 IIP, with funding reprofiled through the 2025–26 PAES process to support earlier infrastructure and program mobilisation work. The total decade commitment to SSN-AUKUS infrastructure and capability acquisition remains the single largest line in the entire investment program.

Northern bases infrastructure, the sustained investment in Royal Australian Air Force (RAAF) Tindal, Darwin, Scherger and allied access facilities, is also programmed to continue at the elevated funding levels established in the 2024 IIP. The 2026 IIP notes a material upward revision to the estimated total cost of northern base enhancements to \$13–16 billion over the decade, compared to earlier estimates of \$9–12 billion. The upward revision reflects both scope increases and higher than anticipated construction costs.

Several programs have been reprioritised, rescope or deferred. The 2026 IIP explicitly notes that 'necessary decisions to cancel, divest, delay or rescope projects or activities that are less critical to delivering the integrated, focused force' have been made.¹¹ We detail those decisions as they apply to specific capability areas where Defence has provided the detail of the cancellation, divestment, delay or rescoping. The overall effect is a sharper focus on the 11 CIPs that form the core of the integrated, focused force, with less investment tolerance for projects that don't directly contribute to the Strategy of Denial.

The workforce imperative

The 2025–26 period revealed a partial disconnect between the pace of the funding commitment and the workforce available to execute it. The ADF end-strength target for 2025–26 was revised down to 59,373, from a previous planning goal of 64,532, reflecting recruitment challenges that affect both uniformed and civilian members. By

mid-2025, actual ADF strength was tracking towards approximately 61,700, outperforming the revised lower target. The 2026–27 PBS shows that the recruitment trajectory is expected to accelerate further: the planned permanent ADF strength for 2026–27 is 63,345, with the workforce planned to grow to 67,466 by 2029–30 and on a path to approximately 69,000 by the early 2030s.

Table 1. Defence workforce trajectory, 2025–26 to 2029–30 (average full-time equivalent).

Workforce element	2025-26 estimated actual	2026-27 budget estimate	2027-28	2028-29	2029-30
Navy permanent ADF	15,805	16,193	16,604	17,010	17,416
Army permanent ADF	29,056	29,685	30,444	31,169	31,777
Air Force permanent ADF	16,850	17,467	17,794	17,834	18,273
Total permanent ADF	61,711	63,345	64,842	66,013	67,466
APS civilians	19,786	20,169	20,167	20,167	20,170
TOTAL	81,497	83,514	85,009	86,180	87,636

Source: Defence PBS 2026–27, Table 8.

Total workforce strength rises from 81,497 in 2025–26 to 87,636 by 2029–30, which is an increase of approximately 6,140 over the forwards. Permanent ADF accounts for almost the whole of that growth; Australian Public Service (APS) civilian numbers hold flat at approximately 20,170 across the forward estimates, reflecting the Strategic Commissioning Framework’s design intent of recovering positions from external workforce rather than expanding the APS headcount line. The Reserve workforce, captured in PBS Table 9, grows from 1,175,681 days of service in 2026–27 to 1,240,865 by 2029–30, with the planned addition of up to 1,000 Reserve positions across the services and Cyber Command by 2030.

The 2026–27 Budget’s workforce line of \$18.39 billion reflects ongoing investment in pay, conditions, housing and training infrastructure designed to sustain recruitment and retention momentum. The 2026 Defence Workforce Plan, which is the successor to the 2024 plan, is finalising in 2026–27. The PBS narrative names artificial intelligence (AI) literacy as a critical skill priority alongside project and program management and procurement and contracting. The APS workforce continues to be restructured under the Strategic Commissioning Framework, reducing reliance on contractors for core government work and building in-house capability. These reforms matter because Defence’s capacity to absorb the largest capital program in its peacetime history depends on having the people (uniformed personnel, public servants and contractors) to manage it.

The past: 25 years of defence budgets

The 25-year arc tells one story in four phases. A post–September 11 expansion under the 2000 White Paper and its updates locked in 3.0% real annual growth, sustained Iraq and Afghanistan deployments, and produced the F/A-18F, Abrams, C-17 and initial Wedgetail acquisitions. The 2009 White Paper diagnosed the China challenge and committed to submarines, air warfare destroyers and Joint Strike Fighters; the global financial crisis collapsed the funding that the diagnosis demanded.

The 2012–2020 period was a decade of policy inconsistency. Defence spending fell to a nadir below 1.6% of GDP in 2013, as successive governments prioritised budget repair. The 2013 Defence White Paper set, for the first time, an aspirational 2% target; the

2016 White Paper committed to 2% by 2020–21.¹² That target was met (just) primarily because the GDP denominator shrank in the pandemic year. The capability edge in the meantime was sustained on paper through projects systematically delayed, descope or reprofiled. From 2016, Australia became the first country, on a bipartisan basis, to recognise the need to shift policy settings on China, but, while the intelligence community was reorganised and reprioritised, the Defence posture largely stayed on course.¹³ The lesson of the 2012 to 2020 period isn't simply that the defence budget was insufficient. It's that announced defence policy and actual defence funding were systematically decoupled.

The 2020 Defence Strategic Update (DSU) was an honest reckoning. It declared strategic warning time gone and forecast accelerated investment in long-range strike, cyber, space and guided weapons. The 2009 and 2016 White Papers had already named the threats;¹⁴ the 2020 DSU was the first planning document to forecast the response in capability terms. The 2023 DSR and the 2024 NDS deepened that shift, introducing the Strategy of Denial, establishing the 12 CIPs, committing an additional \$50.3 billion over the decade, and locking in a biennial review cycle. Defence spending reached 2.05% of GDP on the portfolio appropriation measure.¹⁵ The REDSPICE (resilience, effects, defence, space, intelligence, cyber and enablers) program committed \$10 billion to sovereign cyber and intelligence capability. The GWEO enterprise moved from concept to contracts. AUKUS was announced.

The 2026 NDS, released in April 2026, is the next inflection. For the first time, the government has set out a funding profile that aims for 3.0% of GDP on the NATO measure, projected to be reached by 2033–34.¹⁶ The decade investment figure of \$425 billion compares to approximately \$330 billion in capability investment through the 2024 NDS (to 2033–34) and around \$270 billion when the 2020 DSU was released (to 2029–30). Capability investment, specifically, stands at approximately \$425 billion over the decade.¹⁷

The arc, then, is one of gradual comprehension and inconsistency followed by belated action. Australia in 2009 recognised its strategic environment was changing but failed to implement the agreed strategy, by 2016 it had acknowledged the threats posed by China, in 2020 it admitted the warning time was gone, in 2024 it adopted a new strategy of deterrence, and in 2026 it has projected funding at a scale designed to make that strategy real. The central questions we engage with are whether the projections meet the actuality, whether the pace of capability delivery can match the pace of the funding commitment, and whether the resulting ADF will be ready at the time the strategy says it needs to be.

The future: the next 10 years

The 2026 NDS and IIP lay out a funding and capability trajectory that extends to 2035–36. It's the most detailed and the most demanding defence investment plan Australia has produced. Understanding what it commits to, and what it implies, requires looking at both the aggregate numbers and the composition of investment across the 12 CIPs.

The funding trajectory

The 10-year funding profile is set out in NDS Table 1. Starting at \$63.4 billion in 2026–27, the NDS profile proposed progressive increases to \$112.1 billion in 2035–36, or a

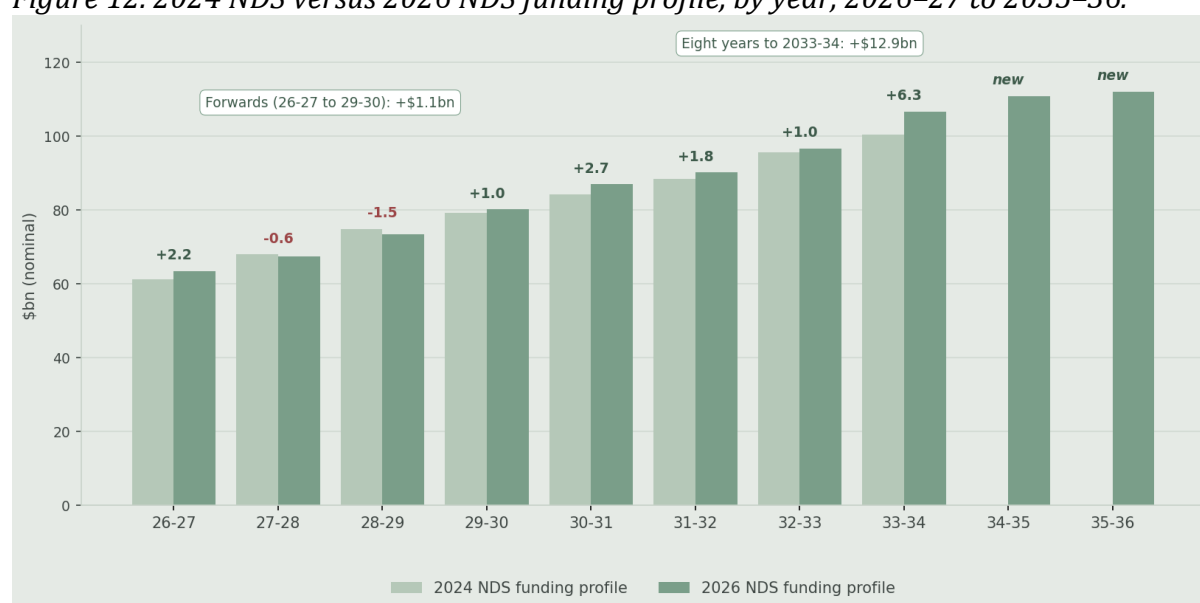
near doubling of the defence budget in nominal terms over a single decade. The 2026–27 Budget and PBS partially back that trajectory. The 2026–27 PBS figure of \$66.4 billion is consistent with the NDS Table 1 profile, but the steeper out-year growth that the trajectory implies depends on budgets that future governments haven’t yet written. The five-year net change to total defence funding of \$845 million is small relative to the \$14 billion announceable, and the appropriated measure of \$6.8 billion sits below the announced forward estimates total. The Budget backs the announcement; it doesn’t yet lock the trajectory.

Against Treasury’s published nominal GDP series in Budget Paper No. 1, the trajectory reaches approximately 2.50% of GDP by 2033–34 on the traditional appropriation measure.¹⁸

The rate of increase isn’t linear. The NDS profile shows significant step-ups in the late 2020s and early 2030s, particularly in the 2032–33 to 2034–35 window, which corresponds to the expected peak of SSN-AUKUS construction costs, major surface shipbuilding commitments and the maturing of the GWEO enterprise into full production. This backloading of the heaviest expenditure is a structural feature of the program that creates two risks. First, spending profiles in the out-years are vulnerable to reprofiling under future Budget pressures. Second, capability delivery times depend on sustained political commitment across multiple electoral cycles.

The 2026 NDS funding profile can also be compared directly to the 2024 NDS profile. Over the forward estimates from 2026–27 to 2029–30, the increase is approximately \$1.1 billion. Over the eight years to 2033–34, the increase is approximately \$12.9 billion, with most of that rise concentrated in the final year of the comparable horizon. The two new years that the 2026 NDS adds (2034–35 and 2035–36) lift the trajectory to \$110.9 billion and \$112.1 billion, respectively. The 2028–29 and 2029–30 lines of the 2026 NDS sit lower than the corresponding 2024 NDS lines, not higher.

Figure 12. 2024 NDS versus 2026 NDS funding profile, by year, 2026–27 to 2035–36.



Source: 2024 National Defence Strategy Table 1; 2026 National Defence Strategy Table 1; authors’ calculations.

What inflation will do to the trajectory

The headline defence funding figures are in nominal dollars. Treasury's published inflation forecasts shape the real term read of the trajectory. Consumer Price Index (CPI) growth peaks at 5% in 2025–26, then returns to 2.5% across the forward estimates. The Wage Price Index grows at 3.5% across most of the forwards. The 2026–27 appropriation is a real terms decline of approximately 4%, and the Capability Acquisition Program is reduced by 5%–6% in real terms year on year.

Treasury based the budget on an assumption of a relatively benign outcome to the Iran conflict, but it included in the budget papers the results of modelling of a more severe disruption. The department's central forecast that the Singapore price of oil would average US\$100 a barrel in the June quarter, dropping to US\$80 over the next year. Economic growth for 2026–27 was revised down to 1.75 per cent from the 2.25 per cent predicted in the mid-year budget update released in December. Treasury expects inflation to peak at 5 per cent in the year to June this year, and then drop back to just 2.5 per cent in the year to June 2027. The forecast to June is actually less than the 2.75 per cent predicted in December, reflecting the impact of lower growth and interest rate increases from the Reserve Bank.

In the event of a more serious conflict, with the oil price rising to US\$200, Treasury said inflation would lift to 5.25 per cent in 2025–26 and hold at 5 percent in 2026–27 before dropping back to 1.5 per cent in the following year and just 0.75 per cent the year after. This scenario would reduce the value of the defence budget by around \$10 billion over the forward estimates, relative to a world in which inflation held steady at 2.5 percent.

The most obvious risk in the budget forecasts is that inflation remains higher for longer than either of the Treasury forecasts. The consumer price index has been rising since June last year and averaged 3.7 per cent over the six months before the war broke out before climbing to 4.6 per cent in March, as the first effects of the spike in fuel prices were felt. The Reserve Bank raised interest rates through that period, but it is too soon to tell how successful that will be in reducing pricing pressure.

Defence costs typically rise more rapidly than the consumer price index, reflecting the complexity and technology intensity of its purchases, so the pressure on the Defence budget will remain elevated.

The fiscal context

The 2026–27 Budget was framed in threatening circumstances, with the US–Israeli bombing campaign in full swing as the final cabinet Expenditure Review Committee meetings were held. Where the NDS released at the same time described a geopolitical outlook marked by 'fracture, rivalry and disorder', the economic outlook was similarly wracked by uncertainty. Would the war be short and sharp, ending in Iranian capitulation, with no more than a temporary disruption of energy markets (the view that global share markets seemed to hold), or would it mark a more permanent rupture to vital supply lines, from oil and gas to petrochemicals and fertilisers? Depending on the outcome, the forecasts for global and domestic economic growth, for inflation and for the Budget balance would be starkly different.

From the perspective of the defence budget, the impact on inflation is the most immediate concern, as it destroys the purchasing power of the defence dollar. Over the

longer term, weaker tax revenue and higher costs would make it harder for the Defence organisation to extract any additional Budget funding.

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Defence costs typically rise more rapidly than the CPI, reflecting the complexity and technology intensity of its purchases. The pressure on the defence budget will remain elevated.

The state of federal finances has been helped by a succession of unanticipated revenue surges since 2021–22, generated by strong commodity prices. The tax inflow was softer in 2023–24 and 2024–25 but rose sharply again over the past year, adding around \$40 billion to the Budget bottom line over the forward estimates. In the short term, the Iran war delivers a further revenue boost, as soaring gas exports lift expected company tax receipts by \$19 billion. Over the longer term, the negative effect on the global economy and on households will outweigh those gains, particularly if the conflict extends.

Treasury voiced concern that energy and chemical products from the Middle East are inputs across the global supply chain, including plastics used by the construction industry and fertilisers relied upon by agriculture. A protracted conflict also generates risks to global financial markets. It's an economic outlook which suggests that federal finances, and hence the defence budget, will continue to be tightly constrained.

The approval gap

A structural feature of the IIP that we document in detail across every CIP is the gap between the total decade investment commitment and the value of projects that have received formal government approval. Across the 12 CIPs, most of the total committed investment (typically 75–80% by dollar value) remains unapproved pending second-pass business case approval, government consideration of options, or further design

work. That isn't inherently problematic (a 10-year investment plan necessarily includes large volumes of future investment decisions), but it does mean that the IIP's headline figures represent intentions rather than locked commitments, and the delivery of those intentions depends on consistent decision-making across multiple future budgets, government reviews and electoral cycles.

The approval gap is widest in the highest priority and highest cost areas; the most acute example is CIP 7.¹⁹ Australia's most critical acknowledged capability gap is, at this stage, substantially funded on paper rather than in contract, and the government's stated approval timelines are an expectation, not a delivery guarantee.

The approval gap is also a choice. Every Budget cycle moves a fraction of unapproved investment into approved and funded delivery, and the choice about which fraction moves is a choice about two things in combination. The first is capability effect: which combinations of platforms, enablers and connective tissue investments will most increase the joint force's lethality, reach and resilience in the period that the Strategy of Denial identifies as most dangerous. The second is the financial centre of gravity. In the 2026–27 Budget, that centre of gravity is AUKUS Pillar 1, and the program's funding gravity is now great enough that decisions about Pillar 1 reshape the funding environment for every other CIP. The pattern of approvals in this Budget is consistent with a system that has resolved the centre of gravity in favour of the submarine program and is sequencing the rest of the program around what's left.

Every Budget moves a fraction of unapproved investment into approved and funded delivery. The approved share has held inside a narrow band of 30%–33% across recent reporting cycles. On the same measure, the 2026–27 Budget converts 33%–35% of total acquisition investment into approved and funded delivery, in line with the historical average. The long-run pattern is consistent: approximately one-third of the program is approved at any given moment; the remaining two thirds is committed in plan but not in contract. The question this report poses is whether one-third is enough, given the NDS's identification of the 2030s as the period of greatest risk and given the centre-of-gravity weight that AUKUS Pillar 1 now exerts on the remaining approval headroom. More significantly, we've identified that the connective tissue CIPs are running at single digit to low double digit approved shares against platform CIPs at 30%–40%.

The stability of the conversion rate, across a period when the IIP denominator has grown, points to a possibility worth naming. The approved share might not be a strategic variable at all. It may be an institutional throughput limit. The Defence organisation and the government can swallow only so many projects through first pass, second pass, contract award, workforce mobilisation and industry engagement in any given year. If the limit sits inside the institution rather than on the page of the IIP, then more projects announced and more money committed in the Budget won't materially shift what's approved and contracted in any year. On that reading, the Defence Delivery Reforms scheduled for 2027–28 (the standing up of the Defence Delivery Agency and the National Armaments Director) are the central reform lever. They'll either lift the conversion rate above the historical 30%–33% band, or the announced IIP will remain, in budget throughput terms, a commitment in nominal excess of the approval system's actual capacity to deliver.

The 'national defence' gap

The 2026 NDS advances meaningfully on its 2024 predecessor in one important respect: it takes the concept of national defence seriously as a whole-of-nation proposition. The strategy's language on industrial resilience, critical infrastructure, supply-chain security and civil preparedness draws explicitly on the total defence models pioneered by Sweden, Finland and Norway, replicates the NATO funding standard, and signals, at least rhetorically, that defending Australia isn't solely a task for the ADF. That rhetorical advance makes the structural gap beneath it more consequential. The NDS did not authorise or give a structural mandate to contribute to national defence task to any federal department or agency beyond Defence.

As far as we can discern, the 2026–27 Budget directed the entire national defence increase to the Defence portfolio; there's no explicit NDS measure or whole-of-government national defence appropriation visible elsewhere. Home Affairs, Infrastructure, Industry, Treasury, Foreign Affairs and Trade, and the Attorney-General's Department hold no published contribution plan, no capability target and no resourcing commitment tied to national defence. Civil defence, critical infrastructure hardening, wartime supply chain resilience, fuel and food security, industrial mobilisation and societal preparedness remain referenced in our national strategy but appear to be absent in our Budget. They're unfunded mandates dressed in the language of total defence.

The 2026–27 Budget's resilience pillar makes the gap concrete. The Strengthening Australia's Fuel Resilience package, costed at \$14.8 billion across the decade in the Treasurer's Budget speech, Budget Paper No.2 and accompanying media release, is framed as a civil contingency and emissions transition measure rather than a national defence capability. No part of the package is tagged as defence-related, no fraction is reported against a national defence outcome, and no service level agreement binds the Department of Climate Change, Energy, the Environment and Water to provide a specified level of fuel reserve to Defence in extremis. The Critical Minerals Strategic Reserve announced alongside the Budget carries the same construction: it's framed as an economic resilience measure, not a national defence stockpile, and its operating concept doesn't include a defence drawdown protocol. The Communications Resilience and Disaster Preparedness measures sit in the Home Affairs and Industry portfolios with no defence-tagged subset. The pattern is consistent. The resilience pillar contains national defence relevant funding, but it isn't measured, tagged or governed as national defence funding. The transparency gap is itself the policy gap.

The regional and global outlook

The strategic context in which this investment is being made has continued to deteriorate between the 2024 and 2026 NDS cycles. The 2026 NDS states flatly that the concept of 'deterioration' is no longer adequate to describe Australia's strategic environment. The global rules-based order, in the NDS's framing, 'is in transition', and the coming decade will be likely to be 'defined more by fracture, rivalry and disorder'.²⁰ China continues 'the largest military development in the world today', without the transparency or strategic reassurance the region expects.²¹ Flashpoints in the Taiwan Strait, in the South China Sea and on the Korean Peninsula present risks of miscalculation that could escalate to conflict.²² Nuclear proliferation is accelerating, with China expected to exceed 1,000 warheads by 2030.²³

Those trends are driving a global surge in defence investment that makes Australian capability comparisons with allies and partners more demanding. Global defence spending grew at an estimated 2.5% real annual rate from 2024 to 2025, reaching US\$2.6 trillion. European nations are recapitalising their industrial bases at a pace unseen since the Cold War. Japan and the Republic of Korea are investing in capabilities that directly complement Australia's northern focus. The US increasingly expects its allies to invest more, reduce their military reliance on American capacity and contribute meaningfully to collective deterrence. Australia's 'trajectory' towards 3.0% of GDP (under the NATO measure) by the mid-2030s is calibrated to meet, and demonstrate, that expectation.

The Indo-Pacific story is a sharper version of the global one. The international comparisons that follow use methodology developed by the Stockholm International Peace Research Institute (SIPRI), which is closer to the portfolio appropriation measure than the NATO measure. SIPRI's most recent Military Expenditure Database reports that Asia and Oceania accounted for US\$629 billion of total world military spending in 2025: the largest regional total outside the Americas and Europe combined. China's reported spending, at US\$314 billion in 2025, is now more than three times Japan's and approximately 13 times Australia's, and has grown by more than 7% year on year. SIPRI's central judgement is that the actual figure is materially higher than the reported one once paramilitary forces, coastguard expansion and military research budgets housed outside the Ministry of National Defense are included. The largest military development in the world today is, on any honest read, happening in our primary area of military interest.

Where does Australia sit against that backdrop? In SIPRI's Military Expenditure Database, Australia's defence spending grew from US\$33 billion in 2020 to US\$37 billion in 2024 in constant 2023 dollars, a real terms increase of about 12% over the five years. Over the same period, China's reported spending rose by approximately 43% in real terms, India's by approximately 24%, Japan's by approximately 36%, the Republic of Korea's by approximately 23%, and the regional median by approximately 28%. Australia's defence spending growth rate sits below the regional median and below every major Indo-Pacific peer.

Australia's rank in the regional defence spending league, having held inside the top five at the start of the decade, now sits outside the top five, and India, Japan and the Republic of Korea are each spending materially more in absolute terms. Australia's share of regional defence spending has fallen from approximately 5.3% in 2020 to approximately 4.4% in 2024. On the announced trajectory in the 2026–27 forward estimates, Australia's growth rate continues to lag the regional median; the relative position falls further over the four-year window. The IIP's published decade trajectory closes part of the gap but doesn't, on present assumptions, restore the 2020 relative position by 2035.

Around China, the regional response is large and accelerating. Japan has lifted defence spending to approximately 1.8% of GDP in 2025 and committed to 2.0% by 2027, a step change underwritten by the December 2022 National Security Strategy and now visible in stand-off defence capability and counterstrike programs. The Republic of Korea spent US\$53 billion in 2025, or approximately 2.7% of GDP, with major investment in indigenous strike, IAMD and shipbuilding. India's spending of USD 86 billion in 2025 places it inside the global top five and is now growing at approximately 5% real per

year, with sustained investment in maritime capability and a domestic defence industrial base.

Across Southeast Asia, defence spending has grown by approximately 35% in real terms across the decade to 2025, with the Philippines, Vietnam, Singapore, Malaysia, and Indonesia all increasing their relative investment in maritime domain awareness, coastal defence and air capabilities. The Philippines' ReHorizon 3 modernisation program, Vietnam's acquisition of additional submarines and surface combatants and Singapore's sustained 3.0% of GDP commitment to defence underline the pattern. The region's response to the strategic environment is, in aggregate, faster and larger than Australia's.

In the Pacific, the pattern is different and the numbers smaller, but the trajectory is in the same direction. The 2024 Pacific Partnership for Engagement, the Pacific Policing Initiative and the bilateral assistance programs that Australia leads or co-funds add a layer of regional security investment that's hard to map cleanly onto SIPRI's national spending series but is consequential in its own terms. Papua New Guinea's defence spending under the PukPuk Treaty framework, which is modest in absolute terms but a meaningful share of its national budget, signals one direction of travel. The Integrated Aerial Surveillance Program, the Pacific Patrol Boat Replacement Program and the Pacific Maritime Security Program are the structured Australian contributions on the other side.

What the SIPRI picture says, taken as a whole, is that the Indo-Pacific is in an arms-building phase that's comparable in pace and scale to the European response to Russia in the same period. Australia's announced 3.0% 'trajectory' (under the NATO measure) is calibrated against the alliance burden-sharing conversation. It isn't calibrated against the regional pace. The CIPs that this report assesses are, against the regional pace, the minimum credible response.

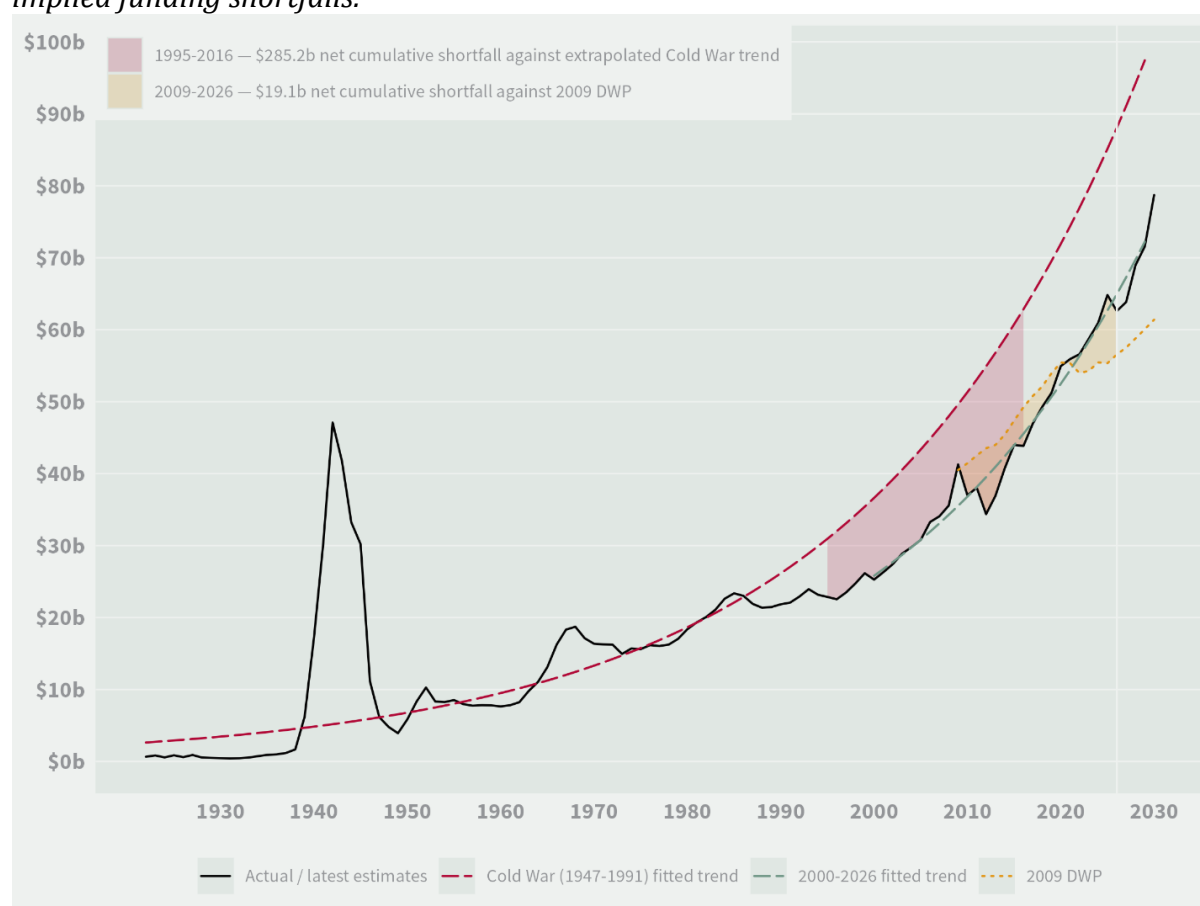
Catch-up, not unprecedented: what the long-run evidence shows

The government can claim that it's repairing a long-run structural deficiency in defence funding. It's on weaker ground when it claims that the repair itself is historically unmatched.

The long-run evidence shows that the 2026 NDS package is a major peacetime increase, but it's not clearly the greatest peacetime defence funding increase in Australian history when assessed against real long-run patterns rather than the size of a single announced package.²⁴ The central historical fact is the interruption to the earlier postwar growth path in the 1990s, which left defence spending materially below the trajectory implied by the preceding decades of real growth.²⁵

Three counterfactuals frame the analysis: the long postwar real growth trend from 1960 to 1995, the 2009 Defence White Paper path sustained from 2009, and the incremental catch-up embedded in the 2024 NDS path relative to the 2016 White Paper path.²⁶ The reconstruction methodology, the constant price terms convention and the underlying data series are in the 'Methodology' to this report. Three findings follow from the three counterfactuals.

Figure 13. Consolidated defence funding: real dollar paths, policy commitments and implied funding shortfalls.



Source: ASPI reconstruction from ABS historical timeseries, current and previous Defence PBS, 2009 Defence White Paper. Prices expressed in constant 2026-27 AUD. Actual / latest estimates include appropriations for ASD, ASA and ANNPSR after 2018. Actual / latest estimates and calculated 2009 DWP path include the net additional cost of major operations as accrued historically..

Three findings

Finding 1. The 1990s interruption cost approximately \$285 billion in cumulative real funding. If the long-run real growth pattern visible from 1947 to 1991 had continued, Defence would have received approximately \$285 billion more in cumulative constant price funding between 1995 and 2016.²⁷

This is the most consequential finding. It captures the structural cost of the 1990s interruption rather than the cost of diverging from any single White Paper promise. It implies that the defence budget entered the late 2010s from a markedly lower base than would have prevailed had the prior peacetime growth rhythm held.

Finding 2. The 2009 White Paper commitment shortfall was approximately \$48 billion. The funding commitment established by the 2009 White Paper was for real growth in the Defence budget of 3 per cent to 2017-18 and 2.2 per cent real growth thereafter to 2030.²⁸ This estimate captures only the missed continuation of that commitment window rather than the full accumulated cost of the earlier structural break. This shortfall declines to approximately \$19.1 billion as of 2026-27 as actuals over-delivered against the policy path from 2022-23 onwards.

Finding 3. Relative to the 2016 White Paper path, the cumulative catch-up against the shortfall left by the non-delivery of the 2009 DWP funding plan through to 2030 is approximately \$0.6 billion in constant price terms in this conservative model. The annual difference between the NDS path and the 2016 path reaches about \$1.0 billion by 2030.²⁹ This result is intentionally conservative. The reconstruction focuses on the measurable difference between trajectories rather than on the rhetoric of the 2026 package. Even so, the direction is clear. Recent policy is trying to raise the funding path, but the cumulative gap created earlier is large enough that catch-up remains partial rather than transformative.

Interpreting the 2026 claim

The government's 2026 language rests on a genuine fiscal signal. Public reporting on the April 2026 package stated that the government would add \$53 billion over the next decade, including \$14 billion over the next four years, and present this as lifting defence spending towards 3.0% of GDP by 2033 under a NATO-style accounting method.³⁰ In headline budget terms, that's substantial and politically marketable as a historic peacetime increase.

The long-run series suggests that the more revealing historical comparison isn't between today's package and a single recent Budget, but between today's package and the sustained peacetime growth of earlier decades. On that test, the 2026 increase looks like an effort to recover a funding base that had previously been compressed, not an obviously unparalleled peacetime leap above all prior historical experience.

The lost-dollar estimate of \$200 billion from the interrupted 1995–2016 period is the central point. It shows that a very large share of what now looks like a dramatic increase is better understood as an attempt to restore dollars that would already have been present had the earlier postwar real growth line not been broken.

On balance, the claim that the 2026 NDS commitment is the greatest peacetime defence funding increase in Australian history is unproven and overstated. A more defensible claim is that it's one of the largest contemporary peacetime increases and one of the most consequential attempts to reverse a long period of relative underfunding. That distinction matters. A catch-up package can still be strategically necessary, economically burdensome and politically important without being the single greatest peacetime increase in national history. The analytical case is stronger when stated that way.

The practical implication is that defence debate should focus less on the theatrics of historical superlatives and more on whether the new path is sufficient to close the funding gap opened by the 1990s interruption and to sustain force expansion over time. The funding commitment is historically large, even if the long-run evidence suggests that 'largest' is a contested claim. The question is whether the money will be turned into real capability at the time Australia needs it.

The 25-year history of Australian defence budgeting suggests that the gap between commitment and delivery is the central risk, not the scale of the commitment itself. Australia has committed large sums before and received less capability than planned. The test of the 2026 NDS and IIP, and of every Budget that follows, is whether, this time, the systems, the workforce, the industrial base and the political will are aligned to deliver what the strategy requires. That's what we exist to assess.

How the Budget appropriates defence funding

The federal Budget announces defence funding across the Budget year and the three forward estimates years. Only the Budget year's funds are appropriated through the annual appropriation Acts; the forward estimates are projections that the government has agreed in principle but that have no legal force, and the decade trajectory is an announced trajectory only.³¹ The practical implication is that announced multi-year funding totals are promises, not commitments. The 2026 IIP's decade total of approximately \$887 billion in Defence funding to 2035–36 is an announced trajectory. Approximately one-tenth of that (the 2026–27 Budget year) is appropriated. The remainder lives in the forward estimates and beyond, dependent on the government of the day confirming its share in each subsequent Budget. The historical record presents a clear warning: Defence lost billions in funding against the 2009 White Paper commitment, and the 2016 White Paper's 2% of GDP commitment was delivered through revised forward estimates rather than the pre-existing trajectory.³²

We must therefore treat the 2026 Budget's headline trajectory with the appropriate degree of caution. The Budget year's announced funding is committed through the Appropriations Bills, if passed by the Parliament. The forward estimates are a promise made today that must be confirmed afresh in each of the three Budgets that follow. The decade total is an announced trajectory, not a contract. *The cost of Defence* series tracks the gap between announcement and delivery as one of its core functions; this edition makes that distinction explicit because the 2026 IIP rests on it.

The NATO 5% yardstick: how does Australia measure up?

The 2026 NDS commits Australia to reaching defence spending of 'approximately 3.0% of GDP by 2033–34' on NATO methodology.³³ The 2025 NATO Summit in The Hague raised the bar that the yardstick measures against. All 32 allies (with the exception of Spain) committed to invest 5.0% of GDP annually on defence and security related spending by 2035, in two buckets: at least 3.5% of GDP on core defence expenditure under the longstanding NATO definition, and up to 1.5% on broader security expenditure covering critical infrastructure protection, civil preparedness, defence industrial base strengthening, and innovation.³⁴ The Hague framework retains the 2014 Wales Pledge that at least 20% of annual defence expenditure be directed to major equipment and R&D.

Australia isn't a NATO member and isn't formally bound by the Hague Investment Plan. By adopting NATO methodology as its own benchmark, the government has chosen to be measured against the same standard. The analysis below holds Australia to the precise content of that standard. Three findings follow.

The 3.0% claim can't be derived from the published numbers, and even at face value falls below the NATO core floor

The government's claim of approximately 3.0% of GDP by 2033–34 on the NATO funding method is not derivable from the published Budget numbers.³⁵ Working from Treasury's published nominal GDP series, against the traditional method, defence funding reaches approximately 2.50% of GDP in 2033–34 against a Treasury nominal GDP of approximately \$4,267 billion, and approximately 2.39% by 2035–36.³⁶

At the October 2025 Senate Estimates, Defence testimony discussed the derivation of the NATO calculation.³⁷ Defence calculates the NATO methodology by starting with the traditional approach based on appropriation funding to Defence Portfolio agencies and add estimates for items including: military superannuation; defence housing; Department of Veterans Affairs non-medical pensions and compensations; Australian Naval Infrastructure Investment; elements of Australian Border Force; and elements of Australian Intelligence Community. This explanation is partial and appears inconsistent with the 2026–27 Budget factsheet, which explicitly excludes Australian Naval Infrastructure investment in the Osborne Naval Shipyard from the NDS additional investment total. Without access to the exact ‘recipe’ Defence uses, including which elements of other Portfolios funding are in scope, we cannot verify this claim.

Even accepting the 3.0% figure at face value, Australia’s commitment is *below the floor for the 3.5% core defence bucket alone*, before any contribution to the 1.5% broader security bucket is counted. The Hague framework requires both buckets. Australia has committed to less than the lower one. Run on an ‘apples for apples’ NATO basis, the gap is still significant: a 2026–27 NATO starting position of approximately 2.8% of GDP against a 3.5% core minimum (a 0.7 percentage point gap), narrowing to approximately 3.0% by 2033–34 (a 0.5 percentage point gap). In dollar terms, Australia would need to spend approximately \$22 billion more per year by 2033–34 to meet the 3.5% core standard alone, or approximately a 17% increase on the announced trajectory in that year. The point is that the government has committed to less than the lower NATO bucket; the comparison should be made on the NATO basis the government has itself adopted. The UK, by comparison, has committed to 3.5% for core defence plus 1.5% for broader security by 2035; Germany, France, Italy, the Nordics and the Baltics are all moving on similar trajectories.

The 1.5% broader security bucket is closer to being met than the narrow framing implies

The Hague 1.5% broader security bucket is designed to capture whole-of-government spending that contributes to defence and security outcomes but falls outside the traditional ‘Ministry of Defence’ boundary: critical infrastructure protection, civil preparedness, fuel security, defence industrial base strengthening, and innovation. The 2026 NDS has done more to build the policy architecture for this category than any prior Australian planning document, with the NDS concept mapping closely to the NATO definition.³⁸ It hasn’t, however, funded, quantified or reported the architecture as a separate budget category aligned to the NATO framework.

If Australia were transparent about what already counts, the picture would be more flattering, not less. The existing whole-of-government baseline that fits the Hague Declaration’s broader security definition, plus the cross-portfolio measures that the 2026–27 Budget adds to it, aggregate to approximately \$28–29 billion per year in 2026–27, or approximately 0.91% of GDP, which is around three-fifths of the way to the Hague 1.5% broader security target, leaving a gap of approximately 0.59 percentage points rather than the full 1.5%.

If the Defence Minister’s 3.0% claim were disaggregated into the Hague Investment Plan’s two buckets, Australia would be on a trajectory that approaches 3.7% of GDP on the combined standard rather than 3.0%: 2.0%–2.65% for core defence plus approximately 1.0% for broader security, including the items that the Defence Chief Financial Officer’s October 2025 testimony already confirms the government counts.

The government has made the gap to the Hague benchmark look larger than it is. A transparent two-bucket disclosure would show that Australia's core defence gap to the 3.5% floor remains real, but the broader security position is far closer to the 1.5% target than the political discourse currently allows. By choosing the narrow framing, the government has weakened its own burden-sharing story to allies. The Treasurer's resilience pillar (defence alongside fuel resilience, critical minerals and economic sovereignty) is the accounting framework that the broader security bucket maps to. The conversion isn't yet on the Budget papers; the policy logic is now explicit.

Where Australia does meet the standard, and the framing question that remains

On the Wales Pledge, Australia exceeds the standard. This is the capital-intensive shape of a program dominated by AUKUS Pillar 1, the post-Surface Fleet Review (SFR) surface combatant fleet, GWEO, F-35A Block 4, and the broader IIP.

The trajectory is in the right direction. The 2026 IIP is the largest peacetime defence investment commitment in Australian history. The Wales Pledge is met decisively. The framing that Australia is on track to meet the full NATO standard, however, doesn't survive the analysis. The defensible framing is that Australia has made a significant peacetime increase, is narrowing but not closing the gap to the NATO core floor over the decade and has built the policy architecture for a 1.5% broader security contribution that it hasn't yet quantified or funded. The gap to the 5.0% total Hague standard, on a transparent count, is approximately 1.5 percentage points of GDP, or approximately \$71 billion per year by 2035–36 against Treasury's published \$4,700 billion nominal GDP, rather than the larger gap implied by the government's narrow framing.

For an alliance partner increasingly being asked to demonstrate burden sharing in concrete and measurable terms, that distinction matters. The government's signalling will land better with US, the UK and European partners if it stops claiming to meet a standard it doesn't meet, and starts publishing the methodology that would let allies see exactly where Australia sits, why, and on what trajectory.

The strategic question: is the Strategy of Denial deliverable?

In subsequent chapters, we examine the 12 CIPs in detail. Before doing so, we need to make a judgement about the question that sits above the CIPs: does the resourcing announced in the 2026 IIP, and confirmed in the 2026–27 Budget, give Australia a credible prospect of delivering the Strategy of Denial that the NDS sets out? The answer is partial, and it turns less on the headline dollar figures than on the connective tissue that turns a list of platforms into a joint and integrated force.

Platforms, capabilities and the joint force

A platform is a thing: a Hunter-class frigate, an F-35A Lightning II, an SSN-AUKUS submarine, an AS21 Redback infantry fighting vehicle, an MQ-28A Ghost Bat. The IIP is a procurement document for platforms.

A capability is more than a platform. The ADF doctrine of the fundamental inputs to capability is the formal expression of this: a capability is a platform plus the personnel to operate and sustain it, the collective training to make them combat ready, the organisation that holds the workforce, the supply chain that keeps it operational, the facilities from which it operates, the command and support arrangements that direct it,

and the major systems and ICT that make it work and the national support and industry base that provides the foundations for everything else. Strip any of those out and the platform becomes an exhibit, not a capability.

A joint and integrated force is more again. It's the set of capabilities working across the five domains (sea, land, air, space, cyber) under common command, with shared targeting and intelligence, on networks that are resilient to disruption, sustained by logistics that move at the operational tempo of conflict, in basing that's hardened against attack, and in formations that can fight and win against a peer adversary. The joint and integrated force is what the Strategy of Denial demands.

The connective tissue between platforms and the joint and integrated force is therefore the central strategic question of the IIP. The connective tissue is the targeting enterprise (parts of CIP 3), the space and cyber capabilities (CIP 4), the IAMD architecture (CIP 7), theatre logistics (CIP 8), theatre command and control (CIP 9), the northern basing network (CIP 11) and the broader enabling investments (CIP 12), including the digital backbone, ICT, the Advanced Strategic Capabilities Accelerator and the naval shipbuilding industrial base. These seven CIPs are where the platforms become a force.

The three force epochs

The 2026 NDS and IIP frame Defence's task across three force epochs. The *force in being* is the capability available today, drawn from the inventory delivered and crewed by the current ADF, with the current workforce and current preparedness (readiness and sustainment). The *objective force* is the force that the NDS describes as needed to deliver the Strategy of Denial through the late 2020s and early 2030s, when the strategic environment is judged to be at its most demanding. The *future force* is the force from the mid-2030s onwards, dominated by AUKUS Pillar 1 undersea capability, the post-SFR combatant fleet at maturity, and the longer term acquisitions for which procurement decisions are being made today.

Each of those epochs' places different demands on the connective tissue.

The force in being depends on the connective tissue Defence has now. The F-35A, Hobart-class, Collins-class, M1A2, KC-30A, P-8A and the rest of the in-service fleet are individually capable platforms. Whether they constitute a joint force capable of deterrence by denial today turns on whether the existing targeting, C2, ISR, logistics and basing arrangements can sustain the operational concept. The evidence suggests that they can't at the intensity the NDS assumes. The MC-55A is three years late; sovereign satellite communications are in transition after the JP 9102 rescoping; the joint C2 architecture is in build-out phase; munitions stockpiles aren't being fulfilled due to the demands from the Iran war and broader US production constraints; a theatre logistics underspend continues; northern bases are below the hardening standard. The force in being can deter at a level. It can't yet deliver impactful projection at the scale that the Strategy of Denial implies.

The objective force depends on the connective tissue being built now. The IIP's investments in the targeting enterprise, IAMD, theatre logistics modernisation, the C2 architecture, dispersed and hardened bases and the enabling investment categories are the core of that build-out. Most of these are planned investments, but a small fraction are approved and funded for execution. The pattern is best seen as a table.

Table 2. Approved versus unapproved planned investment, connective tissue and platform CIPs to 2035–36 (A\$, decade total).

CIP	Approved	Unapproved (range)	Total (range)	Approved share
Connective-tissue CIPs				
CIP 3 Targeting and Long-Range Strike	\$9.6bn	\$18bn to \$26bn	\$28bn to \$35bn	27% to 34%
CIP 4 Space and Cyber	\$3.8bn	\$24bn to \$35bn	\$27bn to \$38bn	10% to 14%
CIP 7 Integrated Air and Missile Defence	\$850m	\$20bn to \$29bn	\$21bn to \$30bn	3% to 4%
CIP 8 Theatre Logistics and Health	\$790m	\$13bn to \$20bn	\$14bn to \$21bn	4% to 6%
CIP 9 Theatre Command and Control	\$1.6bn	\$12bn to \$17bn	\$14bn to \$19bn	8% to 11%
CIP 11 Enhanced and Resilient Northern Bases	\$1.6bn	\$11bn to \$15bn	\$13bn to \$16bn	10% to 12%
CIP 12 Enabling Investments (enterprise)	\$4.3bn	\$25bn to \$35bn	\$30bn to \$40bn	11% to 14%
Platform CIPs (selected, for comparison)				
CIP 2 Maritime Capabilities for Sea Denial	\$25bn	\$38bn to \$53bn	\$62bn to \$77bn	33% to 40%
CIP 5 Amphibious Land System	\$22bn	\$25bn to \$36bn	\$48bn to \$59bn	37% to 46%
CIP 10 Guided Weapons and Explosive Ordnance	\$6.1bn	\$20bn to \$30bn	\$26bn to \$36bn	17% to 24%

Source: 2026 IIP.

The shape is unambiguous. The connective-tissue CIPs run at a weighted average approved share in the order of 10%–12% of decade total investment. The platform CIPs for which 2026–27 is a delivery year run at 30%–40% approved. The exception, CIP 3 Targeting and long-range strike, sits closer to the platform CIPs because strike weapons themselves are platform adjacent, and the Tomahawk and SM-6 approvals have already moved through government. Strip CIP 3 out and the remaining connective-tissue CIPs sit at single digit to low double digit approved shares.

The implication is direct. The connective tissue is sitting in the out-years. The capabilities that turn platforms into joint force effect, IAMD, theatre logistics, theatre C2, hardened northern bases and the enterprise enabling investments aren't getting first call on Budget approvals in the 2026–27 cycle. The platforms are. The 2026–27 Budget is the first major test of whether announced plan is becoming committed delivery at the pace the objective force requires. On the evidence of the per-CIP approved share, the answer is that the platform layer is getting funded sooner than the connective tissue, even though the connective tissue is what determines whether the platforms generate effect. Subsequent budgets through to 2028–29 will be the test of whether the pattern is corrected.

The future force depends on the connective tissue that Defence is only now starting to design. The SSN-AUKUS workforce, the sovereign GWEO Enterprise at full rate, the next-generation Wedgetail or hybrid air moving target indicator replacement, the AUKUS Pillar 2 technologies, the autonomous and uncrewed layer at scale, the post-Super Hornet air combat platform, and the digital and AI architectures of decision advantage all sit in this epoch. The IIP signals intent in each of these areas, but the planning detail and resourcing commitment thin out towards the end of the decade. For the future

force, the central strategic question is whether the institutional follow-through across multiple electoral cycles can hold the trajectory.

Across the three epochs, four tests apply:

- *Money.* Is the dollar amount commensurate with the strategic priority? At the headline, yes. The cumulative connective tissue investment that's planned is substantial. Within each project line, the committed to planned ratio is the operative figure. Total planned investment that hasn't been approved through the Budget process is announced money, not committed money.
- *Priority.* Is the investment likely to be delivered in time, given the government's prioritisation signal through the Budget? Priority is signalled through the approval rate, the sequence in which projects are taken through the Investment Committee and the rate at which approved projects move from committed plan to contract to delivered capability. The 2024–25 evidence, from the ANAO *Major projects report* (MPR) and the Defence annual report, shows a system under stress. The Capability Acquisition and Sustainment Group's pipeline is large, the workforce is constrained, and slippage in the approval to contract phase is the most consistent pattern.
- *Connective tissue.* Are the enabling investments commensurate with the platform investments? On the face of the 2026 IIP, probably. In execution, the approval rate evidence suggests that the connective-tissue CIPs are being held in the longer term planning purgatory while the platform CIPs (notably SSN, surface combatant, F-35A Block 4, MQ-28A) are moving through approval processes at a faster pace. This is the asymmetry that should concern us the most. A joint and integrated force is not the sum of impressive platforms.
- *Resilience.* Can the capability be sustained, surged and regenerated under stress? Industrial base resilience (GWE0, naval shipbuilding, the broader sovereign industrial base), workforce resilience (the binding constraint that runs through every CIP), supply-chain resilience (constrained by US production and foreign military sales allocations), and sovereign capability resilience (a long term trajectory, not a present state) are the four subtests. Across all four, the trajectory is positive, but the present state is constrained.

On balance, the Strategy of Denial is deliverable on the resourcing announced in the 2026 IIP, but only conditionally on three things.

First, the connective-tissue CIPs (3 targeting enterprise, 4, 7, 8, 9, 11, 12) need to move from plan to committed delivery at the same rate as the platform CIPs. The 2026–27 Budget was the first signal. Subsequent budgets through to 2028–29 will be the test.

Second, the workforce build, across the SSN, surface combatant, the REDSPICE investment of the Australian Signals Directorate (ASD), joint targeting, IAMD, cyber and broader STEM lines, must hold to the announced trajectory. Workforce slippage is the most likely single point of failure across the program.

Third, the institutional follow-through across multiple electoral cycles must hold. The 2026 IIP runs to 2035–36. Three federal elections will occur in that window. The continuity of strategic concept, of program structure, and of workforce and industrial

base investments must hold across those cycles. *The cost of Defence* has, in prior editions, documented the cost of discontinuity. The 2026 program can't afford it.

The honest answer to the question that sits above the CIPs is therefore: yes, the Strategy of Denial is deliverable, conditional on connective tissue, workforce and institutional follow-through. If any one of those three breaks, the Strategy of Denial is not deliverable on the announced program. The chapters that follow examine each CIP through this lens. The 'Conclusions' section returns to it after the evidence has been laid out.

Reform: turning the money into combat power

The 2026 NDS and the 2026 IIP announce a record decade of defence funding. Whether that funding becomes the joint and integrated force that the Strategy of Denial requires depends on whether the appropriation system, the acquisition system, the sustainment system and the workforce system that sit between the Budget and the ADF deliver what the dollars are intended to buy. That's the reform agenda.

Why reform is the central lever

Reform isn't administrative efficiency for its own sake. It's the question of whether appropriated dollars translate into delivered capability that the ADF can use to fight and win. That question is the central analytical thread of this report.

The historical record gives a much-needed context for reform. The approved share of total defence acquisition investment has held in a remarkably narrow band (30%–33%) across the last several reporting cycles, despite the IIP's denominator growing materially. The stability of the conversion rate across a period when the announceable has grown points to a possibility worth naming. The approved share might not be a strategic variable at all. It may be an institutional throughput limit. Defence and the government can swallow only so many projects through first pass, second pass, contract award, workforce mobilisation and industry engagement in any given year. If the limit sits inside the institution rather than on the page of the IIP, then more projects announced and more money committed in the Budget won't materially shift what's approved and contracted in the year.

That reading reframes the reform agenda. Reform isn't a question of better governance memos or sharper accountability papers. It's the question of whether the institution can throughput more program in any given year, and whether the system of first pass, second pass, contract award, workforce mobilisation and industry engagement can be re-engineered to deliver at a higher conversion rate without compromising the rigour that underwrites it. The Defence Delivery Reforms scheduled for 2027–28 (the standing up of the Defence Delivery Agency and the National Armaments Director) are the central reform lever. They'll either lift the conversion rate above the historical 30%–33% band, or the announced IIP will remain, in budget throughput terms, a commitment in nominal excess of the approval system's actual capacity to deliver.

What ministers Marles and Conroy have said about reform

Defence Minister Marles has, across the 2024 and 2025 speech record, made delivery the rhetorical centre of the government's defence narrative. The phrase 'delivery is the constraint' recurs across the government's own characterisation of the inherited position from 2022, and the minister's framing of the 2024 NDS, the IIP and the AUKUS arrangements all turn on Defence's ability to convert announcement into contract and contract into capability. The government's response to the Defence Strategic Review, the 2024 NDS launch and the 2026 NDS framing are all consistent in placing delivery, not strategy, at the analytical centre.

Defence Industry and Capability Delivery Minister Conroy has been the more explicit voice on the industrial base side of the reform agenda. The minister's speeches on sovereign production, the GWEO Enterprise, the National Armaments Director role, and

the Australian SME supply-chain proposition have set out the political case for reform at the project-by-project level. The joint Marles–Conroy statements on the Defence Delivery Reforms, the Australian Submarine Agency and the alternative financing toolkit are the consolidated political statement of the agenda.

The political record on reform is therefore substantive. It's also conspicuously absent from the Treasurer's 2026–27 Budget speech. The Treasurer's speech named tax, productivity, housing, the National Disability Insurance Scheme and budget repair as the reform pillars of the 2026–27 Budget. Defence reform didn't feature in the list. The government has the reform inside the Defence portfolio's own document, the PBS, but not inside the political document that the Budget speech amounts to. The 2027–28 Budget speech is the place that omission will be tested politically.

What the 2026–27 Defence PBS says about reform

The Defence PBS for 2026–27 carry the most concrete statement of the reform agenda. The PBS Overview (pages 11 to 12) names three reform pillars that Defence will pursue through 2026–27 and into 2027–28: 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 Strategic Commissioning Framework for the APS workforce continues in parallel as a fourth, crosscutting reform stream.

The Capability development and delivery reform stream consolidates the existing Vice Chief of the Defence Force's capability functions, the Capability Acquisition and Sustainment Group, the Guided Weapons and Explosive Ordnance Group, and the Naval Shipbuilding and Sustainment Group into a single Defence Delivery Group Organisation by 1 July 2026. This is the precursor to the standing up of the Defence Delivery Agency proper from July 2027. The intention is to collapse the layers between strategic direction and delivery, to put a single accountable executive on each major capability stream, and to give that executive control of the program of work, the workforce and the industrial relationships that underpin it.

The submarine enterprise reform stream is the AUKUS Pillar 1 program-management response. It addresses the Australian Submarine Agency's relationship with the US Navy's Program Executive Office for Submarines, the UK's Submarine Delivery Agency, the Defence side personnel preparation for Virginia-class accession from 2032, and the Osborne shipbuilding precinct's transition from the Hunter-class continuous build to the SSN-AUKUS construction program.

The Estate Audit response is the longest reform stream. The 2024 Defence Estate Audit identified a multidecade gap between the estate that the ADF holds and the estate that the 2026 NDS posture requires. The 2026–27 PBS confirms that the audit response is now sequenced behind the Defence Delivery Agency reform, which makes 2027–28 the first Budget cycle to carry estate reform measures at scale.

These three reform pillars aren't separately funded in the 2026–27 Budget. The PBS confirms that the costs of reform are absorbed inside the existing Defence operating envelope. The implementation profile begins after the next federal election. The government has therefore set the technical reform clock running inside the Defence

Department while leaving the political and fiscal marking of the reform agenda for the 2027–28 Budget.

What the 2026 NDS says about reform

The 2026 NDS Chapter 11 is titled ‘Reform’ and explicitly retains the 2024 NDS’s framing of reform as the agenda that turns *strategy* into *force*. The Defence reform agenda (paragraph 11.2 of the 2026 NDS) names ‘enterprise transformation and reform’ as the operating concept and folds the inherited four reform pillars into that framing.

A side-by-side read of the 2024 NDS Chapter 11 and the 2026 NDS Chapter 11 reveals an important shift. The 2024 NDS distinguished two distinct streams: *strategic reform*, which addressed the relationship between strategy and force structure (the war-fighting concept, the joint war-fighting function model, the force structure logic underlying the IIP), and *enterprise reform*, which addressed the delivery system (acquisition, sustainment, workforce, industrial base, estate). The 2024 framing positioned the two streams as complementary and equal in analytical weight, with the strategic reform stream supplying the conceptual frame and the enterprise reform stream supplying the delivery mechanism.

The 2026 NDS retains the language, but the framing has shifted. Strategic reform now reads as largely complete: the 2026 NDS treats the strategic frame as set, and the war-fighting concept, the joint targeting enterprise and the force structure logic of the 2024 IIP are described as the operating assumption rather than as questions still under examination. The enterprise reform side dominates the 2026 chapter: capability development and delivery reform, the submarine enterprise reform, and the Defence Estate Audit response are the three named pillars, with the Strategic Commissioning Framework as the fourth, workforce stream. The compression of the strategic reform side and the emphasis on enterprise reform delivery is itself a notable change in the government’s framing. It signals a government that has decided the strategic argument has been won and that the operative question is now whether the delivery system can keep up.

Diagnostic tool 1: Over-programming and Defence contingency

Over-programming and defence contingency are diagnostic indicators of how well the acquisition system is converting money into capability. The diagnoses they offer are distinct. The 2026-27 Budget cycle marks the point at which both indicators have, on the face of the published documents, become harder to see.

Over-programming is the practice of approving more total project expenditure in any given year than the appropriated Defence budget can fund. Over-programming exists because some projects slip in every cycle. If the program were sized to the appropriation, the inevitable slippage would result in an underspend, and the ADF would receive less materiel each year than the budget could, in principle, have purchased. Over-programming exists to soak that slippage up. It is not money; it is permission to commit more than the cash on hand, in the knowledge that the cash will catch up when the slippers slip.

Defence contingency, by contrast, is risk funded money. At the project level, contingency is the buffer inside an individual capability acquisition project's approved budget, held against realised cost growth (escalation, scope, foreign exchange variation, technical risk). Defence's Project Risk Management Manual, codified following the 2008 Mortimer Review, required the maintenance of a contingency budget log for every Major Project, with typical contingency holdings of 10 to 15 % of project cost at Second Pass Approval, varying by capability domain and risk profile.³⁹ At the program level, contingency aggregates across the portfolio as the consolidated buffer against unrealised acquisition risk.

Both measures are diagnostic. Rising over-programming, sustained across cycles, indicates a system whose planned commitments are growing faster than the appropriation can absorb, and whose throughput is therefore being managed by the deferral of work rather than by its delivery. A rising contingency line, sustained, indicates a system that is reserving more dollars against the risk that projects will overrun or fail. A falling contingency line, sustained, indicates the opposite: a system that is converting risk into delivered capability with greater confidence. Read together, the two lines describe the acquisition system's risk posture and its workload posture. Read separately, each carries part of the signal.

The over-programming series, reconstructed from Defence Annual Reports, successive Portfolio Budget Statements, and *The cost of Defence* series itself, makes the institutional pattern visible across thirty years. Through the period 1990 to 2010, the Defence Materiel Organisation ran over-programming at approximately 15%.⁴⁰ The 2016 Defence White Paper formalised the buffer at 20%, treating it as the structural margin against project slippage.⁴¹ The 2023 DSR then revealed that the IIP was actually carrying 24 % over-programming against the 2016 baseline.⁴² At the 2024 NDS launch in April 2024, the government acknowledged the figure was on track to average around 36% over the following four years.⁴³ The 2024 IIP, released alongside the 2024 NDS, described the inherited position as 40% over-programmed, with a stated target to return over-programming to 20%.⁴⁴ The series, 15% through 1990 to 2010; 20% set by policy in 2016; 24% realised by 2023; 36% projected at 2024; 40% on the Government's own characterisation of what it inherited, is the cleanest record of institutional throughput pressure in the public domain.

The defence contingency line, reconstructed across the same period, tells a parallel but distinct story. Through the 1990s, Defence contingency sat at around 5-7% of total Defence acquisition funding, carried inside individual project approvals at typical industry rates and aggregated into the portfolio's consolidated contingency line in the Budget Papers.⁴⁵ The line rose sharply through the early 2000s as the post-September 11 expansion and the 2000 Defence White Paper brought a wave of new and complex projects into the acquisition pipeline. The contingency peaked at approximately \$12 billion in the 2008-09 Budget; was reduced to approximately \$7 billion in the 2009-10 Budget; and was reduced again to approximately \$3 billion in the 2010-11 Budget as the post-Global Financial Crisis fiscal consolidation took effect.⁴⁶ Through the 2010s, the consolidated contingency share oscillated with the cycle of White Papers and project escalations.

Figure 14: Over-programming of the acquisition system, 2009 – 2026



Source: Aggregated from current and previous Defence PBS, PAES and Annual Reports. Prices expressed in nominal AUD.

At the project level, the ANAO Major Projects Report series, beginning with the 2008-09 MPR and expanded incrementally to the current 21 projects with continuous reporting since initial approval, records the cumulative drawdown of project-level contingency against original approved cost. The 2024-25 MPR records approved budget growth of approximately \$40.9 billion in nominal terms, or 74.4% above original approved cost, across the cohort, with the majority absorbed inside approved contingency rather than appearing as real cost increases requiring formal Government reapproval.⁴⁷ That figure is the realised cost growth that contingency exists to absorb, and it is the cleanest measure of acquisition system performance the ANAO publishes.

The 2026-27 Budget cycle takes a disaggregation step that has been building for several budget cycles. The result is that both diagnostic measures have become progressively harder to read off the face of the published documents. We can no longer assemble a single, current picture of either over-programming or defence contingency from the published documents.

The disaggregation of both measures across the IIP and inside each project's approved budget is a transparency choice. The two simplest reform measures the 2027-28 Budget cycle could deliver are the restoration of a single consolidated over-programming buffer line, with the year-on-year change against the Government's stated 20% target reported on the face of the document; and a single consolidated defence contingency figure in the PBS, restoring the practice. Both are technically straightforward. Both would restore the

public record's capacity to read the institutional signal that each measure carries. The Defence Delivery Reforms scheduled for the 2027-28 Budget will need to address the transparency point if the reform claim is to be testable from the published documents; absent that restoration, the reader is left to reconstruct both measures by inference from the IIP's ranges and from the ANAO MPR series, project by project, which is neither efficient nor reliable.

Diagnostic tool 2: the ANAO *Major projects report*

The ANAO MPR is the second diagnostic tool. The MPR's per-project tracking of schedule, cost, capability scope and real cost increases is the closest the public record gets to project-level acquisition performance. The 2024–25 MPR records the cumulative pattern across the 21 projects with continuous reporting since initial approval: approved budget growth of approximately \$40.9 billion in nominal terms, or 74.4% above originally approved costs. The 2024-25 MPR notes that only four projects spent or applied for contingency funds in 2024-25, indicating that most of the budget growth reflects subsequent government approvals of additional project tranches and real cost increases rather than contingency drawdown.⁴⁸

The MPR also records the project-level schedule pattern that this report has flagged across multiple chapters. CA59 (Army munitions) was underspent by 36% in 2024–25, and was explicitly attributed to US Government delays in contracting and supply-chain delivery. CN02 (Anzac sustainment / TransCAP) carries cumulative cost growth and schedule slippage that reflects the depth of the Anzac fleet's life-extension burden. AIR 5431 Phase 3 (CMATS) reached provisional operational capability in October 2022 and has slipped its final operational capability by four and a half years to the first quarter of 2031. AIR 555 Phase 1 (MC-55A Peregrine) had an original initial operational capability (IOC) of mid-2023 and now carries an IOC that is, in the MPR's terms, 'Not for publication'. DEF 1 (SSN-AUKUS) absorbed a \$2.1 billion single-year approved budget growth across 2024–25 reporting. LAND 8113 (Long range fires) tracked broadly to schedule on the LAND side acquisition but absorbed two cost baseline resets.

The MPR records schedule slippage of multiple years against original public baselines and contingency drawdowns absorbing cost growth that, in the previous decade, would have been visible as published budget variations. The reform agenda's project-level test is whether the next reporting cycles show that pattern slowing, stopping or reversing.

The Defence Delivery Agency and the National Armaments Director

The Defence Delivery Agency will be the principal institutional mechanism of the reform agenda. The agency is being stood up in two phases.

Phase 1 consolidates capability development under the Vice Chief of the Defence Force and the three existing delivery groups (the Capability Acquisition and Sustainment Group, the Guided Weapons and Explosive Ordnance Group, and the Naval Shipbuilding and Sustainment Group) into a single Defence Delivery Group Organisation by 1 July 2026. The consolidation removes the existing duplication between strategic capability planning and delivery execution that has, in the government's own characterisation, slowed the conversion of announcements to contracts.

Phase 2 stands up the Defence Delivery Agency from July 2027. The agency will be headed by the National Armaments Director, who will report directly to the Defence Minister and who controls the agency's budget. The director will be accountable for the cradle-to-grave delivery of projects, sustainment and the alternative financing portfolio.

The implementation profile begins after the next federal election. The 2027–28 Budget will be the first Budget that carries the Defence Delivery Agency as a costed measure with a statement of expectations and a budget allocation, and the first Budget against which the conversion rate test, which the analytical case sets out, can be applied.

The alternative financing toolkit

The 2026–27 Budget signalled a structural change to how Defence investment will be funded over the decade. The \$53 billion decade announceable is to be made up of direct federal appropriation, releases from the Commonwealth Contingency Reserve, and alternative financing. The alternative financing component is the most consequential of the three because it's the part that the Budget papers don't specify in detail.

Three alternative financing instruments are in active development. Equity vehicles, in which the federal government takes a minority equity position in a sovereign capability project and the project is partly funded from private sources against the government's equity contribution, are the most advanced; the Henderson shipyards precinct and the Naval Shipbuilding College are the test cases. Private capital arrangements, in which the government leases or contracts for a capability outcome from a private operator that finances the underlying infrastructure or platform fleet, are at scoping stage; the strategic fuel reserve infrastructure is the first candidate. Defence estate divestment, in which the government realises value from 'non mission essential' estate to part fund the 'mission essential' estate response to the 2024 Estate Audit, is the third instrument.

The 2027–28 Budget and subsequent ones will need to show, project by project, that the alternative financing toolkit delivers capability at comparable cost to direct appropriation. Until then, alternative financing is a policy intention, not a funded program. The next edition of *The cost of Defence* will assess the toolkit on a project-by-project costing, comparing the all-in cost of alternative financing against the direct appropriation model.

The test we should apply

The reform agenda should be measured against five criteria.

First: a published methodology mapping PBS program appropriations to IIP capability groupings, applied consistently from one cycle to the next, made available to external analysts and to the parliament. The transparency gap set out in the 'Methodology' appendix closes only when the mapping is published.

Second: a transparent two-bucket NATO framework accounting that disaggregates the government's NATO figure into a 3.5% core defence bucket and a 1.5% broader security bucket. A portfolio-by-portfolio aggregation should be published.

Third: a project-by-project costing of the alternative financing portfolio, comparing the all-in cost of each alternative financing instrument against the direct appropriation counterfactual.

Fourth: a costed schedule for moving the acquisition projects from announcement to contract at scale, with intermediate milestones that the parliament and the public can track.

Fifth: the conversion ratio of unapproved to approved investment moving above the historical 30%–33% band. That movement is the analytical signal that the institutional-throughput constraint is being relieved and that the reform agenda is doing what the 2026–27 Budget banked it to do.

The five institutional conditions set out in the ‘Conclusions’ chapter are the operating prerequisites against which the conversion rate test will be assessed.

CIP 1: Undersea warfare

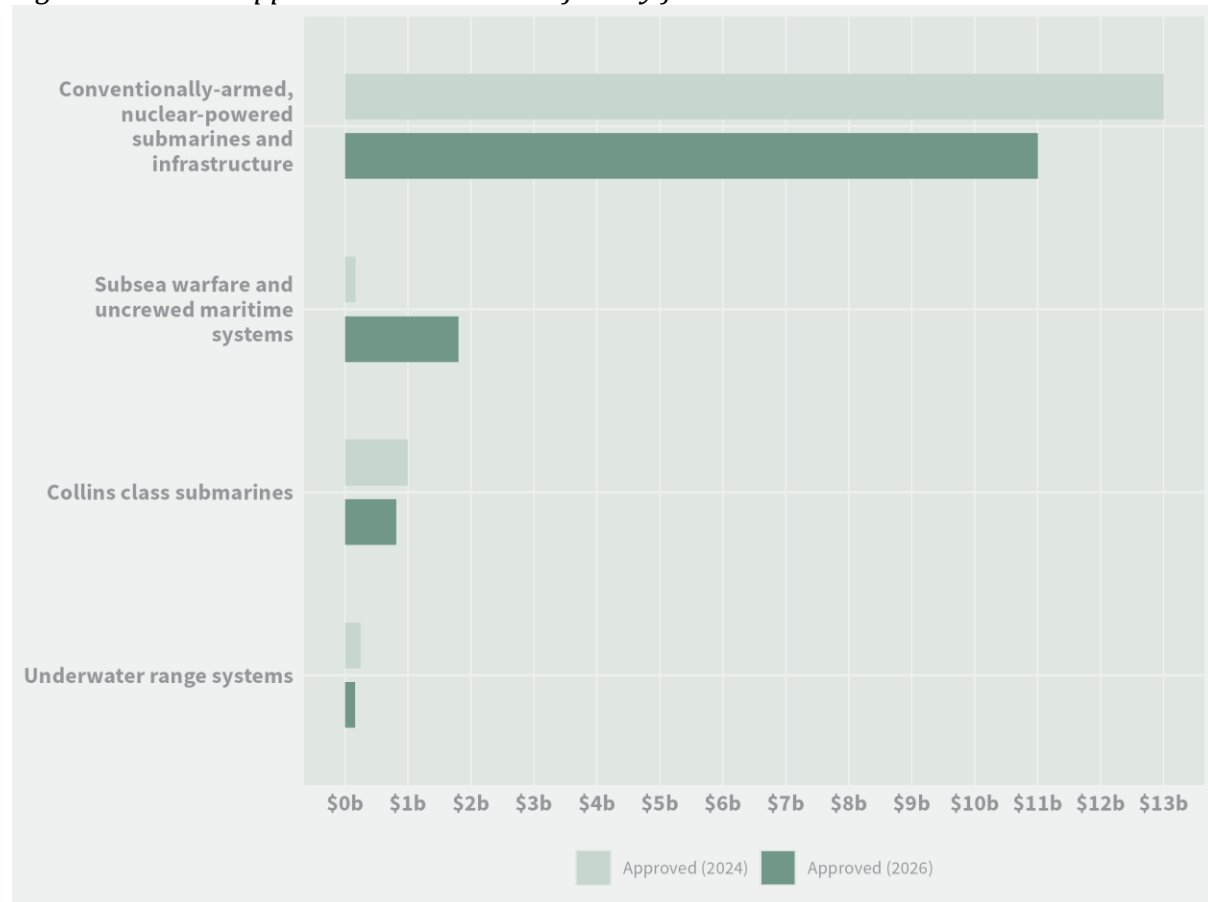


Image: Royal Navy

Undersea warfare is the largest single capability investment in the 2026 IIP. Enhancing the delivery of the conventionally armed, nuclear-powered submarine enterprise is one of three urgent Defence priorities and the only one focused on capability.

The decade allocation of \$71–96 billion for the AUKUS nuclear-powered submarine program, plus \$7.8–11 billion for the Collins life-of-type extension (LOTE), plus further investment in subsea autonomous systems, mine warfare and underwater ranges, make this CIP approximately 23% of the decade investment program. Its strategic weight is unmatched. The appropriations as per the 2025–26 estimated actual reflects a movement of funds of \$1.7 billion from 2026–27 and 2027–28 for the acceleration of capability acquisition in relation to the nuclear-powered submarines program.

Figure 15. CIP 1: approved investment trajectory from 2026–27 to 2035–36.



Sources: 2024 and 2026 IIP.

The 2026 NDS is unambiguous about the rationale. Australia is a maritime continent. The approaches to the continent, and the trade routes that sustain the economy, run through chokepoints and contested seas in which an adversary’s submarine force is the most strategically consequential threat. A credible Australian undersea force is the deterrent posture’s centre of gravity, both for sovereign defence and for the Strategy of Denial that the NDS articulates.

Since transitioning from a balanced to a focused force, the Navy is increasingly optimising for operations in Australia’s immediate region to help secure the sea lines of communication and maritime trade on which Australia’s security and prosperity depend. While Australia’s geography provides strategic depth, it also creates vulnerability through dependence on maritime access extending far beyond our coastline. Undersea warfare, and particularly conventionally armed, nuclear-powered submarines, enables a broad range of missions that project force, maintain persistent situational awareness and hold adversary forces at risk at long range, strengthening Australia’s ability to deter coercion and contribute to a favourable regional balance of power and stability in the Indo-Pacific.⁴⁹

The undersea program rests on four mutually reinforcing components.

First, the AUKUS Pillar I Optimal Pathway, agreed in March 2023, takes Australia from its current Collins-class capability to a sovereign nuclear-powered fleet through a multidecade transition. This will involve rotational US Navy and Royal Navy SSN presence at HMAS Stirling from 2027 (Submarine Rotational Force – West, or SRF-

West); the acquisition of three to five Virginia-class submarines from the US from the early 2030s; and the collaborative SSN-AUKUS class, designed in the UK and built in both the UK and Australia, with the first Australian boat anticipated in the early 2040s.⁵⁰

Second, the Collins-class LOTE, will upgrade the existing six-boat fleet to maintain a credible submarine capability through the transition window from approximately 2030 to the mid-2040s. Without a successful Collins LOTE, Australia faces a capability gap during the most strategically demanding decade. The Collins-class submarine continues to provide Australia with a stealthy, long-range undersea warfare capability designed primarily for sea denial, intelligence collection and strike operations across the Indo-Pacific. Its strategic contribution lies not simply in the platform itself, but in the operational effects that it generates: uncertainty, survivability, persistence and the ability to hold adversary forces at risk in support of Australia's denial strategy.

Third, subsea autonomous and uncrewed systems include the Ghost Shark extra-large autonomous undersea vehicle (XL-AUV), the Bluebottle uncrewed surface vessel, and a maturing portfolio of mine warfare and countermining systems. The 2026 IIP's strong mine warfare emphasis takes Australia towards a near fully autonomous and remote mine countermeasures fleet, materially changing the operating concept for the mine warfare mission.

Fourth, the supporting infrastructure includes the Osborne shipyard expansion in South Australia for SSN-AUKUS construction; SRF-West and the long-term submarine support infrastructure at HMAS Stirling near Perth; an east coast facility (decision still pending); and underwater ranges to test sensors, weapons and uncrewed systems. L3Harris is currently building a maritime underwater tracking range capability for SEA 1350 Phase 3 as a permanent underwater range to include deepwater, shallow water and deployable tracking ranges supporting HMAS Stirling and the Henderson Defence Precinct, valued at up to \$328 million (the system is expected to support the testing and evaluation of current and future submarines, torpedoes and autonomous systems, including Collins-class and future Virginia-class submarines, while improving undersea surveillance, weapons testing, operational readiness and war-fighting proficiency); and the Australian Submarine Agency (ASA) as the sovereign capability authority.

The NDS frames undersea warfare as the cornerstone of holding adversary forces at risk in the primary area of military interest. Submarines deliver strategic effects, deterrence, sea denial, sea control, intelligence collection and special operations support in ways that no other platform does at the same operational reach. With their stealth, endurance and ability to operate submerged for extended periods, SSNs will enable Australia to hold adversary forces at risk over greater distances and duration than is currently possible, complicating the adversary's planning and constraining its freedom of action. At the strategic level, they're likely to be one of Australia's most consequential contributions to sustaining a favourable regional balance of power while reinforcing Australia's strategy of denial.

Risk is concentrated in five areas:

- the transition risk of managing the capability bridge between the Collins class and the new fleet
- the industrial base risk at Osborne, SRF-West and the east coast facility

- the workforce risk of building a submariner, engineering, sustainment and sovereign nuclear regulator workforce effectively from scratch
- the trilateral coordination risk under AUKUS with the US and the UK
- the opportunity cost risk that follows from the share of the decade investment program that undersea warfare absorbs.

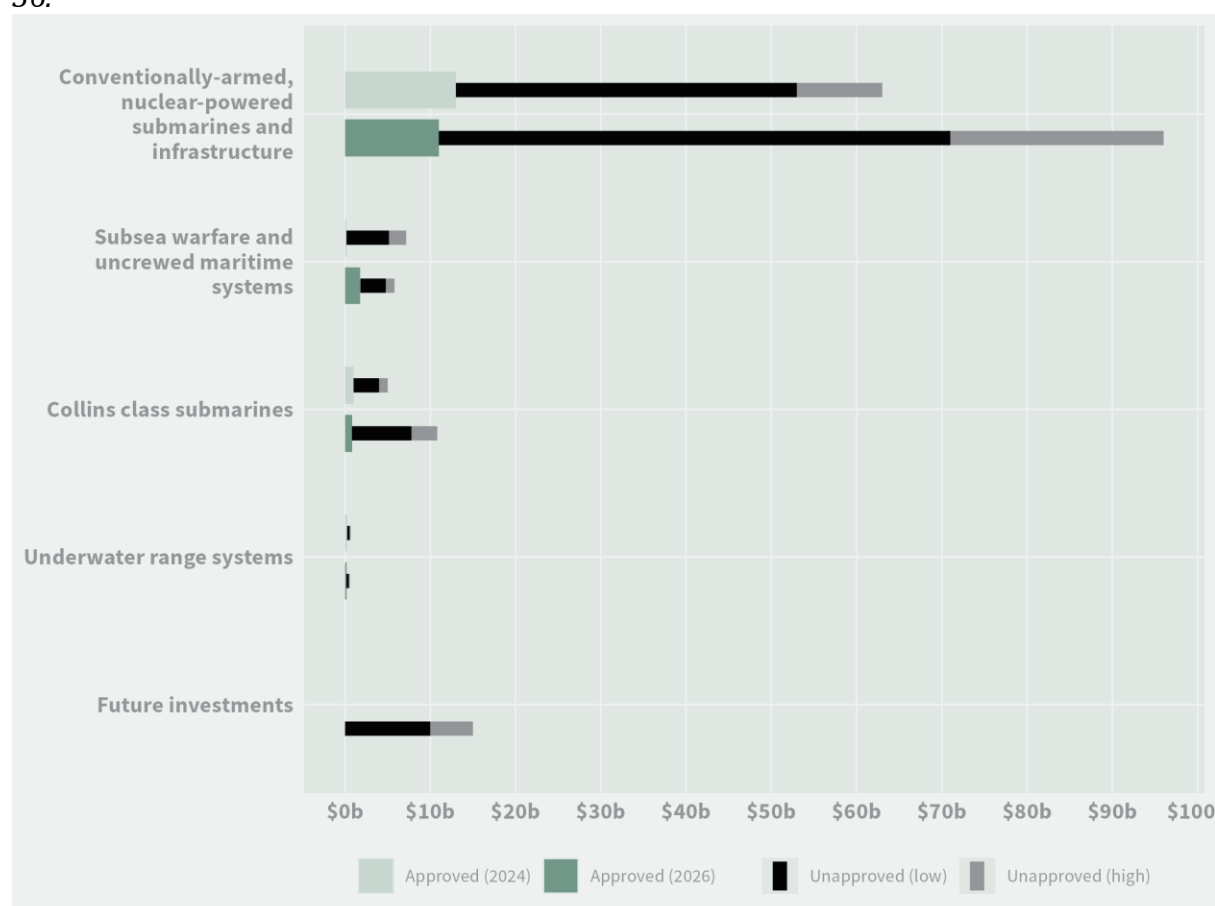
The NDS requires the undersea force to deliver four distinct effects: deny, deter, contest and sustain:

- *Deny.* The architecture must be able to deny an adversary the use of the seas adjacent to Australia and along the principal sea lines of communication, by holding adversary surface and subsurface forces credibly at risk. The performance standard is sustained presence in contested undersea environments at strategic ranges, with the lethality, stealth and endurance characteristic of nuclear-powered submarines.
- *Deter.* The architecture must contribute to deterrence by signalling, through the credibility and survivability of Australia's undersea force, that any attempt at military coercion against Australia or its interests would be met by a credible undersea response. The performance standard is the maintenance of a survivable undersea force that an adversary can't reliably target, and the demonstration through exercises and operations of allied undersea coordination.
- *Contest.* The architecture must be able to contest the undersea environment over a sustained period, supporting joint operations including ISR, special operations and strike. This requires not just submarines but the sensors, weapons and uncrewed systems that enable modern undersea warfare. The performance standard is the integration of crewed submarines with autonomous undersea systems (Ghost Shark, Bluebottle), undersea sensor networks and countermine capability.
- *Sustain.* The architecture must sustain undersea operations through the transition from Collins to SSNs, with continuous capability across the 2030s and 2040s. The performance standard is no capability gap during the transition: the Collins LOTE delivers continued conventional submarine capability while the SSN force is being introduced, while a rotational US and UK SSN presence at HMAS Stirling provides additional undersea capability from 2027 onwards.

Those four effects depend critically on the interlocking schedule. SSN-AUKUS first-of-class delivery is expected in the late 2030s or early 2040s. Virginia-class purchases from the US begin in the early 2030s. SRF-West begins in 2027. The Collins-class LOTE must hold the line until SSN-AUKUS arrives. Any slippage in any of those four schedules will create capability risk that can't be readily compensated by other CIPs.

The 2026 IIP identifies a total planned investment of \$71–96 billion to 2035–36 for conventionally armed nuclear-powered submarines and infrastructure, of which \$11 billion is approved. The approved figure is a \$2 billion reduction on the equivalent line in the 2024 IIP. The capability appears as a single line item in the IIP despite encompassing two distinct elements (the submarines themselves and the extensive infrastructure required to support them), so the allocation between platform and infrastructure can't be determined from the published numbers.

Figure 16. CIP 1: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The cash flow pattern is a story of volatility. In the December 2025 PAES, the government brought \$1.2 billion forward from 2027–28 and 2028–29 into 2025–26 and 2026–27, in addition to a separate \$2 billion pull forward from 2027–28 to 2025–26 for other IIP lines. In the 2026–27 PBS, a further \$1.8 billion was brought forward, of which approximately \$1.7 billion was earmarked for accelerating the nuclear-powered submarine program. Since the 2025–26 Budget, approximately \$2.9 billion has been pulled out of forward estimate years to accelerate SSN delivery in the immediate term.

The growth is concentrated in cash contributions to the US and UK submarine industrial bases under the AUKUS Optimal Pathway agreements. On the figures Defence officials have discussed publicly, approximately US\$1 billion still flows to the US and approximately half of the £2.4 billion commitment still flows to the UK.⁵¹ The 2026–27 planned spend on DEF 1 returns to approximately \$2.8 billion, on the presumption that the remaining payments are made beyond the forward estimates. On the trajectory of the past year, it's at least possible that the 2026–27 spend will be revised upwards in mid-year. For our purposes, the headline is that the SSN cash line isn't a stable planning figure. It's a running ledger of obligations to foreign industrial bases, paid in present-day dollars, for hulls for which the first delivery, on the most optimistic schedule, falls in the early 2030s.

Two readings are consistent with the public figures. The first is that the AUKUS partner industrial bases are delivering at pace, contracted milestones are falling due faster than

originally profiled, and Defence is meeting its obligations as those milestones arrive. The second is that the SSN program is spending much more than was expected, much faster than was expected, and the pattern is the first visible evidence of cost pressure on a program with a 30-year delivery horizon. It would be premature to characterise this as a blowout. A definitive characterisation would require the project data summary sheets that the 2024–25 MPR provided and that the modern reporting framework doesn't.⁵² The absence of project-level transparency makes it impossible to discriminate between the two readings. That absence is itself the argument for restoring the project data summary sheets, or an equivalent transparency mechanism, in the next reform cycle.

External signals reinforce the point about the absence of transparency in both directions. In April 2026, the Pentagon awarded the Australia-funded engineering and design contract to General Dynamics Electric Boat at A\$276 million, with options that could lead to A\$1.3 billion in commitments, consistent with the first reading. In the same month, a report to the UK Parliament expressed serious concern about the UK's ability to fulfil its AUKUS obligations, noting that 'the investment pipeline that underpins that commitment has already faltered', consistent with the second. In the IIP, where the additional \$20–35 billion in unapproved planned spending relative to the 2024 edition is being directed is, on the public information, impossible to determine. Some reporting attributes the increase overwhelmingly to infrastructure costs at Henderson and Osborne, but that can't be independently confirmed.

While much of this volatility reflects the movement of funds rather than growth in the program costs, it is difficult to discern from the public record whether the program is on schedule and on budget.

Investment profile

The undersea warfare investment is structurally different from other CIPs in that the AUKUS Optimal Pathway is a trilateral commitment with publicly stated milestones, contracts and infrastructure dependencies. A larger share of decade investment is therefore *committed* in a binding sense than in other CIPs, even if the formal IIP approval rate is comparable. The ASA Establishment Order, the AUKUS Naval Nuclear Propulsion Agreement and the tripartite SSN-AUKUS shipbuilding partners' agreement together represent a stronger commitment baseline than the IIP approval percentage alone suggests.

Table 3. Investments in undersea warfare to 2035–36 (A\$).



Table 1: Investments in undersea warfare

Capability Element	Approved Planned Investment (2026-27 to 2035-36)	Unapproved Planned Investment (2026-27 to 2035-36)	Total Planned Investment (2026-27 to 2035-36)
Conventionally-armed, nuclear-powered submarines and infrastructure	\$11bn	\$60bn - \$85bn	\$71bn - \$96bn
Collins class submarines	\$810m	\$7bn - \$10bn	\$7.8bn - \$11bn
Undersea warfare and uncrewed maritime systems	\$1.8bn	\$3bn - \$4bn	\$4.8bn - \$5.8bn
Underwater range systems	\$160m	\$300m - \$400m	\$460m - \$560m
Future investments	nil	\$10bn - \$15bn	\$10bn - \$15bn
Total	\$14bn	\$80bn - \$115bn	\$94bn - \$130bn

Note: Planned investments that also contribute to the ADF's anti-submarine warfare capability include the P-8A Poseidon maritime patrol aircraft in Table 6 (Investments in expeditionary air operations), the Hunter class frigates in Table 2 (Investments in maritime capabilities for sea denial and localised sea control operations) and intelligence and space and cyber capabilities in Table 4 (Investments in space and cyber). Future investments includes minor projects, experimentation, innovation, research and testing and evaluation.

Source: 2026 IIP, Table 1.

Independent budget research presented to the US Congress in April 2026 warned that the US might not be able to deliver Virginia-class submarines to Australia on schedule, given delays caused by the Trump administration front-loading new orders. On 24 April 2026, the Pentagon awarded the Australia-funded AUKUS contract to complete the engineering and design work required for the technology handover, removing what had previously been a major hold-up.⁵³

It's difficult to determine where the additional \$20–35 billion in unapproved planned spending in the 2026 IIP, relative to the 2024 edition, is being directed. Some reporting attributes the increase overwhelmingly to infrastructure costs at Henderson and Osborne, but that can't be independently confirmed. Australian Naval Infrastructure wasn't awarded significant funds through AusTender in the 2024–25 financial year, although that isn't necessarily indicative of the future investment trajectory set out in the IIP.⁵⁴

SSN-AUKUS design maturity

There's been no official update on the maturity of the SSN-AUKUS design since Vice Admiral Mead's March 2023 announcement that the design was 'about 70% mature'. UK

press reporting, particularly on contracting for vertical launch components for SSN-AUKUS, suggests that the initial design phase is over.⁵⁵

Submarine Rotational Force – West

SRF-West remains on track for 2027 commencement. Early construction at HMAS Stirling began in 2024 following parliamentary approval, and main construction works commenced in August 2025 following environmental approval. Projects underway include upgrades to base entry, accommodation, an emergency preparedness and response complex, logistics facilities, small-boat storage, and working accommodation. A technical and engineering industrial workshop to support the servicing of nuclear propulsion is to be built. USS *Vermont* visited the base in November 2025. In April 2026, Admiral Paparo testified to the US Congress that the work at HMAS Stirling was on track, and that, if required, the US could station Virginia-class submarines there immediately.⁵⁶

Collins-class LOTE

The Collins-class LOTE (through SEA 1450) is currently in the detailed design phase and is set to begin in 2026, and will continue to integrate with sustainment plans for the Collins-class fleet through CN10. On 5 November 2025, Rear Admiral Stephen Hughes confirmed that the first Collins-class boat (HMAS *Farncomb*) would commence its two-year LOTE in September 2026. The upgrades will take place at Osborne, South Australia. In August 2025, Defence announced a five-year, \$178 million contract extension to Thales for the sustainment of the class's sonars, and a further five-year extension valued at \$89 million to BAE Systems for the class's periscopes. In November 2025, Defence announced a three-year, nine-month contract extension to Raytheon Australia worth \$270 million for the sustainment of the Collins-class combat system, extending an initial five-year contract awarded in October 2022 valued at \$322 million. The 2026 IIP sets aside \$810 million in approved planned investment and \$7–10 billion in unapproved planned investment over the next decade for the Collins LOTE. The current budget estimate for CN10 is \$921 million to safely maintain the materiel capacity of the fleet and the present submarine escape and rescue capability.

Osborne yard

The Minister for the Environment and Water approved the Osborne Strategic Assessment Plan on 19 February 2026. The Strategic Assessment Plan and Strategic Impact Assessment were finalised in January 2026. In February 2026, the Prime Minister announced a \$3.9 billion down payment for Osborne and indicated that total costs would reach at least \$30 billion.⁵⁷

East coast facility decision

There's been no update on the east coast facility since the May 2023 announcement that the selection would take place 'later this decade'.⁵⁸

Subsea autonomous systems

The 2026 IIP outlines \$4.8–5.8 billion in total planned investment in subsea autonomous systems, \$1.8 billion of which is approved planned investment. This represents a noticeable shift from unapproved to approved investment from the 2024

IIP, in which, of the \$5.2–7.2 billion in total planned investment, \$170 million was approved. This shift represents a \$1.7 billion investment in the procurement of the Ghost Shark autonomous undersea vehicle. The remaining \$3–4 billion in unapproved planned investment in the 2026 IIP indicates an intent for future procurements over the next decade, the details of which aren't yet finalised.

The Ghost Shark XL-AUV factory in Sydney opened in October 2025, and the first vehicle is scheduled to be with the RAN by January 2026, ahead of schedule and on budget. The Ghost Shark is designed for ISR, strike and logistics operations at range. The total number to be procured hasn't been publicly announced, but the Deputy Prime Minister has indicated that Australia is procuring 'dozens', having committed \$1.7 billion. That builds on the delivery of three Ghost Shark XL-AUV combat-ready prototypes in 2024 at a total cost of \$160 million, co-developed by the Defence Science and Technology Group, the RAN and Anduril Australia and delivered through the Advanced Strategic Capabilities Accelerator (ASCA).⁵⁹

The Bluebottle program received a \$176 million investment on 11 March 2026 to deliver 40 new uncrewed surface vessels, built by Ocious Technology in Sydney and the Hunter Valley. Combined with prior orders, that brings the RAN's Bluebottle holdings to 55 platforms. Delivery will take place over a five-year period.⁶⁰ The Bluebottle takes advantage of solar, wind and hydroelectric energy production to stay at sea for extended periods conducting surface and subsurface surveillance, and can also carry payloads. Both the Ghost Shark and the Bluebottle are cost-effective investments that will significantly lift Australia's autonomous undersea capability.

ADV Guidance

Australian Defence Vessel (ADV) *Guidance* is prioritised as a modular, multi-role undersea support platform to enable the development, testing and deployment of crewed and uncrewed underwater and autonomous systems, including emerging undersea surveillance technologies and multiple robotic and autonomous systems. *ADV Guidance's* modular design allows it to be reconfigured with different personnel and mission systems for a range of tasks, including the discreet deployment of sensitive payloads via its moon pool (an opening in the hull that provides direct access to the water). It can deploy autonomous over-the-horizon mine countermeasure systems capable of detecting, identifying and neutralising maritime threats at range, enhancing the ADF's ability to conduct persistent and survivable undersea operations in contested environments.

ADV Guidance contributes a supporting role in the development of Australian uncrewed underwater vehicles, including Ghost Shark, SeaWolf and Speartooth. Programs such as SEA 1778, and SEA 5012 Phase 1 (Integrated undersea surveillance system) are to benefit from the vessel's dedicated undersea support capabilities.

Submariner pipeline

The undersea workforce challenge is the most demanding in the IIP. Australia must grow a submariner workforce to crew, eventually, a fleet larger than the current six Collins-class boats. Australian submariners are already embedded in US and UK nuclear submarine programs providing the operational training base. The Collins-class workforce must be sustained through the LOTE while the SSN workforce is built.

Detailed published workforce data remains thin: there's no specific submariner pipeline figure in Defence's 2024–25 annual report or workforce plan. Some estimates have been published in the open press.⁶¹

Sovereign nuclear engineering capability

A workforce competent to operate, maintain and design nuclear propulsion systems within Australian regulatory frameworks is required. The Australian Naval Nuclear Power Safety Regulator is the regulatory authority being stood up. ASA, established in 2023, is operating as the sovereign capability authority. ASA's standing up hasn't been without challenge: in the 2025 APS Census, ASA ranked sixth lowest of all APS agencies on the Employee Engagement Index.⁶²

Industrial workforce for build and sustainment

ASC, BAE Systems Australia, and the supply chain of primes and SMEs across South Australia and Western Australia are the foundation of this CIP. The government has stated that it is currently developing a comprehensive AUKUS Submarine Workforce and Industry Strategy to support delivery, with an expectation that the program will create around 20,000 direct jobs over the next 30 years across industry, the ADF and the APS including trades workers, operators, technicians, engineers, scientists, submariners and project managers.⁶³ In February 2026, the Prime Minister stated that he hoped 10,000 jobs in design and construction would exist at Osborne alone, which could account for some of the increase in unapproved planned investment.⁶⁴

The workforce challenge isn't separable from the program schedule. Without the workforce, the platforms can't be operated or sustained. Workforce ramp-up timelines and platform-delivery timelines must align across the next two decades.

The adequacy of the undersea warfare program must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum.* The largest committed funding block in the IIP is \$71-96 billion for the SSN program, plus the Collins-class LOTE, plus subsea autonomous systems and ranges. In international terms, it's comparable in order of magnitude to the SSN programs of mid-tier nuclear submarine operators. On quantum, the program is broadly adequate to the strategic priority, conditional on the cost growth that's a nearly universal feature of complex shipbuilding programs.
- *Timing.* The transition from Collins to SSN spans 2027 (SRF-West) to the mid-2040s (full SSN-AUKUS fleet). That's a 15–20-year window. Maintaining undersea capability across that window is the central timing challenge. The Collins LOTE, US and UK SSN rotations at HMAS Stirling and Virginia-class purchases from 2033 are the bridging mechanisms. The timing test is partially met if and only if all four bridging mechanisms hold; failure in any one of them creates a capability gap during the most strategically demanding decade. The April 2026 US Congress reporting flagging Virginia-class delivery risk to Australia, and the UK's Parliamentary Defence Committee report on AUKUS,⁶⁵ are the most consequential current signals that the bridge could compress.
- *Balance.* The current allocation favours nuclear-powered submarines overwhelmingly relative to autonomous undersea systems. This is correct in terms

of strategic effect: SSNs deliver capabilities that autonomous systems can't replicate. However, the balance underinvests in the autonomous undersea layer that may compress the cost per effect of sustained ISR and undersea sensing. As an adequacy judgement, the balance is appropriate to current technology readiness but should be reassessed in the next biennial NDS cycle. The Ghost Shark and Bluebottle programs suggest that Defence is moving in the right direction inside the existing balance.

- *Integration.* The AUKUS Pillar 1 framework provides unprecedented integration with US and UK undersea forces. The challenge is integration *into* the broader Australian joint force: how SSN operations are commanded and controlled (CIP 9 dependency), how undersea sensors feed targeting and IAMD (CIP 7 dependency), how submarine-launched weapons integrate with the broader strike portfolio (CIP 3 dependency). The cross-CIP integration challenge is most acute here.
- *Resilience.* Submarine survivability is the platform's defining attribute. The wider program's resilience challenge is industrial: Osborne and Stirling are concentrated infrastructure nodes, the loss of which in a contested environment would cripple sustained submarine operations. Hardening, dispersal and redundancy considerations are partly addressed in CIP 11 (Northern bases) but aren't separately broken out for undersea infrastructure.
- *Sovereignty.* AUKUS Pillar 1 is, by design, deeply allied. The technology transfer required to build SSN-AUKUS in Australia and to operate Virginia-class submarines is unprecedented, and the regulatory and security framework for sovereign Australian nuclear submarine operation is being built from a low base. On sovereignty, the program is on the right trajectory, but the maturity of sovereign capability is years away.

The undersea warfare program is the most consequential single line of investment in the IIP and the most likely to determine the credibility of Australia's deterrent posture in the 2030s and 2040s. The judgement is that the program is *necessary and ambitious*, but the binding adequacy constraints are timing (the transition bridge from Collins to SSN), workforce (the sovereign submariner and nuclear engineering pipeline) and integration with the broader joint force. Sustaining the program through multiple electoral cycles is the political precondition. Australia hasn't previously sustained a defence commitment of this duration and complexity. The test of the program is therefore as much institutional as it is technical.

If the current program is necessary and ambitious but constrained on timing, workforce and integration, the question is: what additional investment, in what categories, would close the gap?

Future investments

According to the 2026 IIP, the federal government hasn't approved any 'future investments' over 2026–27 to 2035–36, but has earmarked \$10–15 billion in unapproved planned investment that includes 'minor projects, experimentation, innovation, research and testing and evaluation'.

The 'future investments' category within undersea warfare captures capability areas that Defence has prioritised conceptually but hasn't yet publicly defined as discrete acquisition programs. Those could include future increments of autonomous undersea

systems, seabed warfare capabilities, undersea surveillance and sensor networks, integrated command and control systems, advanced hydrographic and oceanographic capabilities, sustainment and support systems, and additional undersea infrastructure beyond currently approved projects.

Australia's undersea operations are heavily weighted towards long-term investment, exemplified by exceptionally long delivery schedules for some platforms. That leaves Australia vulnerable in the immediate term.

Project-level GWEO breakdown (related to this CIP)

GWEO budget allocation is among the most opaque in the IIP. The 2026 IIP shows a single GWEO Enterprise line, with cross-references to CIPs 3 and 6. Long-range strike capabilities are described as GWEO activities for stockpiling in the 2024 GWEO Plan, but the same capabilities are also articulated under CIP 3. The cross-attribution makes the GWEO line difficult to read in the IIP.

Based on the identifiable GWEO project costs, JP 2092 (now GWEO 2092), which focuses on increasing inventory through storage and maintenance capacity, and JP 2087 (now GWEO 2087), which focuses on building industry and co-development, are the only explicitly GWEO Enterprise projects. They are where the sovereign production investment lines sit.

However, the IIP total isn't accounted for by those projects alone. Of an IIP approved investment of \$6.1 billion, only \$4.2 billion of GWEO acquisition and estate projects can be accounted for in the PBS. The remaining approved investment of around \$1.8 billion could be allocated across the other AIR and SEA project lines that draw on the GWEO Enterprise.

The stockpiling and acquisition elements of GWEO also show up in these projects. AIR 6004, which in this Budget statement appears to be AIR 1300, to procure long-range anti-ship missiles (LRASMs) and joint air-to-surface standoff missiles – extended range JASSM-ERs) and SEA 1300, to procure naval strike missiles (NSMs), are articulated as priorities for GWEO in its 2024 plan. These projects sum to more than the GWEO line allocation, meaning that the true GWEO Enterprise spend is materially larger than the headline line implies.

This financial year, SEA 1300 is estimated to have spent \$978 million on multidomain strike and defensive missiles, although some of that spend would be for sea mines, munitions and countermeasures. That's over \$200 million in overspend on the estimates for the year. The drivers aren't detailed in the published Budget papers.

Some \$598 million has been cumulatively spent on the AIR 1300 project, or almost one-seventh of the approved project budget. Its predecessor project, AIR 6004, set budget estimates at \$192 million for the 2025–26 financial year. The lift indicates a substantial increase in late-year spending, potentially on JASSM-ER inventory.

LAND 8113 is estimated to spend \$300 million in the 2025–26 financial year, around \$80 million less than in the additional estimates. This may be a result of delayed contracting or changes in scope. The Budget statement also suggests that the precision strike missile (PrSM) will be delivered in the 2026–27 financial year.

In 2025–26, the estimated spend on GWEO sustainment overspends the estimates by over \$20 million. Some of the inventory increases are paid for out of the AIR, SEA and LAND projects rather than the GWEO line itself; naval shells are one such case.

Existing munitions and propellant footprint

The GWEO 01 sustainment for the Mulwala and other explosive ordnance manufacturing facilities came in at \$10 million under plan, suggesting that the works were about on target.

Nulka Decoy System

Australia's most successful defence export, the Nulka Decoy System, continues to draw sustainment and upgrade investment. Nulka is on 130 surface combatants across the US Navy, the RAN and the Royal Canadian Navy, and the sustainment line carries a long tail of revenue and capability benefit that the gross numbers understate.

A key Defence workforce development area is the testing and maintenance of missiles, particularly highly controlled complex weapons. Australia is investing in this critical certification and training for a small number of ADF members. That includes one Navy member acquiring certification to independently test and maintain Tomahawk cruise missiles, the first such certification in Australia.

Hundreds of jobs will be created in the civilian sector for missile manufacturing, including 100 highly skilled jobs at the Kongsberg facility, 20 jobs at the Guided Multiple Launch Rocket System (GMLRS) assembly facility and, later, 70 skilled jobs at the Australia Weapons Manufacturing Complex (AWMC) and the rocket motor manufacturing precinct. Those jobs span engineering, manufacturing, certification and supply-chain functions.

For the missiles that Australia has decided to produce, it will be producing at rates up to 10 times its annual need by 2029. This is significant: Australia will not only be self-sufficient for these capabilities but will be able to export them.

Even for small munitions, there are delays in US production lines. For example, Army Explosive Ordnance CA59 was underspent by 36% with the variation explicitly attributed to US Government delays in contracting in addition to supply-chain delivery delays. This is the constraint that the sovereign GWEO Enterprise is intended to relieve over the decade.

A recent example of the foreign acquisition versus sovereign production trade-off is the outcome of the LAND 8113 project, which passed over the Australian made StrikeMaster and soon to be Australian-manufactured NSM for the US made High Mobility Artillery Rocket System (HIMARS) and the PrSM. While there are plans to increasingly introduce Australian suppliers into the HIMARS and PrSM capabilities, the StrikeMaster and NSM acquisitions would have built domestic industrial weight directly. The choice is consistent with the broader pattern this report identifies of foreign acquisition outpacing sovereign production.

Low- to mid-cost additional investment of \$4–8 billion over the decade would help to focus on derisking the AUKUS Optimal Pathway and the Collins transition, and could include:

- *Collins LOTE acceleration and contingency* (\$1–2 billion), to ensure the bridging capability holds through to the mid-2040s; the *Farncomb* LOTE schedule from September 2026 provides the trial run; lessons from that work should inform schedule and scope decisions for the rest of the fleet
- *submariner workforce expansion and retention* (\$1–2 billion over the decade), expanding training, conditions, and pathways to sustain the pipeline through SRF-West (2027), Virginia-class acquisitions (2033) and the SSN-AUKUS introduction
- *Osborne yard and HMAS Stirling acceleration* (\$1–2 billion), bringing infrastructure delivery ahead of, rather than in lockstep with, the platform schedule
- *east coast submarine facility approval and design* (\$500 million to \$1 billion), to commit to the second submarine homeport and begin the long-lead design and approval cycle
- *subsea autonomous systems ramp* (\$500 million to \$1 billion), accelerating Ghost Shark, Bluebottle and the autonomous mine countermeasures program to deliver near-term undersea ISR and effects.

Should the government be minded to take higher cost options, additional investment of \$8–15 billion over the decade could address capacity expansion and resilience vulnerabilities and might include:

- *acceleration of SSN-AUKUS first of class to bring the schedule inside the late 2030s* (\$3–6 billion), where commercially and operationally feasible
- *additional Virginia-class acquisition* (\$2–4 billion), beyond the currently planned three to five, contingent on US production capacity and political commitment, particularly given US congressional and UK parliamentary warnings
- *sovereign nuclear engineering and regulatory workforce* (\$1–2 billion), beyond the baseline pipeline, to build the indigenous capability faster than the current trajectory implies
- *undersea sensor and surveillance network* (\$1–2 billion), an Australian-led investment in fixed and deployable undersea sensors that complements the SSN force and enables persistent area surveillance
- *industrial base resilience for submarine sustainment* (\$1 billion), including dispersed sustainment capacity and surge capability beyond the Osborne and Stirling nodes.

This high-end addition would materially strengthen the timing bridge, the workforce pipeline and the resilience of the industrial and sustainment base.

The undersea program's value depends on integration with CIP 9 (Theatre C2), CIP 7 (IAMD, particularly maritime), CIP 3 (long-range strike, particularly Tomahawk integration on SSN), CIP 11 (northern bases, particularly HMAS Stirling and any east coast facility), and CIP 12 (industrial base and workforce). The integration cost is therefore a program-level coordination requirement, not an additional cost line for CIP 1.

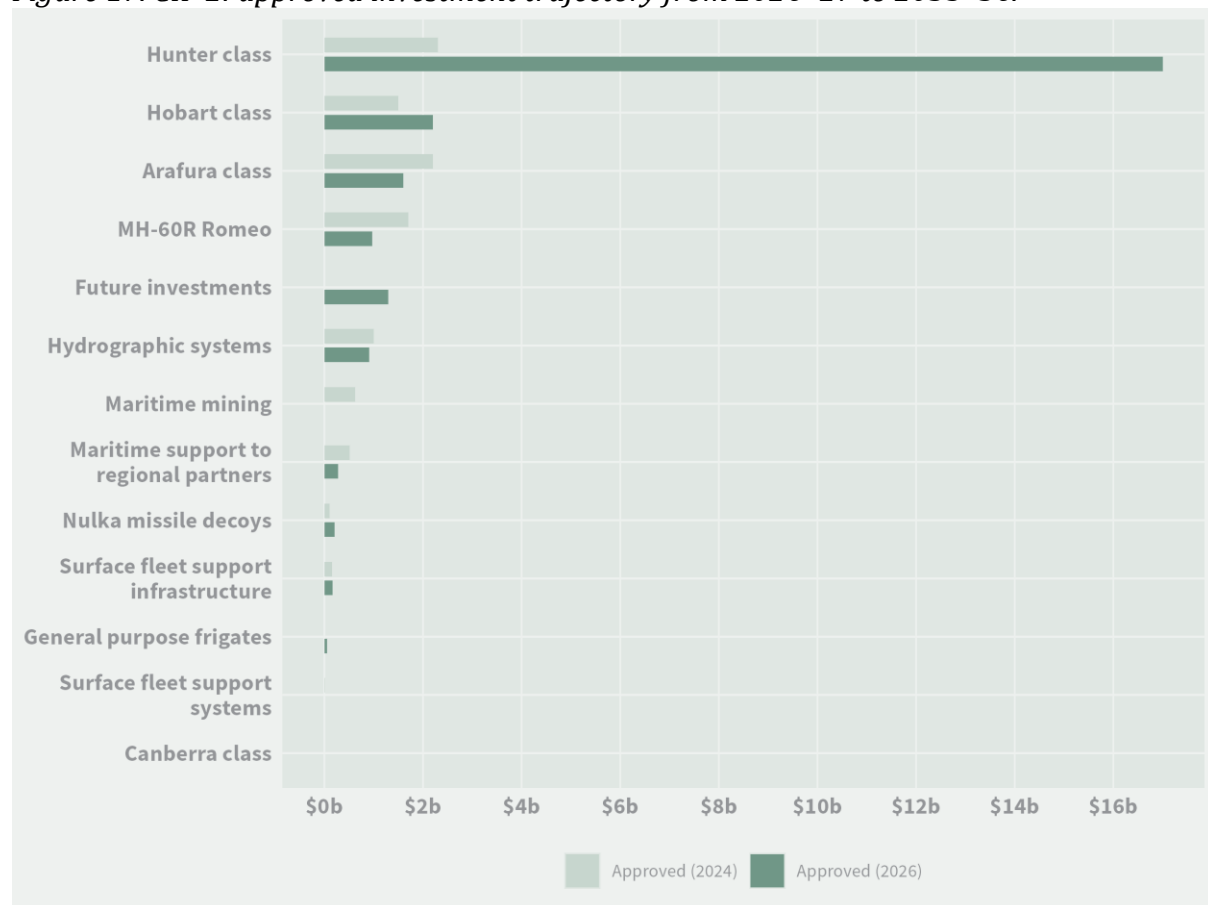
CIP 2: Maritime capabilities for sea denial and localised sea control



Image: Japan Maritime Self-Defense Force ship JS Kumano prepares to berth alongside Fleet Base East in Sydney, New South Wales. [Defence Images](#)

The surface combatant fleet is the second largest single capability investment in the 2026 IIP and the most consequential redesign of the Australian surface force since the 1980s. The 2024 SFR reset the program for sea denial and localised sea control in the maritime approaches to Australia; the 2026 IIP proposes to fund that reset at \$62–77 billion across the decade (approximately 15% of the program), with \$42–55 billion going to the surface combatants themselves and smaller allocations to hydrography, mining and countermining, and the Pacific Maritime Security Program.⁶⁶

Figure 17. CIP 2: approved investment trajectory from 2026–27 to 2035–36.

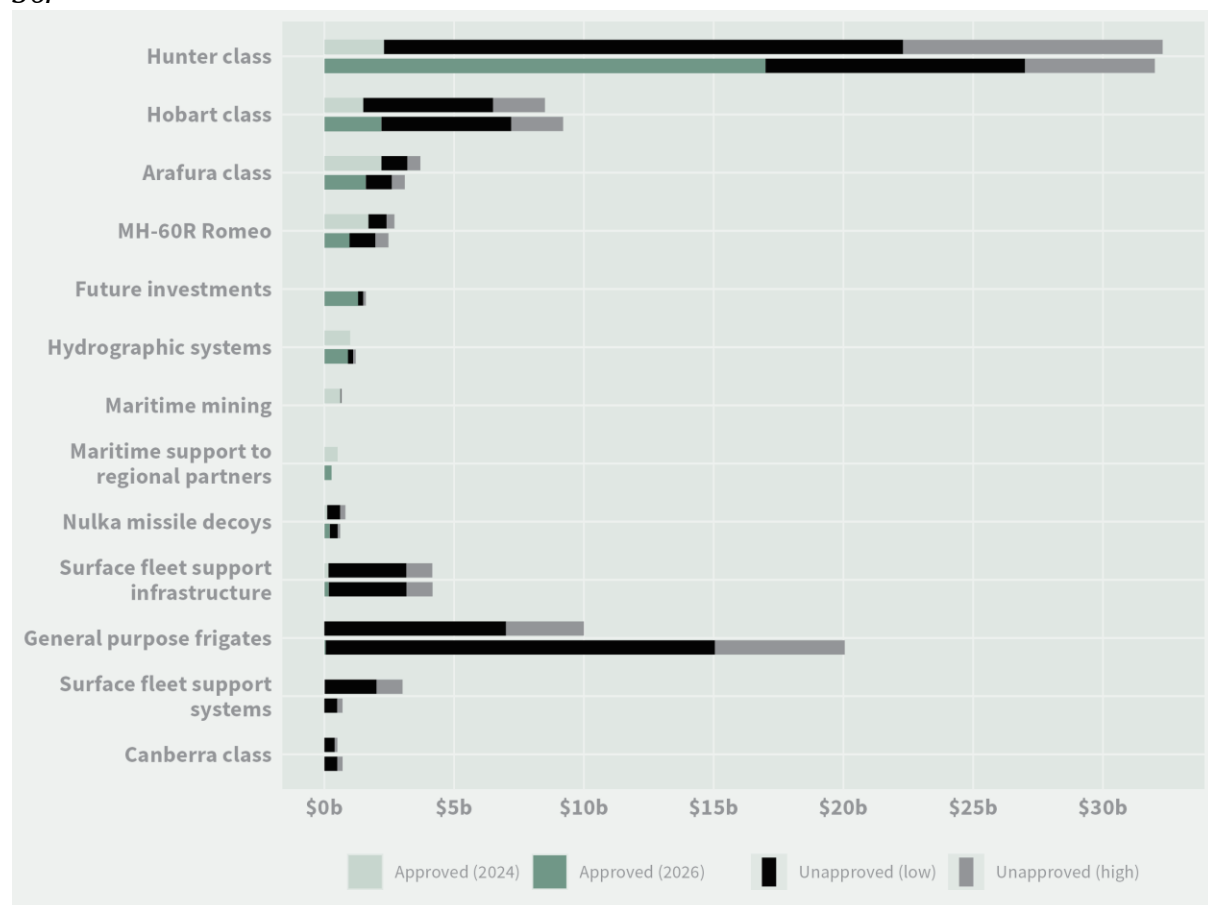


Sources: 2026 IIP and 2026–27 PBS.

The strategic rationale rests on geography. Australia's primary area of military interest, defined in the 2024 NDS and reinforced in the 2026 NDS, runs from the Indian Ocean approaches through the maritime archipelagos to Australia's north and into the southwest Pacific. The sea denial mission is to hold an adversary's surface and subsurface forces at risk in those approaches. The localised sea control mission is to enable Australian and allied forces, including amphibious land forces (CIP 5) and expeditionary air operations (CIP 6), to operate freely in defined sea areas for defined operational purposes. Without a credible surface combatant fleet, neither mission is achievable, and the undersea force (CIP 1) and the strike enterprise (CIP 3) lose the layered effect on which the joint maritime concept depends.⁶⁷

The 2024 SFR, accepted by the government in February 2024, transformed the surface combatant program. The review's recommendation, accepted in full, was to move from a planned nine Hunter-class frigates and three Hobart-class destroyers to a substantially larger and more diverse fleet: three enhanced Hobart-class destroyers; six Hunter-class frigates; eleven general purpose (GP) frigates of an off-the-shelf design; six large optionally crewed surface vessels (LOSVs); and six Arafura-class offshore patrol vessels (OPVs) for constabulary and presence missions. This is the largest single redesign of the Australian surface fleet since the 1980s.

Figure 18. CIP 2: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The strategic logic of the redesign is twofold. First, the original program's nine Hunter ships was always going to deliver too few combat-capable hulls too late for the 2030s threat environment. Second, the GP frigate adds proven, near-term mass at the lower end of the high-end fleet, while the LOSVs add additional vertical launch cells and missile carrying capacity at lower per-platform cost. Mass and lethality are the two design drivers. Both were inadequate under the previous program.

The CIPs also include capabilities that often receive less attention but matter operationally. Hydrographical capability is a sovereign requirement: Australia's approaches and the Southwest Pacific are inadequately surveyed for modern naval operations. Mining and countermining are essential to sea denial in chokepoints; mine warfare is the only Australian capability that can deny adversary submarines through area denial methods that don't require trailing them. Conversely, mine countermeasures (MCMs) are critical to Australia's ability to maintain key maritime trade routes and support naval and littoral operations. The Pacific Maritime Security Program, principally the Guardian-class patrol boats donated to Pacific island countries, is a strategic statecraft instrument that delivers regional maritime security and cements Australia's presence in the Southwest Pacific. The program is part of the integrated regional engagement that the NDS frames as inseparable from sea denial in the Australian region.

Table 4. Investments in maritime capabilities for sea denial and localised sea control operations to 2035–36 (A\$).

 Table 2: Investments in maritime capabilities for sea denial and localised sea control operations			
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Surface combatant fleet			
<i>Hobart class</i>	\$2.2bn	\$5bn – \$7bn	\$7.2bn – \$9.2bn
<i>Hunter class</i>	\$17bn	\$10bn – \$15bn	\$27bn – \$32bn
<i>General purpose frigates</i>	\$51m	\$15bn – \$20bn	\$15bn – \$20bn
<i>Large Optionally Crewed Surface Vessels</i>	nil	\$200m – \$300m	\$200m – \$300m
<i>Arafura class</i>	\$1.6bn	\$1bn – \$1.5bn	\$2.6bn – \$3.1bn
<i>Evolved Cape class</i>	\$27m	nil	\$27m
<i>Anzac class</i>	nil	\$20m – \$50m	\$20m – \$50m
MH-60R Romeo	\$970m	\$1bn – \$1.5bn	\$2bn – \$2.5bn
Surface combatant fleet support			
<i>Nulka missile decoys</i>	\$210m	\$300m – \$400m	\$510m – \$610m
<i>Surface fleet support systems</i>	nil	\$500m – \$700m	\$500m – \$700m
<i>Supply class</i>	\$5m	\$400m – \$500m	\$410m – \$510m
<i>Canberra class</i>	\$3m	\$500m – \$700m	\$500m – \$700m
<i>Surface fleet support infrastructure (including Garden Island Defence Precinct)</i>	\$170m	\$3bn – \$4bn	\$3.2bn – \$4.2bn
<i>Pacific support vessel</i>	\$7m	\$200m – \$300m	\$210m – \$310m
Hydrographic systems	\$910m	\$200m – \$300m	\$1.1bn – \$1.2bn
Maritime support to regional partners	\$280m	nil	\$280m
Future investments	\$1.3bn	\$200m – \$300m	\$1.5bn – \$1.6bn
Total	\$25bn	\$38bn – \$53bn	\$62bn – \$77bn

Note: Planned investments in the Tomahawk weapon system, Naval Strike Missile, SM-2 and SM-6 integration are included in Table 3 (Investments in targeting and long-range strike). Funding for maritime mining has been incorporated into the broader maritime weapons program and incorporated into funding for Navy – sea-based strike included in Table 3 (Investments in targeting and long-range strike). Funding for mine countermeasures is included under Surface Fleet Support Systems in the table above. Future investments includes minor projects, experimentation, innovation, research and testing and evaluation.

Source: 2026 IIP, Table 2. Maritime mining is now funded under sea-based strike (Table 6). Mine countermeasures are captured under Surface Fleet Support Systems.

The risk profile is complex. Surface combatant programs are historically prone to delivery delay, cost growth and capability shortfalls. The Hunter program has already absorbed a redesign and a downward quantity adjustment. Such changes, always come

off the back of cost increases, which minimise value for money in the defence budget. That has resulted in a situation in which we're paying more for less and serves as a warning for all future major acquisition programs. The GP frigate program is now underway following the selection of the Mogami class in August 2025, but the build-out at Henderson is at an early stage. The LOSV concept, while operationally promising, is unproven in Australian service and faces potential bottlenecks, as the future of the American uncrewed surface vessel (USV) that it's based on remains unclear. Synchronising the introduction of this fleet with the introduction of the SSN force, the long-range strike enterprise and the joint C2 architecture is a substantial program-management challenge.

Some have raised concerns that the moderate adjustments being made to Australianise the Mogami-class GP frigates are still sufficient to lead to delays and cost increases. On the other hand, others are wary that the adjustments will remain different enough that they'll generate an operational culture different from that of the rest of the RAN. However, given Australia's precarious situation with its ageing Anzac-class fleet growing increasingly unfit for purpose, a middle-ground approach that accepts a certain level of calculated risk is sound.

The 2026 NDS requires the maritime force to deliver four distinct effects: deny, control, sustain and present:

- *Deny.* The fleet must be able to deny adversary surface and subsurface forces the use of the approaches to Australia and along the principal sea lines of communication. The performance standard is the credible holding at risk of adversary forces through the layered combination of submarines (CIP 1), surface combatants (CIP 2), long-range strike (CIP 3) and air-launched weapons (CIP 6). For CIP 2, specifically, the standard is that surface combatants contribute meaningful additional vertical launch cells, area air defence and antisubmarine warfare capability to the joint denial effort.
- *Control.* The fleet must be able to assert localised sea control in defined areas at defined times, sufficient to enable amphibious land force operations (CIP 5), expeditionary air operations (CIP 6) and theatre logistics (CIP 8). The performance standard is the protection of its own forces from air, surface and subsurface threats during expeditionary operations of the duration and intensity required by the joint concept.
- *Sustain.* The fleet must be able to sustain operations at distance and over extended periods. The performance standard is sustained at-sea presence in the primary area of military interest with adequate logistics, replenishment and preparation. This depends on hull numbers, on the hydrographical and oceanographical enabling capability that allows safe navigation, and on the theatre logistics capability of CIP 8.
- *Present.* The fleet must contribute to deterrence and reassurance through visible presence in the Southwest Pacific and the Indian Ocean. The performance standard is sustained Australian naval presence in partner countries' waters, exercises and ports, and the visible operation of the Pacific Maritime Security Program. This is a statecraft as much as a military requirement.

These effects aren't interchangeable across platform types. Air warfare destroyers (Hobart class) provide area air defence; antisubmarine warfare frigates (Hunter class)

provide the high-end sub hunting and protection capability; GP frigates provide flexible mass at the lower high end; LOSVs provide additional missile carrying capacity at lower crewing cost; OPVs provide presence and constabulary capability. The fleet design, accepted in February 2024, allocates each effect to the appropriate platform mix.

The investment profile reflects the post-SFR program structure. Hunter-class construction at Osborne has started. The GP frigate program is in development at Henderson following the August 2025 Mogami-class selection. The LOSV program is at the concept and acquisition definition stage. The OPV program (Arafura class) is in serial production. The Hobart-class enhancement program (Aegis baseline upgrade and combat system insertion) has started.

The allocation between approved and unapproved investment in CIP 2, like the broader IIP, reflects the early stage of several major programs. The GP frigate program is the largest single movement from committed plan to contract now underway. Its progress through 2026–27 Budget approval, contract execution and Henderson yard ramp-up will be the principal determinant of whether the fleet recapitalisation lands inside the decade or extends beyond it.

Other surface combatants and amphibious capabilities

Evolved Cape class

The 2026 IIP sets aside \$27 million in total planned investment for the Evolved Cape class, all of which is approved planned investment. The Evolved Cape class is used for civil maritime surveillance and enforcement in Australia's waters. The final tally of 10 Evolved Cape-class boats was accepted by Defence in February 2026.

Anzac class

The 2026 IIP outlines \$20–50 million in unapproved planned investment for the Anzac-class frigates over the next decade. The IIP states that the frigates will be progressively decommissioned as they're replaced by the Mogami-class GP frigates, and the money set aside is likely to cover sustainment prior to decommissioning.

MH-60R Romeo (Seahawk helicopter)

The ADF currently operates 23 MH-60R Romeo helicopters, which are deployed aboard the Anzac-class frigates, the Hobart-class destroyers, and landing helicopter docks (LHDs) such as the Canberra-class ships. The helicopters support the Navy in maritime missions including antisubmarine warfare, anti-surface warfare, passenger and cargo transfer, and search and rescue. In 2022, Defence announced that it had contracted Lockheed Martin to produce an additional 13 MH-60R Romeo helicopters, one of which is intended to replace a helicopter lost in 2021, leading to an increase of 12 additional helicopters and bringing the Navy's total to 36. The 2026 IIP sets aside \$2–2.5 billion over the next decade to invest in expanding and sustaining the fleet of MH-60R Romeo helicopters, \$970 million of which is approved planned investment. The PBS outlines that approximately \$3.5 billion of an approved \$4.7 billion for the Seahawk acquisition has already been spent, and a further \$300 million is expected to be spent in the next financial year. This suggests that the acquisition is approaching its final stages, and the Navy can expect the additional Seahawks within the next few years at the latest.

Canberra class

The RAN currently operates two Canberra-class LHD amphibious assault ships, tasked with the transport and deployment of an embarked force and with supporting humanitarian missions. The 2026 IIP outlines \$500–700 million in total planned investment over the next decade, only \$3 million of which is approved planned investment. This indicates sustainment costs, and there's no evidence of Defence seeking to expand the fleet beyond two Canberra-class vessels. The Canberra-class ships still have an important role to play, but, given that the Army is procuring its own landing craft as part of its move to a littoral force, this is a strategically sound approach.

Mine countermeasures

The 2026 IIP obfuscates the exact amount of money spent on MCMs by including it in the broader 'surface fleet support systems' category. Given that China has one of the largest stockpiles of sea mines in the world and has demonstrated its ability to operate maritime drones covertly as far south as the Lombok Strait, Australia should invest more seriously in MCMs. Mine warfare is a cheap investment: Defence's most recent acquisition of MCMs totalled \$99 million for 17 autonomous vehicles of various systems and three support vessels under SEA 1778 Phase 1. Therefore, even a relatively small increase in investment would significantly raise Australia's MCM capability. Sea mining is an asymmetric capability that allows less powerful states to hold more powerful states at risk, and, as Australia faces concurrent demand on its surface combatant fleet, the MCM line is one of the higher leverage adjacencies in the program.

Supply class

Australia currently operates two Supply-class ships, which assist in logistics and replenishment. The 2026 IIP outlines a \$410–510 million increase in spending on the Supply class, \$5 million of which is approved planned investment. That's a large increase over the 2024 IIP, in which total spending was \$12 million, all of which was approved. This correlates with a sustainment push for the Supply class; a \$400 million through life engineering contract (not all of which related to the Supply class) was awarded to Navantia Australia in March 2025, among other initiatives. There's no indication that Defence intends to procure more Supply-class vessels.

Hobart-class enhancement

Three Hobart-class destroyers are in service. The Aegis baseline upgrade and combat system insertion (SEA 4000 Phase 6) have started. The upgrades from Aegis Baseline 8 to Baseline 9 will enhance the Hobart class's IAMD capabilities, increasing the ships' competitiveness and survivability in a conflict. The destroyers will also be fitted with Tomahawk cruise missile systems. Australia's procurement of 220 Tomahawk missiles from the US will increase the maximum naval strike range from 120 kilometres to up to 2,500 kilometres. Saab Australia opened a dedicated test and integration capability for Hobart-class combat system upgrades on 2 April 2026 in an important enabler for the upgrade program. Each ship is expected to require 18 months for the upgrade to be completed. The first docking for the enhancement was in February 2026. Accounting for minor delays, that means all three Hobart-class destroyers should be upgraded by mid to late 2030.

The 2026 IIP sets aside \$7.2–9.2 billion in total planned investment for the Hobart class, \$2.2 billion of which is approved planned investment. That leaves some confusion regarding how much the upgrades cost, as the PBS outlines approximately \$4.3 billion in approved investment into the Aegis upgrades alone. The clear majority of this spend appears to be tied to the Hobart-class upgrades (and not the Hunter) but doesn't appear to be counted as part of the Hobart-class investment in the IIP. Therefore, the actual spend on the Hobart upgrade may be several billion dollars more than reported in the IIP, although greater transparency regarding the link between the Aegis spend and the Hobart spend would be needed to confirm that.

Hunter-class frigates

Six Hunter-class frigates are now planned, down from nine under the original program. First-of-class construction is at Osborne and commenced in mid-2024. Progress is reported annually under SEA 5000 Phase 1, and the post-SFR program is managing the design and quantity concessions made in 2024. The Hunter-class frigate is intended to be a large frigate specialised for antisubmarine warfare, long-range strike and operations in contested environments. A 2023 audit by the ANAO revealed that Defence didn't conduct a value-for-money assessment, in breach of the Commonwealth Procurement Rules, and didn't document its rationale for selecting the Hunter class rather than an alternative. That was a major cause of delays to the delivery time frame.

The 2026 IIP outlines a maximum of \$32 billion in total planned investment over the next 10 years to go into the Hunter class, and that time frame is intended to cover the launch of the first several vessels; the total cost for the delivery of all six frigates is likely to increase. The PBS states that approximately \$7 billion will be spent on the Hunter class by the end of 2025–26, a number commensurate with half of the first Hunter having entered production, as has been reported. Despite significant mismanagement early in the acquisition process, the current spending estimated in the IIP and PBS leaves the initial cost estimate of \$45 billion in sight, although Defence was originally meant to receive nine ships for that amount.

GP frigates

Eleven GP frigates are planned. The Mogami-class frigate (Type 30FFM) was selected in August 2025 as the GP frigate design. Construction is to commence at Henderson, Western Australia. The first three may be built offshore in Japan to compress delivery timelines. This is the largest near-term naval shipbuilding decision since the SFR. The 2026 IIP outlines \$15–20 billion in total planned investment over the next decade for the acquisition of the frigates, and approximately \$7.5 billion of that amount is reported as approved in the PBS. That's a mere fraction of the cost of the Hunter class for nearly double the total number of ships, demonstrating that, at least in theory, the Mogami class should be a cost-effective procurement.

LOSVs

Six LOSVs are planned, with vertical launch system payload modules supporting joint area air defence and strike. The program is at the concept and acquisition definition stage. Leidos is proceeding with Sea Archer USV trials in Australia, providing one reference design path. The 2026 IIP outlines a decrease of \$400–500 million in total investment (all of which is unapproved) in the LOSVs since the 2024 iteration. Given the

delays on the American end, it follows that the LOSVs be deprioritised in the immediate term. However, that leaves unclear if and when Australia will acquire the USVs.

Arafura-class OPVs

Six OPVs are in serial production at Henderson and Osborne, the next four are under construction at the former, and the first two at the latter, which commissioned OPV 1 in June 2025. Despite the work being labelled a 'project of concern' in 2023, the subsequent remediation plan appears to have been effective. The OPV is the principal constabulary vessel and the primary platform for Pacific maritime engagement. There's ongoing public commentary about the limitations of the Arafura design, particularly its weapons fit out. The Navy is considering drone integration to expand the platform's utility, freeing up other surface combatants to focus on other tasks. The PBS indicates that over two-thirds of the total approved expenditure has already been spent, a figure commensurate with the boats being approximately 50% delivered.

Hydrography

The IIP outlines \$1.1–1.2 billion of total planned investment in hydrographic systems over the next decade, \$910 million of which is approved investment. There's a moderate increase in total investment since the 2024 IIP, indicating general consistency in acquisition priorities. Australia is moving towards autonomous hydrographic vessels, acquisitions of which started under SEA 2400. Investments are also going towards the HydroScheme Industry Partnership Program, which is a collaboration between industry and the Australian Hydrographic Office to collect, collate and produce nautical charts.

Mining and countermining

The 2026 IIP's mine warfare investment moves the RAN towards a fully autonomous and remote mine countermeasures fleet, replacing the legacy crewed minehunter capability with deployable autonomous systems. This is one of the larger conceptual shifts in the IIP and aligns with allied trends.⁶⁸

In November 2025, QinetiQ and Forcys signed a memorandum of understanding to jointly develop deployable underwater ranges, which is expected to serve as an AUKUS Pillar 2 initiative. The 2026 IIP shows \$160 million in approved investment and \$300–400 million in unapproved investment in underwater ranges over the decade.

The MCM program, including uncrewed and autonomous systems, has started under SEA 1778 and related projects. The 2026 IIP confirms a near fully autonomous and remote MCM fleet as the long-term target in a significant doctrinal shift that follows allied trends. Australia continues to procure advanced multisensor mines, most recently through an \$8 million contract with RWM Italia announced in April 2026. However, the future of Australia's MCM procurement is unclear; the SEA 1905 program originally set to replace the last crewed vessels was cancelled with the release of the 2024 IIP. The Navy's current set of autonomous MCMs is scalable by design but is insufficient to simultaneously assure the security of Australia's maritime trade, support the Army's littoral manoeuvre function and support RAN task groups. The Iran war should similarly serve as a warning of the havoc that sea mines continue to cause for a trade-dependent nation in the modern combat environment. In short, a range of structural shifts increase the ADF's operational MCM requirements, but Australia isn't increasing MCM with an urgency commensurate with those requirements.

Pacific Maritime Security Program

The Guardian-class patrol boat program has delivered patrol boats to Pacific island countries through the past decade. The program continues to deliver replacement and additional hulls and is supported by sustainment and training in-country and in Australia. ADV *Reliant* provides supporting maritime capability.⁶⁹

Weapons

Tomahawk land attack cruise missiles are being introduced on Hobart-class destroyers. The NSM is being introduced across Anzac- and Hobart-class ships and has been selected as the surface ship anti-ship weapon for the GP frigate program. SM-2 and SM-6 are operational on the Hobart class. MU90 lightweight torpedoes, Nulka decoys and Phalanx close-in weapons are in service across the fleet. The 2026 IIP sets out \$510–610 million over the next decade for Nulka missile decoys, \$210 million of which is approved planned investment. That money is going both into acquisition into creating next-generation Nulka rounds. The remaining weapons lines are funded through CIP 3 (Targeting and long-range strike) and CIP 10 (GWEO).

Workforce

The maritime workforce challenge is significant. Surface-ship crews require sustained recruitment and retention against persistent skill shortages, particularly in marine engineering and weapons technical trades. The introduction of new platforms (Hunter, GP frigate, LOSV) requires concurrent crew training pipelines while the legacy fleet (Anzac-class frigates) is paid off. The crewing of LOSVs is expected to be smaller than for legacy crewed combatants, but the onshore command, engineering and logistical support burden is correspondingly larger.

The industrial workforce is concentrated in three precincts: Osborne (South Australia, Hunter-class), Henderson (Western Australia, GP frigate, OPV, sustainment), and the broader supply chain of primes and SMEs. The naval shipbuilding workforce target of 8,500 by 2030 and 28,500 by 2040 includes substantial surface-combatant content.⁷⁰

The Navy's uniformed strength against requirement, and surface combatant crewing status, aren't separately disclosed in the public 2024–25 Defence annual report. Disclosure at the trade specialisation level would materially improve external assessment of the workforce challenge.

The workforce challenge is compounded by concurrency with the SSN program. Submarines and surface-combatants compete for the same broader Navy recruitment pool. Engineering and trade workforces compete with the SSN industrial base. Workforce planning at the joint Navy–industrial level is the most important limit.

Adequacy

The adequacy of the surface-combatant and broader maritime program must be assessed against six criteria: quantum, timing, balance, integration, resilience, and sovereignty.

- *Quantum.* \$71-96 billion, the bulk of which is for surface combatants, is a substantial increase on the previous IIP allocation. The post-SFR fleet (three Hobarts, six Hunters, eleven GP frigates, six LOSVs, six OPVs) is materially larger than the pre-

SFR fleet would have been at the equivalent decade end. On quantum, the program is broadly adequate for the redesigned fleet, but only if the GP frigate program (the largest single new line) is delivered on schedule.

- *Timing.* The timing test is the most binding adequacy constraint. The Anzac-class frigates are ageing and being progressively withdrawn. The Hunter-class first of class won't enter service until late in the decade. The GP frigate program needs to deliver hulls by the late 2020s at the latest to bridge the Anzac retirement and provide combat-capable mass for the early to mid-2030s. Any delay in the GP frigate timeline directly translates to a fleet size shortfall. The bridging strategy depends on Anzac-class life extension where feasible, accelerated GP frigate delivery (potentially through offshore construction of the first hulls), and continued Hobart-class availability. If any of those breaks, the surface fleet enters a thin window in the early to mid-2030s. Investments in future capabilities, while worthwhile, don't contribute to deterrence and the Strategy of Denial in the immediate term. That makes any delays to this already late capability time frame a significant security risk as the geopolitical situation in the Indo-Pacific continues to deteriorate.
- *Balance.* The post-SFR balance between high-end (Hobart, Hunter), medium-high (GP frigate), uncrewed (LOSV), and constabulary (OPV) vessels is appropriate for the dual mission set of high-end war-fighting and persistent presence. The balance is correct in design but could shift further towards autonomous and uncrewed systems in the next biennial cycle as the LOSV concept matures and as undersea autonomous systems (Ghost Shark, Bluebottle) demonstrate operational value. The current balance is adequate but shouldn't be considered final.
- *Integration.* The maritime fleet must integrate with the joint force. Surface combatants are the principal long-range vertical launch platform for the strike enterprise (CIP 3), the principal area air defence platform for joint operations until ground-based IAMD matures (CIP 7), and the principal escort and protection platform for amphibious land force movement (CIP 5) and theatre logistics (CIP 8). The integration challenge is therefore not primarily within the fleet but between the fleet and the broader joint force, including the C2 architecture (CIP 9). Aegis baseline alignment with US and partner navies is a major enabler of integration.
- *Resilience.* The fleet's resilience challenge is industrial and operational. The concentration of surface-combatant construction at Osborne and Henderson, with limited alternative yards, means that industrial resilience is a binding constraint. The resilience of the in-service fleet to attrition in a high-intensity scenario is a question that the present program doesn't directly address, beyond the inherent resilience of an enlarged fleet. Counterstrike, dispersed basing (CIP 11) and the LOSV mass concept partially address this.
- *Sovereignty.* The fleet design retains significant overseas content (Aegis, US-derived combat systems, Japanese-designed Mogami frigates, US-licensed vertical launch systems), but the build, sustainment and through-life support are increasingly Australian. The Hunter class and the OPVs are sovereign builds. The Mogami-class GP frigate program is intended to be a sovereign build at Henderson, but with the first hulls potentially built offshore to compress timelines. On sovereignty, the program is on the right trajectory, but the speed of the build at Henderson, and the

depth of sovereign sustainment, will determine the actual sovereign capability outcome.

The post-SFR maritime program is a defensible response to the strategic environment and the legacy of an inadequate prior program. The judgement is that the program is necessary and broadly sized correctly, but binding on delivery. The principal adequacy gaps are the GP frigate timeline (the largest fleet mass risk), the LOSV concept maturation, the workforce ramp-up at Henderson, and integration with the parallel SSN industrial demand. If the GP frigate program is delivered to schedule and the LOSV concept proves operationally viable, the program is adequate. If either falter, mass returns as the binding constraint.

If the current program is adequate by design but binding on delivery, the question is: what additional investment, in what categories, would close the delivery and resilience gaps?

Low to mid-cost additional investment of \$4–8 billion over the decade could include:

- *GP frigate program acceleration* (\$1.5–3 billion), to bring first-of-class delivery forward through expanded offshore construction of the first three hulls in Japan and accelerated Henderson yard ramp-up
- *Anzac-class life extension contingency* (\$500 million to \$1.5 billion), to maintain the bridging frigate fleet through to GP frigate introduction; limited but necessary investment to avoid a frigate hull number trough in the early 2030s
- *Hobart-class capability increase* (\$500 million to \$1 billion), for additional missile and sensor enhancements beyond the planned upgrade
- *Pacific Maritime Security Program expansion* (\$500 million to \$1 billion), to extend the Guardian-class fleet, sustainment partnerships and operational support into emerging Pacific partner navies and additional capability lines (such as Pacific maritime ISR)
- *Hydrographic and mine warfare acceleration* (\$500 million to \$1 billion), to accelerate sovereign hydrography and autonomous mine warfare and countermine capability.

Should the government be minded to select higher cost options, additional investment of \$8–15 billion over the decade could potentially involve:

- *LOSV program expansion to eight to 10 hulls* (\$2–3 billion), beyond the planned six, contingent on the demonstration of operational viability through 2027–28
- *Hunter-class second flight build* (\$3–5 billion), if Hunter delivery is rapid and the operational case for additional antisubmarine warfare frigates strengthens based on the threat environment
- *GP frigate quantity expansion to 13 to 15 hulls* (\$2–4 billion), increasing fleet mass
- *Henderson yard recapitalisation acceleration* (\$1–2 billion), bringing forward the Western Australian shipbuilding precinct development that supports both surface-combatant builds and submarine sustainment
- *Naval workforce expansion* (\$500 million to \$1 billion), beyond baseline recruitment and retention budgets.

The high-end addition would materially strengthen fleet mass, industrial resilience and Pacific presence. The maritime program's value depends on integration with CIP 1

(Workforce and industrial base), CIP 3 (Vertical launch strike payload), CIP 7 (Area air defence integration), CIP 9 (Theatre C2) and CIP 11 (Northern bases and dispersed basing). The integration challenge is acute, given concurrent SSN industrial demand. Investment in CIP 12 (Enabling investments) directly affects CIP 2 delivery.

While Australia's overall doctrinal approach to sea denial and localised sea control is sound, potential time delays and underinvestment in key capabilities such as MCMs could leave Australia vulnerable in the immediate term, a period that the government describes as the most strategically difficult since World War II.

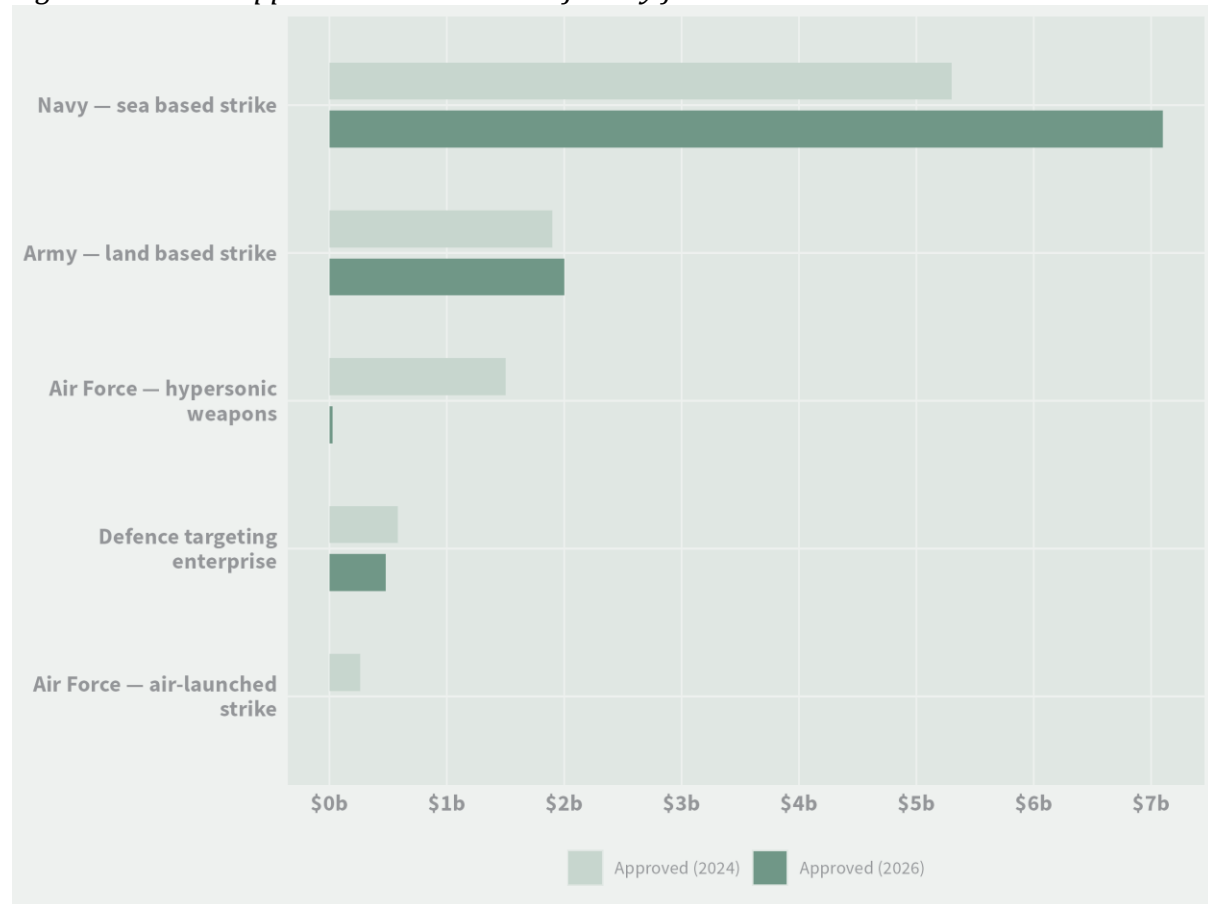
CIP 3: Targeting and long-range strike



Image: Australian High Mobility Artillery Rocket System (HIMARS) fires Precision Strike Missile (PrSM).
Defence Images

A preliminary reading of the PBS shows that the strike enterprise is built from a portfolio of acquisition projects that, individually, don't capture the system effect they collectively deliver. AIR 1300 (Guided weapons and munitions), GWEO 2087 and GWEO 2092 (the Australian GWEO Enterprise lines), LAND 8113 Phase 1 and Phase 2 (the Land long-range fires program) and SEA 1300 (Maritime guided weapons and munitions) each contribute to the strike enterprise from a different platform base. Read together, they form the integrated long-range strike posture that the NDS calls for. The IIP narrative doesn't yet join them up in a single system map; the analysis in the following sections does that work.

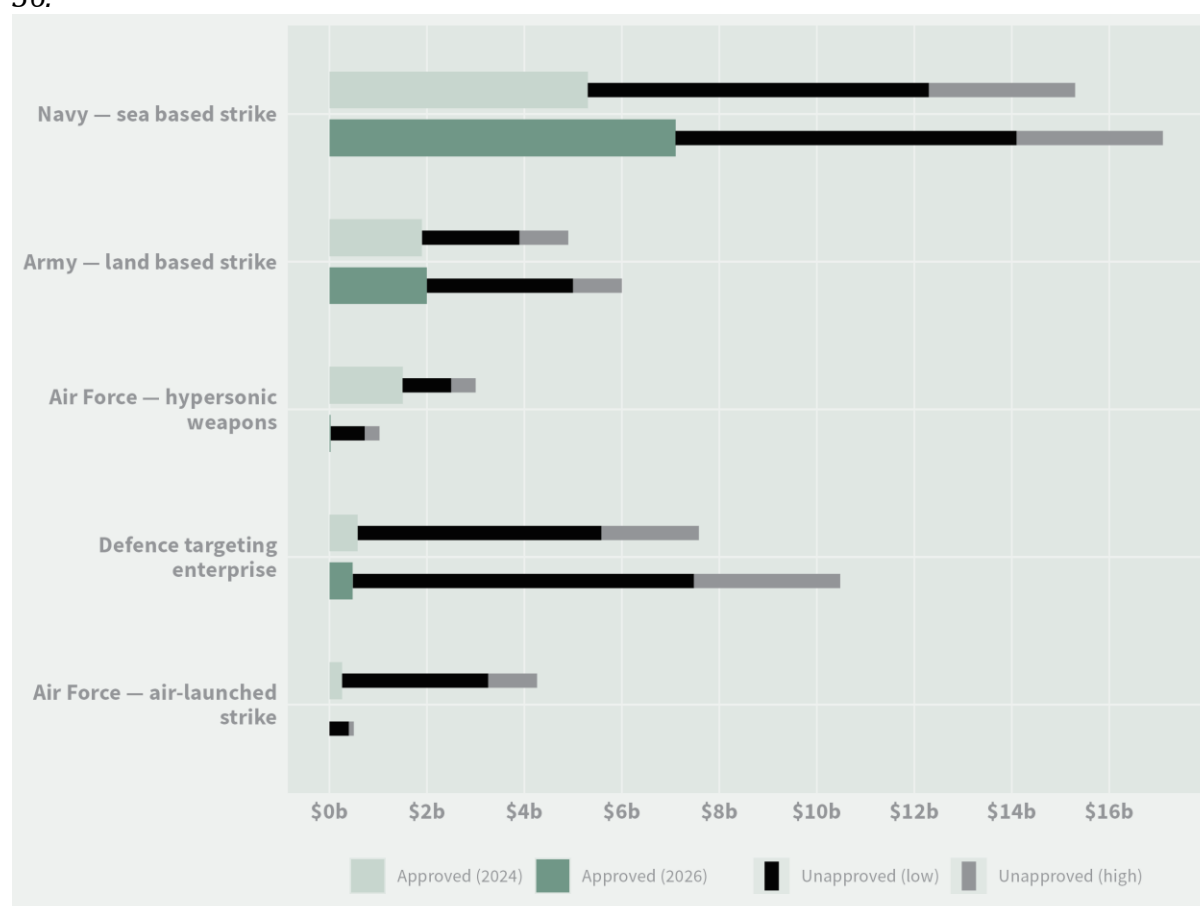
Figure 19. CIP 3: approved investment trajectory from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

Targeting and long-range strike is critical to the ADF's ability to undertake a strategy of deterrence by denial. Denial is designed to 'deter any potential adversary from taking actions that would be inimical to Australia's interests and regional stability' and demands that the ADF maintain a '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 Australia.'⁷¹

Figure 20. CIP 3: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The 2026 NDS frames five main tasks for the ADF: defend Australia and its immediate region; deter through denial any attempt to project power against Australia through the northern approaches; protect Australia's economic connection to the region and the world; contribute with allies and partners to regional collective security of the Indo-Pacific; and, where and when appropriate, contribute to protecting and upholding global rules and norms. Those five tasks shape six capability effects, of which the requirement to project force and to hold a potential adversary's forces at risk are central to targeting and long-range strike.⁷²

The 2026 IIP allocates \$28–35 billion across the decade to this CIP. The top-line figure is unchanged from the 2024 IIP, but the internal allocation has shifted: the Defence Targeting Enterprise, sea-based strike and land-based strike all rise; air-launched strike falls to \$400–500 million with no approved investment; and hypersonic and high-speed weapons fall from \$2.5–3 billion (with \$1.5 billion approved in 2024) to \$730 million to \$1 billion (with \$27 million approved in 2026).⁷³

Table 5. Investments in targeting and long-range strike to 2035–36 (A\$).

	Table 3: Investments in targeting and long-range strike		
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Defence targeting enterprise	\$480m	\$7bn - \$10bn	\$7.5bn - \$10bn
Long-range strike			
Navy – sea-based strike	\$7.1bn	\$7bn - \$10bn	\$14bn - \$17bn
Army – land-based strike	\$2bn	\$3bn - \$4bn	\$5bn - \$6bn
Air Force – air-launched strike	nil	\$400m - \$500m	\$400m - \$500m
Air Force – hypersonic weapons	\$27m	\$700m - \$1bn	\$730m - \$1bn
Total	\$9.6bn	\$18bn - \$26bn	\$28bn - \$35bn

Note: Elements of planned investment in long-range strike are included in Australia's GWEO enterprise as outlined in Table 10 (Investments in GWEO).

Source: 2026 IIP, Table 3. Elements of long-range strike planned investment are also captured in Table 13 (Investments in GWEO).

The strategic logic of long-range strike is the gap between Australia's current portfolio, optimised for short- to medium-range air-launched and naval gunfire effects, and the 2026 NDS requirement that Australia be able to project effects against an adversary's forces at strategic range. The Strategy of Denial requires a credible capacity to hold an adversary's forces, including amphibious lift, surface combatants, submarines, air bases and C2 nodes, at risk in the primary area of military interest.

The 2026 NDS requires the strike enterprise to deliver four distinct effects: hold at risk, deny, contest and protect:

- *Hold at risk.* The strike enterprise must hold an adversary's forces, particularly maritime forces, lift, air bases and selected C2 nodes, credibly at risk at strategic range from Australian-controlled territory and from our maritime approaches. The performance standard is a stockpile, integrated with targeting, that can be sustained at operational tempo against a credible threat at the ranges and salvo sizes that the operational concept requires.
- *Deny.* The strike enterprise must contribute to the denial of the adversary's maritime and amphibious operations in the primary area of military interest, in concert with submarines (CIP 1), surface combatants (CIP 2), air-launched strike (CIP 6) and

IAMD (CIP 7). The performance standard is the integration of strike fires into a multidomain denial architecture that an adversary can't reliably defeat or saturate.

- *Contest.* The strike enterprise must support sustained contestation of contested air, maritime and littoral environments, including the suppression of enemy air defences (SEAD) and counter-maritime and counter-leadership effects where required. The performance standard is the breadth of effect (anti-ship, land-attack, anti-radiation, anti-armour) and the speed of decision (closing the kill chain in tactically relevant time).
- *Protect.* The strike enterprise must contribute to force protection through counterfire and counter-battery against the adversary's missile launchers, radars and command nodes. The performance standard is the integration of strike fires with sensors and C2 such that the adversary's firing chains can be disrupted before they target Australian or allied forces.

Those requirements can't be met by current weapons. Each of the effects requires a different weapon-target pairing: Tomahawk for land attack at strategic range; LRASM and JASSM-ER for stand-off air-launched anti-ship and land attack; NSM and joint strike missile (JSM) for medium-range maritime strike; PrSM for land-based precision fires; Advanced Anti-Radiation Guided Missile – Extended Range (AARGM-ER) for SEAD; HIMARS for tactical fires; and hypersonic weapons for time-sensitive strategic strike. The fleet of weapons matters because no single weapon meets all four requirements, and the targeting enterprise must support all of them.

The targeting enterprise is the indispensable enabler. Long-range strike weapons without persistent, fused, networked targeting are theatre: range without effect. The Defence Targeting Enterprise (DTE), established in the 2024 IIP, is intended to provide 'an advanced and resilient network of sensors and communications and intelligence systems' to 'provide Defence with the timely ability to detect, identify and track targets more precisely and at longer ranges in highly contested operating environments'.⁷⁴ The 2026 IIP gives more detail, stating that targeting 'is enabled by intelligence, space and sensor capabilities', aligning with the CIP 4 (Space and cyber) commitment to deliver an advanced geospatial intelligence satellite capability.⁷⁵ Investment in the DTE will also be accompanied by enhancements to command, control and communications systems, to 'enhance the ADF's ability to rapidly process targeting data and prioritise targets with greater efficiency'.⁷⁶ CIP 9 (Theatre command and control) becomes part of the targeting and strike chain in a more integrated way than the 2024 IIP set out.

In short, targeting and long-range strike isn't just about long-range missiles such as Tomahawk hitting distant targets. It demands an ability to understand the battlespace at great range, to sustain a decision advantage in a fast-moving multidomain operational environment, and to preserve resilient C2. Without targeting, long-range strike at the most fundamental level would be ineffective, and a strategy of deterrence by denial would simply not be possible.

The interrelatedness of the various CIPs underpins a strategy of deterrence by denial. They can't be considered in isolated silos. Investment in some capabilities, or inadequate investment in others, shapes and determines the effectiveness of deterrence by denial, which at its most fundamental demands an ability to deny access to

Australia's primary area of military interest and its maritime and air approaches. That, in turn, depends on impactful projection through long-range strike.

The 2026 IIP allocations to the targeting and long-range strike CIP, and the comparison with the 2024 IIP, are set out below. The pattern of sea- and land-based strike up, air-launched strike and hypersonic weapons down is one of the more consequential reshapings within the IIP.

The DTE has \$7.5–10 billion total planned investment between 2026–27 and 2035–36, of which \$480 million is approved. Sea-based strike has \$14–17 billion total planned investment, of which \$7.1 billion is approved. Land-based strike has \$5–6 billion total planned investment, of which \$2 billion is approved. Air-launched strike has \$400 million to \$500 million total planned investment, none of which has been approved. Hypersonic and high-speed weapons have \$730 million to \$1 billion total planned investment, of which \$27 million is approved.⁷⁷

The 2026 IIP states that 'government is investing \$30–37 billion over the decade to increase long-range strike capabilities for the Navy, Army and Air Force, including enabling data and systems.'⁷⁸ However, the IIP's breakdown of allocated funding (the total planned investment between 2026–27 and 2035–36 of \$28–35 billion, minus planned investment in the DTE of \$7.5–10 billion) suggests \$20.5–25 billion specifically towards long-range strike. The 2026 IIP makes clear that 'elements of planned investment in long-range strike are included in Australia's GWEO enterprise', which sees a separate \$26–36 billion total planned investment over the decade, of which \$6.1 billion is approved.⁷⁹ The interaction between CIP 3 and CIP 10 means that determining which dollars buy which weapons requires careful reading.

Sea-based strike (Navy).

Sea-based strike is progressing under SEA 1300, which includes the acquisition of the Tomahawk land-attack missile for the Hobart-class air warfare destroyers. Tomahawk increases Navy's strike range from 120 kilometres (with the legacy Harpoon) to approximately 2,500 kilometres. Australia is acquiring the RGM-109E Block IV. SEA 1300 also continues the acquisition of the Evolved Sea Sparrow Missile (ESSM) Block II, the SM-2 and the SM-6.⁸⁰ SEA 1300 will also acquire the Kongsberg NSM for the Hobart-class destroyers and Anzac-class frigates, with local manufacture beginning from 2027. The NSM has a range greater than 300 kilometres. The PBS lists approved expenditure of \$16.9 billion for the project's military equipment acquisition, plus \$101 million in other project inputs to capability. The 2025–26 PAES notes actual expenditure for 2024–25 of \$555 million on military equipment acquisition.⁸¹

Land-based strike (Army)

The First Long-Range Fires Regiment, under LAND 8113 Phase 1, is the centrepiece of land-based strike. Eight HIMARS launchers were delivered in 2025, a further 20 are to be delivered in 2026, and the regiment is to be at full strength by mid-2026. Total approved project expenditure in the PBS is \$2.136 billion for military equipment acquisition, plus \$538 million for other project inputs to capability.⁸² The 2026 IIP foreshadows continued land-based long-range strike investment beyond the First Long-Range Fires Regiment but does not provide a specific milestone for the second regiment. The capability is crucial to the Army's operational requirements, particularly for

supporting littoral warfare and land-based long-range maritime strike. The PrSM is the long-range round for the HIMARS and M270; future increments take its range beyond 1,000 kilometres and open an anti-ship role.⁸³ The GMLRS and PrSM will both be manufactured under GWEO, and GMLRS assembly will commence in December 2025.

Loitering munitions: Mission Talon Strike

The 2026 IIP names loitering precision munitions and their launch platforms as an ADF priority, noting that ‘these munitions will enable the ADF to respond to threats more quickly without placing ADF personnel and systems at risk.’⁸⁴ The government announced Mission Talon Strike under the Advanced Strategic Capabilities Accelerator in May 2025, supporting the development of medium-range precision loitering munition systems with kinetic payload and the precision strike capability of a guided missile.⁸⁵ Those systems are intended to be manufactured under GWEO. The Army is already acquiring the Switchblade 300 short-range loitering munition, and Mission Talon Strike sits alongside Mission Syracuse, the counter-uncrewed aerial system (UAS) program. There’s no specific funding line for loitering munitions in either the targeting and long-range strike CIP or the GWEO CIP. The 2025–26 PBS and PAES noted DEF 129, focused on tactical and small UASs, that could potentially incorporate loitering munitions, or medium-range loitering munitions that could be incorporated into LAND 8113 Phase 1. DEF 129 is not reported in the 2026–27 PBS.⁸⁶

Air-launched strike (Air Force)

The 2026 IIP shows total planned investment for air-launched strike, including air-launched hypersonic weapons, at \$1.13 - 1.5 billion.⁸⁷ Notably, the strike investment is now split between this CIP and CIP 10. The PBS envisions AIR 1300, apparently rescoped from AIR 6004 reported in previous PBS, acquiring land and maritime strike weapons for the F/A-18F, P-8A and in future the F-35A, including AGM-158C LRASMs, AGM-158B JASSM-ERs and small-diameter bombs, with a budget estimate of \$438 million in 2026–27.⁸⁸ Acquisition and integration of new weapons into the F/A-18F is also supported under CAF-21, with a PBS Budget estimate of \$541 million.⁸⁹ LRASM acquisition under AIR 6004 onto the F/A-18F, and in future onto the P-8A and (carried externally) onto the F-35A, materially increases air-delivered maritime strike at distances over 500 kilometres.⁹⁰ The LRASM was successfully tested from a RAAF F/A-18F in February 2025, marking the beginning of operational service. JASSM-ERs on the F/A-18F, P-8A and F-35A enables strike against land targets beyond 900 kilometres. The F-35A will lose its stealth capability when carrying either LRASMs or JASSM-ERs externally, which is a tactical disadvantage.⁹¹ The JSM, the air-delivered equivalent of the NSM with a range of over 275 kilometres, will be carried internally on the F-35A. Integration of the LRASM and JSM is described in the 2026 IIP as essential to sustain the combat effectiveness of the F/A-18F and EA-18G out to 2040.⁹² AIR 6004 had approved funding of \$2.538 billion in the 2025–26 PBS, up from \$2.503 billion in 2024–25. It appears now to have been rescoped into AIR 1300, with total approved funding increased further to \$4.219 billion.⁹³

Hypersonic and high-speed weapons

The 2026 IIP suggests \$730 million to \$1 billion in total planned investment between 2026–27 and 2035–36 for air-delivered hypersonic strike, of which only \$27 million has been approved.⁹⁴ The hypersonic attack cruise missile (HACM), under the Southern

Cross Integrated Flight Research Experiment (SCIFiRE), is intended to allow the F/A-18F, EA-18G and F-35A, plus the P-8A, to deliver precision attack at over Mach 5 at long range. Yet funding for this important capability has been dramatically cut, even as adversaries deploy hypersonic weapons into operational service. The 2024 IIP noted total planned investment between 2024–25 and 2033–34 of \$2.5–3 billion, of which \$1.5 billion was approved. Total approved funding for air-launched strike in the 2026 IIP is ‘nil’; hypersonic weapons receive \$27 million, which is significantly down from the \$260 million approved for air-launched strike and \$1.5 billion approved for hypersonic weapons in the 2024 IIP.

The strike enterprise workforce challenge spans multiple services and capability domains. The Army is establishing the Long-Range Fires Regiment to operate HIMARS and PrSM and to receive the longer range land-based capabilities later in the decade. The Navy is integrating Tomahawk and other long-range weapons across the surface and undersea fleet, requiring new training and operational employment workflows. The Air Force is integrating JASSM-ER, LRASM, JSM and AARGM-ER across the F/A-18F and F-35A fleets, requiring weapons technical, intelligence and operational planning workforce.

The targeting enterprise workforce is the most under-resourced element. The professional intelligence, ISR, geospatial, electronic warfare (EW) and joint targeting workforce needed to support a strike portfolio of this scale, salvo size and target diversity is larger than current Defence holdings. Building that workforce is a multi-year program competing for the same recruiting pool as cyber (CIP 4), space (CIP 4) and IAMD (CIP 7).

The DTE is supported by the Australian Geospatial-Intelligence Organisation (AGO), which provides geospatial intelligence vital to the effective use of long-range weapons, and by the defence industry through the provision of collection technologies (sensors, communications and intelligence systems) as part of a joint multidomain capability.⁹⁵

Joint targeting workforce strength against requirements and the pipeline plan aren’t separately disclosed in published Defence documents. Disclosure would materially improve external assessment of the targeting enterprise’s most important limit.

The adequacy of the strike enterprise must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum.* \$28–35 billion is unchanged from the 2024 IIP, but the internal allocation has shifted. On quantum, the program is broadly adequate for the principal weapons acquisitions but constrained on stockpile depth (the number of rounds for each weapon that Australia would have available in a sustained operation) and on the targeting enterprise share, which has grown but remains modest relative to the platform investment. The reductions in air-launched strike and hypersonic weapons are difficult to reconcile with the deteriorating threat environment; the most plausible explanation is that some funding may have been reallocated to CIP 6 (Expeditionary air operations), particularly for the MQ-28A Ghost Bat collaborative combat aircraft, which is rising to \$6.1–8.1 billion in the 2026 IIP, up from \$4.3–5.3 billion in 2024.
- *Timing.* Most weapons in the strike portfolio are in the initial delivery or early operational employment phases. Tomahawk’s first deliveries are recent. LRASM and

JASSM-ER are in service. NSM is being introduced. HIMARS is in delivery. PrSM is at initial introduction. Hypersonic and high-speed weapons are years from operational deployment. The timing test is met for the first wave of capabilities, but the second wave (hypersonics, sovereign GWEO production at scale, longer range land-based strike) lands in the early to mid-2030s. If the strategic environment requires earlier delivery, the timing test isn't met.

- *Balance.* The current balance favours sea-launched and land-launched strike, with air-launched strike and hypersonic weapons receiving smaller and reducing investment. The shift away from air-launched investment is operationally significant. While Ghost Bat investment in CIP 6 may compensate (Ghost Bat as a 'combat system' can carry air-launched strike weapons over longer ranges than the F-35A operating alone), the overall reduction in air-delivered strike depth is a balance question that the government should address before the next IIP.
- *Integration.* Integration is the strike enterprise's defining adequacy challenge. Strike weapons are effective only when integrated with persistent targeting, fused C2 (CIP 9) and the platform launch systems (CIPs 1, 2, 6). The integration challenge spans US-derived weapons on Australian platforms, Australian sovereign systems on US-supplied platforms (and vice versa), classified targeting workflows shared with allies, and the politics and operational practicality of using strategic strike capabilities. Australia is at an earlier stage in that integration than the program quantum implies. The 2026 NDS recognises this as a multi-year build-out.
- *Resilience.* Stockpile depth is the primary resilience question. The Tomahawk, LRASM, JASSM-ER and PrSM are constrained by US production capacity, and Australian holdings depend on competing for foreign military sales (FMS) allocations. The lessons of Ukraine and the 2026 Iran war, in which US and Israeli forces rapidly ran down stockpiles of both offensive strike and defensive missiles, should resonate for Australia's long-range strike assumptions. The DTE must itself be resilient: an adversary attack on the DTE directly degrades long-range strike, and that resilience depends on CIP 9 (Theatre command and control) and CIP 4 (Space and cyber). Sovereign GWEO production (CIP 10) is the principal resilience mitigation, but the GWEO Enterprise will deliver assembly and testing only in the late 2020s and component manufacture from the early 2030s. In the interim, stockpile resilience is the binding adequacy gap.
- *Sovereignty.* Strike weapons in the current portfolio are overwhelmingly US designed, and Australian acquisition is through FMS. Sovereignty is being progressively rebuilt through the GWEO Enterprise, the Hypersonic Defence Capability sovereign work, and the integration of Australian-developed targeting components. Australia faces an immediate challenge: the US, too, has run down its magazine depth, particularly in 2026. US priority will be restoring its own stockpiles, and other states will also be seeking US FMS allocations. Australia runs the risk of being at the back of the queue if it fails to move quickly enough. GWEO has a key role to play if Australia and the US can agree to technology transfer arrangements that allow wider local manufacture. Australia may also need to diversify access by considering new partners.

The strike enterprise is the most operationally consequential build-out in the IIP. Our judgement is that the program is *necessary, well shaped at the headline, but chronically*

constrained on stockpile depth, the air-launched strike line, the hypersonic line and the targeting enterprise scale. The principal adequacy gaps are stockpile depth (number of rounds), targeting enterprise resourcing, the air-launched strike and hypersonic weapons cuts, integration timelines, and the sovereign production timeline through GWEO. If those gaps aren't closed, Australia will hold a strike portfolio that's impressive on paper but constrained in sustained employment. If they're closed, Australia will have a strike capability commensurate with the Strategy of Denial.

If the current program is necessary but adequacy is constrained by stockpile depth, the air-launched strike and hypersonic lines, targeting enterprise scale and sovereign production timeline, the question is: what additional investment, in what categories, would close the gap?

Low- to mid-cost additional investment of \$3–6 billion over the decade, could include:

- *stockpile depth* (Tomahawk, LRASM, JASSM-ER, NSM, PrSM) (\$1.5–3 billion), expanding the procurement quantity of the principal long-range weapons, contingent on US production capacity and FMS allocations
- *targeting enterprise expansion* (\$1–2 billion), accelerating the build-out of joint targeting workforce, geospatial intelligence and ISR targeting fusion architecture
- *air-launched strike restoration* (\$300 million to \$500 million), restoring at least a portion of the 2024 IIP air-launched strike line that's been cut, particularly for AARGM-ERs and additional SEAD capability.
- *hypersonic weapons program restoration* (\$300–500 million), restoring the 2024 IIP hypersonic line to keep pace with adversaries' hypersonic deployment.

Should the government be minded to choose higher cost options, additional investment of \$6–12 billion over the decade might include:

- *sovereign GWEO production acceleration* (\$2–4 billion), bringing Australian sovereign production of long-range missile components inside the early to mid-2030s rather than the late 2030s; this is a coordinated investment with CIP 10
- *hypersonic and high-speed weapons program acceleration* (\$1.5–3 billion), expanding SCIFiRE and the sovereign Hypersonic Defence Capability program to bring operational deployment forward, including consideration of US Long-Range Hypersonic Weapon (Dark Eagle) acquisition
- *land-based long-range strike expansion* (\$1–2 billion), expanding the mid-range capability and longer range land-based strike beyond the currently planned program, including the second Long-Range Fires Regiment
- *targeting enterprise and joint fires C2 sovereign systems* (\$1–2 billion), beyond the baseline build-out
- *stockpile reserve for sustained operations* (\$500 million to \$1 billion), establishing a strategic reserve of munitions beyond peacetime training and operational tempo holdings.

The high-end addition in strike investment would materially close the stockpile depth, targeting enterprise, sovereignty and sustainment gaps.

The strike enterprise depends on integration with CIP 1 (Tomahawk on submarines), CIP 2 (Vertical launch carrying capacity), CIP 4 (Space and cyber for targeting), CIP 6 (Air-launched strike integration on F-35A Block 4 and Ghost Bat), CIP 7 (Counterstrike

and counter-IAMD synergies), CIP 9 (Joint C2 for fires) and CIP 10 (Sovereign munitions production). The integration challenge is acute and is the principal reason CIP 12 (Enabling investments) is structurally important to CIP 3 delivery. AUKUS Pillar 2 opportunities on autonomous systems, hypersonics, advanced undersea warfare and AI contribute directly to long-range strike and targeting and should be reflected in the 2028 NDS and IIP.

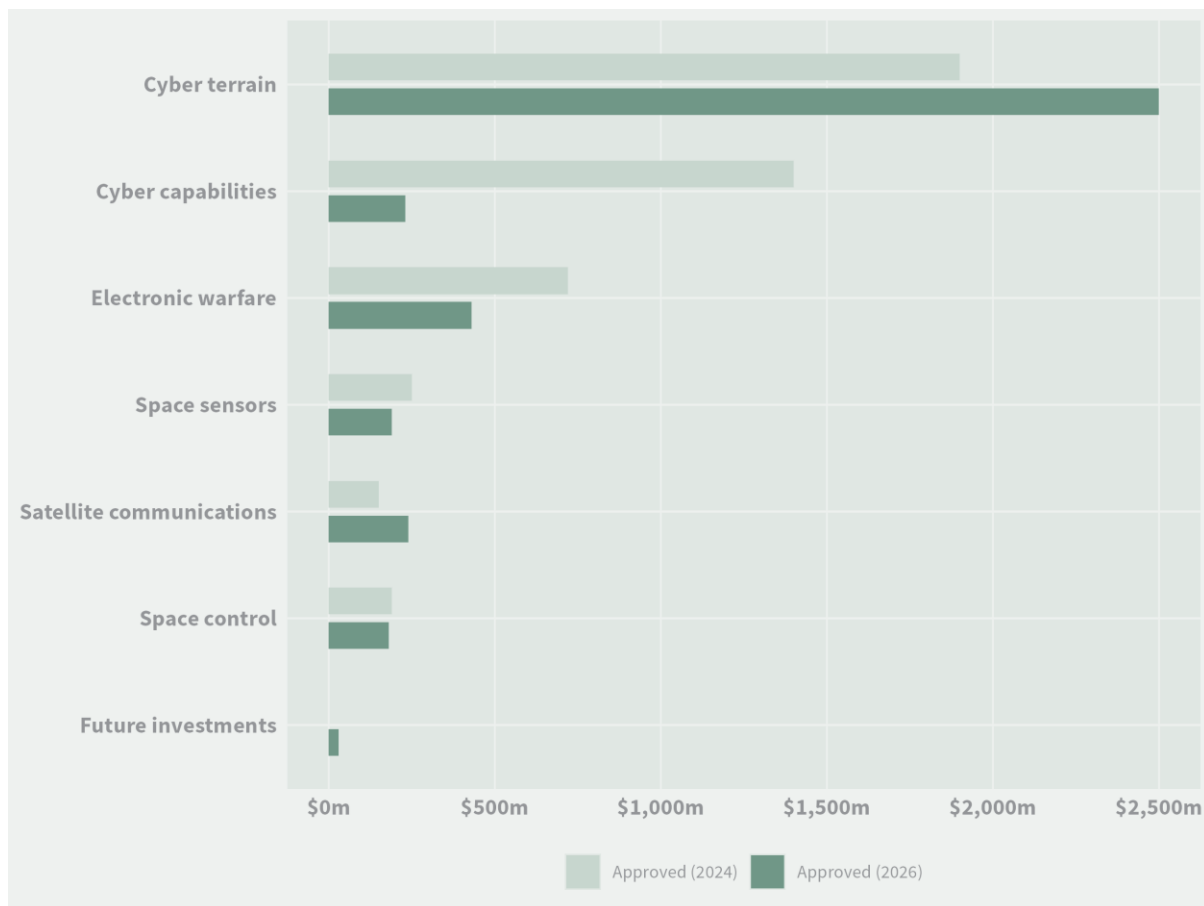
CIP 4: Space and cyber



Image: Antenna characterisation testing of DSTG nanosatellite, Buccaneer Main Mission, with fully deployed high-frequency antenna in REDARC's anechoic chamber. [Defence Images](#)

Space and cyber are the connective tissue of the modern joint force. The 2024 NDS made clear the government's intention to sustain and increase investment in the integrated, focused force in 'space and cyber capabilities that strengthen situational awareness, the ability to project force, and decision advantage'.⁹⁶ The 2026 NDS reinforces the importance of both domains. In examining a worsening strategic outlook, the 2026 NDS notes that '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'.⁹⁷

Figure 21. CIP 4: approved investment trajectory from 2026–27 to 2035–36.

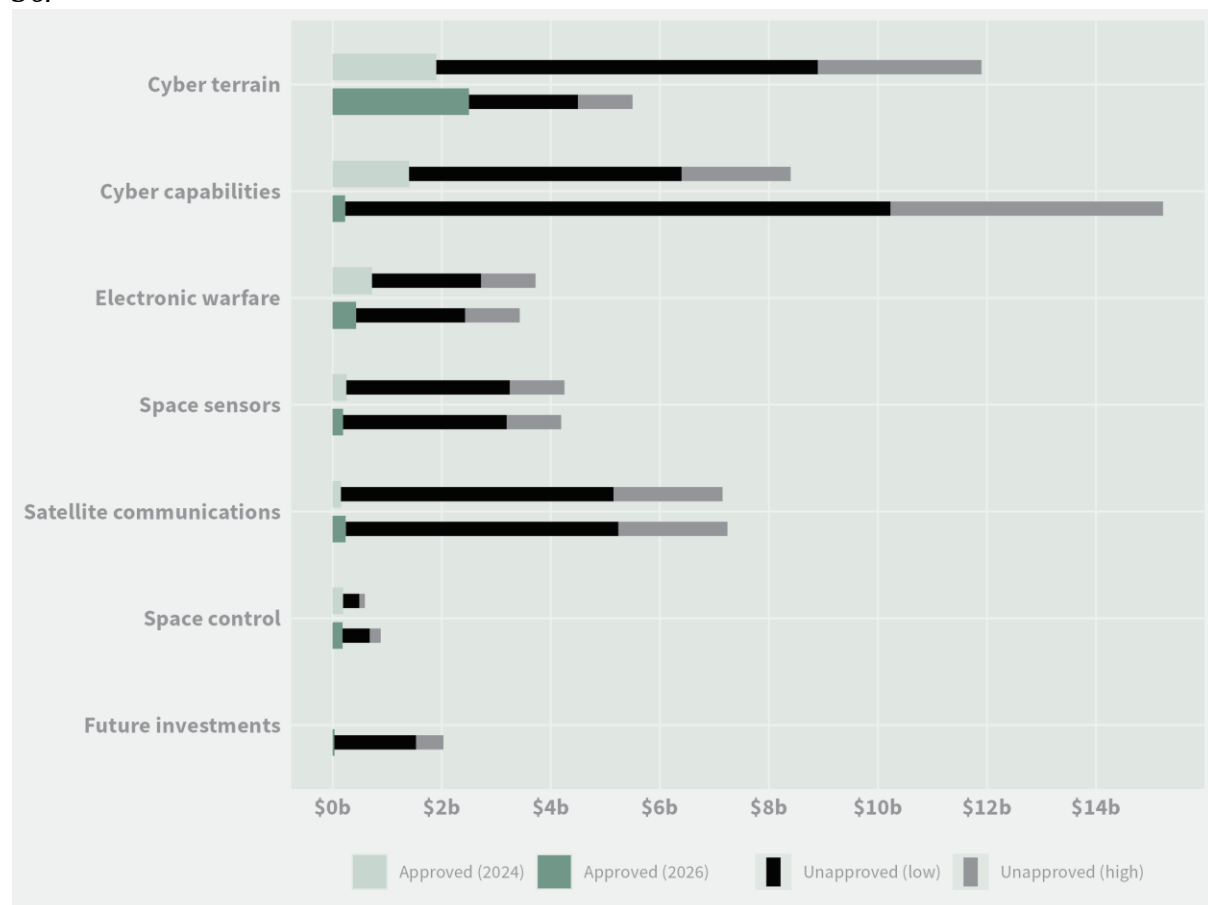


Sources: 2026 IIP and 2026–27 PBS.

The 2026 IIP allocates the CIP a total planned investment between 2026–27 and 2035–36 of \$27–38 billion, of which approximately \$9–12 billion is for space, \$10–15 billion is for cyber capabilities, \$4.5–5.5 billion is for cyber terrain, \$2.4–3.4 billion is for EW and \$1.5–2 billion is for future investments (approximately 6–9% of the decade investment program, depending on the low- or high-point estimates stated in the NDS). Without resilient space-based services and credible cyber and EW capabilities, every other CIP loses its operational value.⁹⁸

The strategic rationale rests on the changed character of the operating environment. Space and cyber are now contested, congested and operationally essential. The Strategy of Denial requires resilient space services and credible cyber capability across the spectrum from defensive cyber operations through to offensive options held in support of national policy.

Figure 22. CIP 4: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The space portfolio comprises sovereign and partnered space-based ISR, military communications (wideband global SATCOM, sovereign satellite communications), space domain awareness, geospatial intelligence and space control. Australia operates within the partnership architecture of the Five Eyes and the Combined Space Operations initiative, in which Pine Gap and other facilities provide strategic space capability. The investment direction is towards a more resilient, more sovereign and more diversified space architecture, including small satellite constellations, that reduces dependency on any single point of vulnerability.⁹⁹

The cyber portfolio is anchored by REDSPICE, the multiyear program at ASD. The 2022 commitment was approximately \$9.9 billion over a decade with target growth to approximately 1,900 ASD roles by around 2030, nearly doubling the agency's complement.¹⁰⁰ As part of that process, Defence implemented the Cyber Warfare Common Remuneration Framework in May 2025 to encourage the retention of technically skilled staff through higher pay and to allow multiple career pathways for personnel seeking technical careers rather than being forced into management roles at higher levels.¹⁰¹

The electronic warfare portfolio includes airborne EW (Growler EA-18G, MC-55A Peregrine, ALR-69A and other airborne systems), maritime EW (across the surface-combatant fleet), land EW and sovereign EW research and capability development. EW

is the most operationally relevant counter to adversaries' networked targeting and to electromagnetic spectrum dominance.

The risk profile is high and unevenly distributed. Cyber is the most plausible domain in which Australia could face a sustained peacetime adversary effort. Space services are vulnerable to anti-satellite weapons and counter-space operations against ground stations and uplinks. EW is technically demanding, and the threat environment is rapidly evolving. The workforce demand across all three sub-domains is substantial, competes with the same recruiting pool as the targeting enterprise (CIP 3) and is what holds back the speed at which capability can be built. The 2026 NDS recognises the workforce challenge explicitly, noting the requirement for 'deep collaboration between defence, industry and the broader national workforce' to deliver next-generation capabilities, including in space and cyber.¹⁰²

The 2026 NDS requires the space and cyber capabilities to deliver four distinct effects: enable, defend, contest and deny:

- *Enable.* Space and cyber must enable the joint force across all CIPs. The performance standard is resilient, credible, networked services for ISR, position navigation timing, communications, and C2, available at operational intensity in a contested environment. This is the foundational requirement.
- *Defend.* Defensive cyber and space capability must protect Defence and supporting national networks, satellites and ground infrastructure from sustained adversary action. The performance standard is the effective protection of critical defence systems against the realistic threat: state-sponsored cyber, anti-satellite weapons and the sustained pre-conflict and grey-zone activity that already characterises the operating environment.
- *Contest.* Australia must be able to contest the cyber and electromagnetic spectrum in support of operational requirements. The performance standard for cyber is the offensive cyber capability options ASD develops, and Defence employs against legitimate military targets in defined circumstances. The performance standard for EW is the ability to disrupt, degrade or deceive adversaries' sensors, communications and weapons.
- *Deny.* Australia must contribute to the denial of adversaries' use of cyber and space against Australia's interests, including through allied integration, attribution and, where authorised, response. The performance standard is integration with US and Five Eyes capability, including space domain awareness, threat attribution and coordinated response.

Space and cyber aren't stand-alone capabilities. They're the connective tissue without which the strike enterprise (CIP 3), maritime ISR (CIP 6), expeditionary air operations (CIP 6) and the joint C2 architecture (CIP 9) can't perform.

Space

The 2026–27 PBS has very little to say on acquisition projects within the scope of CIP 4 (Space and cyber), consistent with the 2025–26 PBS treatment. Acquisition project JP 9141 discusses upgrades to satellite communications systems, but the substance of the project is the ground terminal segment rather than space segment investment. The

PBS contains no published information on the state of play with JP 9102 (the acquisition of a resilient multi-orbit satellite communications system); an announcement on JP 9102 is expected later in 2026 or in 2027.

Sovereign satellite communications

Following the 2024 cancellation of JP 9102 (which had previously planned for three to five large GEO communications satellites), the program was re-baselined to prioritise a 'resilient, multi-orbit Australian Defence Satellite Communications (SATCOM) capability optimised for operations over the Indo-Pacific'. The replacement architecture is in transition. In June 2025, Defence announced a request for information for SPA-9102, a single narrow-band UHF GEO satellite, but it remains unclear whether such a satellite will be acquired versus continued reliance on commercial systems.¹⁰³ In the interim, the ADF continues to rely on existing US-provided and commercial SATCOM, the former through the Wideband Global Satcom (WGS) network (Australia has sovereign ownership of WGS-6), the latter through a hosted payload on Optus C-1 and dedicated UHF channels on Intelsat 22. Optus C-1 reaches end of life in 2027, IS-22 in 2030 and WGS-6 in 2027. The WGS constellation is being replaced by new satellites between 2028 and 2029; continued access requires a new agreement with the US. Any delay in deploying a new sovereign SATCOM capability, or in gaining continued access to WGS, could create a serious satellite communications gap for the ADF.¹⁰⁴

Table 6. Investments in space and cyber to 2035–36 (A\$).



Table 4: Investments in space and cyber

Capability Element	Approved Planned Investment (2026-27 to 2035-36)	Unapproved Planned Investment (2026-27 to 2035-36)	Total Planned Investment (2026-27 to 2035-36)
Enhanced space capabilities			
<i>Satellite communications</i>	\$240m	\$5bn - \$7bn	\$5.2bn - \$7.2bn
<i>Space sensors</i>	\$190m	\$3bn - \$4bn	\$3.2bn - \$4.2bn
<i>Space control</i>	\$180m	\$500m - \$700m	\$680m - \$880m
Enhanced cyber capabilities			
<i>Cyber capabilities</i>	\$230m	\$10bn - \$15bn	\$10bn - \$15bn
<i>Cyber terrain</i>	\$2.5bn	\$2bn - \$3bn	\$4.5bn - \$5.5bn
Electronic warfare	\$430m	\$2bn - \$3bn	\$2.4bn - \$3.4bn
Future investments	\$30m	\$1.5bn - \$2bn	\$1.5bn - \$2bn
Total	\$3.8bn	\$24bn - \$35bn	\$27bn - \$38bn

Note: Future investments include minor projects, experimentation, innovation, research and testing and evaluation.

Source: 2026 IIP, Table 4.

Space domain awareness

The Deep Space Advanced Radar Capability (DARC), which is a collaborative project with the UK and the US, will achieve full operational capability at the Australian site at Exmouth in Western Australia in 2027, and the global network of three sites (Australia, UK, US) will reach full operational capability by 2032. The optical space surveillance telescope at Exmouth, transferred from New Mexico, reached a crucial milestone in August 2025. An older C-Band radar at Exmouth tracks satellites in low Earth orbit. Sovereign commercial space surveillance capabilities are emerging through HEO (space-based space surveillance), LEOLabs (radar-based) and EOS Australia (electro-optical).¹⁰⁵

Space-based ISR and geospatial intelligence

The 2026 NDS lists 'investment in geospatial intelligence capabilities' as a declared priority; the 2026 IIP states there will be 'delivery of an advanced geospatial intelligence satellite capability'.¹⁰⁶ That's likely to refer to acquisition of sovereign space-based ISR satellites. The 2026 IIP doesn't allocate specific funds for this in the Space and cyber CIP, but it's possible that funding flows under CIP 3 (Targeting and long-range strike), which allocates \$7.5–10 billion to the DTE. Until sovereign space-based ISR is acquired, Defence relies on commercial space-based Earth observation

services (such as Planet) and shared intelligence from US National Reconnaissance Office satellites.¹⁰⁷ Under the previous Coalition government, sovereign space-based ISR was planned under DEF 799 Phase II, with a parallel civil capability through the National Space Mission for Earth Observation; the latter was cancelled by the Albanese government in 2023 for 'budget repair'.¹⁰⁸

Space control

The 2026 IIP commits to 'enhanced space control measures to protect and defend Australia's use of the space domain, and, where necessary, deny attempts to interfere with or attack Australia's use of the space domain'.¹⁰⁹ No specific capability development has yet been publicly disclosed. Australia has signed the ban on the testing of anti-satellite weapons that produces space debris.¹¹⁰ Any Australian space control capability is likely to emphasise non-destructive 'soft kill' systems such as space EW and cyber-related capabilities, ground-based or space-based, in collaboration with key allies through the Combined Space Operations initiative.¹¹¹

Cyber

REDSPICE

ASD's transformation program has started. Workforce growth towards approximately 1,900 ASD roles by 2030 is the binding line. ASD's intent is to 'expand the range and sophistication of Australia's intelligence, offensive and defensive cyber capabilities, and build on already strong enabling foundations'.¹¹² The Cyber Warfare Common Remuneration Framework (May 2025) is the principal retention measure.

Defensive cyber and cyber terrain

Defence Information Network programs and defensive cyber capability have started under the cyber terrain line. Critical-infrastructure protection coordination, including around Defence's industrial supply chain and the broader national-security partner ecosystem, is a major workstream. The reduction in cyber terrain total planned investment between the 2024 and 2026 IIPs reflects the completion of project goals, reallocation to cyber capabilities or new approaches; the increase in approved investment within the cyber terrain line is consistent with that interpretation.

Offensive cyber

Offensive cyber operations capability remains principally an ASD capability. Operational employment is governed by ministerial authorisation.

Electronic warfare

The 2026 IIP discussion of EW is significantly briefer than that in the 2024 IIP. The 2024 IIP noted that EW investment would protect ADF electronic capabilities (against jamming) and enable the ADF to locate and disrupt adversaries' electronic signals. The 2024 IIP also referenced AUKUS Pillar 2, particularly the AUKUS EW innovation challenge.¹¹³ The 2026 IIP appears to reduce both total and approved investment in EW, with no new detail on what capability is being acquired for the funds invested. That's a transparency gap.

The space and cyber workforce challenge is the most binding adequacy constraint in this CIP. ASD's REDSPICE workforce ramp-up from approximately 1,200 in 2022 to approximately 1,900 by 2030 is one of the largest single workforce expansion programs in the federal government. The workforce is highly skilled, in scarce supply and competes with private-sector cyber demand. ASD has been creative on remote work, regional offices, secondments and partnership models, but the workforce challenge remains acute.

The Defence cyber workforce, distinct from ASD, is also growing. The Joint Capabilities Group, Information Warfare Division and the service-level cyber workforces all require expansion.

The space workforce is concentrated in Defence Space Command and the partner ecosystem (CSIRO, Australian Space Agency, sovereign space industry). The Defence School of Space and Cyber at HMAS Harman in Canberra is at the centre of professional education for both domains, and broader investment in recruitment and retention can mitigate the challenge of retaining defence personnel in the face of a highly competitive private-sector market.¹¹⁴

The EW workforce is concentrated in the Air Force (Growler, MC-55A, ALR-69A), the Navy (combat systems and EW operators) and the Army.

Despite the importance of workforce as a fundamental input to capability, investment data on workforce planning for any of the CIPs isn't discussed in either the 2024 or the 2026 IIP. This is a structural transparency gap that the next biennial cycle should close.

The adequacy of the space and cyber program must be assessed against six criteria: quantum, timing, balance, integration, resilience, and sovereignty:

- *Quantum.* \$27–38 billion is a substantial commitment, broadly consistent with the strategic priority. Cyber capabilities have grown in total planned investment but seen a sharp cut in approved investment, suggesting funding uncertainty rather than direction change. Cyber terrain has fallen significantly in total planned investment. EW has been reduced in both total and approved investment. Space is broadly stable on quantum. On quantum, the program is broadly adequate to the principal acquisitions and to REDSPICE, but it depends on workforce delivery and on the conversion of the cyber capabilities approved to unapproved gap into contracted commitments.
- *Timing.* The cyber and space domains demand near term-capability. REDSPICE workforce growth is the principal timing test. Sovereign satellite communications, after the JP 9102 rescope, faces a serious timing risk: the original 2027 entry into service has slipped, and the replacement architecture's delivery timeline is in transition. With Optus C-1 and WGS-6 reaching end of life in 2027 and IS-22 in 2030, a SATCOM gap is the most consequential timing risk in this CIP. DARC at Exmouth final operational capability (FOC) in 2027 is on a reasonable trajectory. Airborne EW (MC-55A) is in introduction. The timing test is partially met, with the JP 9102 rescope and broader sovereign space-based ISR pace being the principal slippages.
- *Balance.* The balance between space, cyber and EW is broadly appropriate. Within space, the small but growing investment in space control and the build-out of DARC and sovereign commercial space domain awareness are positive. The balance

between sovereign space-based ISR (where capability is uncertain) and reliance on partnered services is the principal sovereignty balance question. Within cyber, the rebalance between cyber capabilities (up) and cyber terrain (down) is internally consistent, but the fall in cyber terrain warrants explanation. The reduction in EW investment is the most concerning balance shift in this CIP, given the operational value of the Growler and MC-55A.

- *Integration.* Integration is the most technically demanding adequacy criterion. Space and cyber must be integrated with every other CIP. The targeting enterprise (CIP 3), the joint C2 architecture (CIP 9), maritime ISR (CIP 6) and the surface combatant and submarine sensor and communications fit out all depend on space and cyber integration. CIP 9 (Theatre command and control) explicitly invests in modern satellite terminals, resilient high-capacity data links and protected satellite communications, which is the integration backbone for the space and cyber capabilities here.¹¹⁵ The integration challenge is multidimensional: technical, organisational, security classification and workforce coordination.
- *Resilience.* Resilience is the central operational concept for both space and cyber. The program is investing in resilience through diversified space architecture, distributed cyber capability and EW countermeasures. The principal resilience gap is the dependency on US and Five Eyes capability for several mission-critical services. Australia and New Zealand have invested in the Southern Positioning Augmentation Network (SouthPAN), which enhances GPS accuracy. Defence's August 2025 announcement of investments in alternative PNT capabilities, including those employing quantum technologies developed under AUKUS Pillar 2, addresses one of the most consequential resilience gaps,¹¹⁶ but sovereignty remains a long-term resilience investment.
- *Sovereignty.* Sovereignty in space and cyber is being built through REDSPICE, sovereign satellite communications, sovereign space domain awareness and the sovereign EW research and capability lines. The sovereignty trajectory is positive, but the speed of growth is workforce bound and constrained by the JP 9102 rescoping timeline. Australia will remain dependent on partner capability for several mission-critical services through this decade. Although not explicitly addressed in either the NDS or the IIP, the value of low-cost small-satellite technologies, together with sovereign launch capacity now developing in Australia's commercial space sector, opens the opportunity for responsive space launch to allow rapid augmentation and reconstitution of critical space capability. Future NDS and IIP iterations should support this.

The space and cyber program is necessary, broadly well shaped and binding on workforce. The principal adequacy gaps are workforce delivery (REDSPICE and the broader Defence cyber workforce), the timing of sovereign satellite communications, the cuts to EW, the unclear sovereign space-based ISR pathway, and the integration challenge across all other CIPs. Our judgement is that the program is *necessary, ambitious and at risk on workforce delivery and on the JP 9102 successor and EW lines*. If REDSPICE delivers and JP 9102 successor lands inside the late 2020s, the program is broadly adequate. If either falls short, capability gaps open across the whole joint force.

If the current program is necessary but adequacy is constrained on workforce delivery, the timing of sovereign space capability and EW, the question is: what additional investment, in what categories, would close the gap?

Low- to mid-cost additional investment of \$3–5 billion over the decade, could include:

- *cyber workforce expansion beyond the REDSPICE baseline* (\$1–2 billion), funding ASD and Defence cyber workforce growth at faster rate, targeted recruitment, retention and regional offices
- *sovereign satellite communications acceleration* (\$1–2 billion), accelerating the post-JP 9102 architecture so that a sovereign SATCOM capability is in service well before WGS-6 retirement
- *EW investment restoration* (\$300–500 million), restoring at least a portion of the 2024 IIP EW line with explicit detail on what capabilities are being acquired
- *space domain awareness expansion* (\$300–500 million), expanding Australian-owned and -operated space domain awareness capability beyond DARC
- *sovereign space-based ISR pathway* (\$300–500 million), establishing a clear funding line and program structure for sovereign space-based ISR within either the Space and cyber CIP or the Targeting CIP.

Additional investment of \$5–10 billion over the decade:

- *sovereign space-based ISR and resilient communications constellation* (\$2–4 billion), beyond the current sovereign space program, including a small satellite ISR constellation and an Australian-controlled communications resilience layer, with associated sovereign launch capacity
- *cyber operations capability expansion* (\$1.5–3 billion), beyond the REDSPICE baseline, including offensive cyber and ASD's role in support of joint targeting (CIP 3)
- *quantum resilient cryptography and post-quantum cyber* (\$500 million to \$1 billion), the next-generation cyber resilience investment that will be required by mid-decade
- *sovereign EW acceleration and integration* (\$1–2 billion), beyond the baseline, particularly for AUKUS Pillar 2 EW innovation lines and sovereign EW capability development.

The high-end additional investment in CIP 4 investment would materially close the workforce, sovereignty and resilience adequacy gaps.

CIP 4 underpins almost every other CIP. The integration requirement is therefore program wide. Adequately resourced space and cyber capability is the precondition for the strike enterprise (CIP 3), maritime ISR (CIP 6), C2 (CIP 9), IAMD (CIP 7) and the broader joint force. The integration cost is felt in the strategic dependency that runs in both directions: every other CIP depends on CIP 4, and CIP 4 capability is most valuable when those other CIPs can use it effectively.

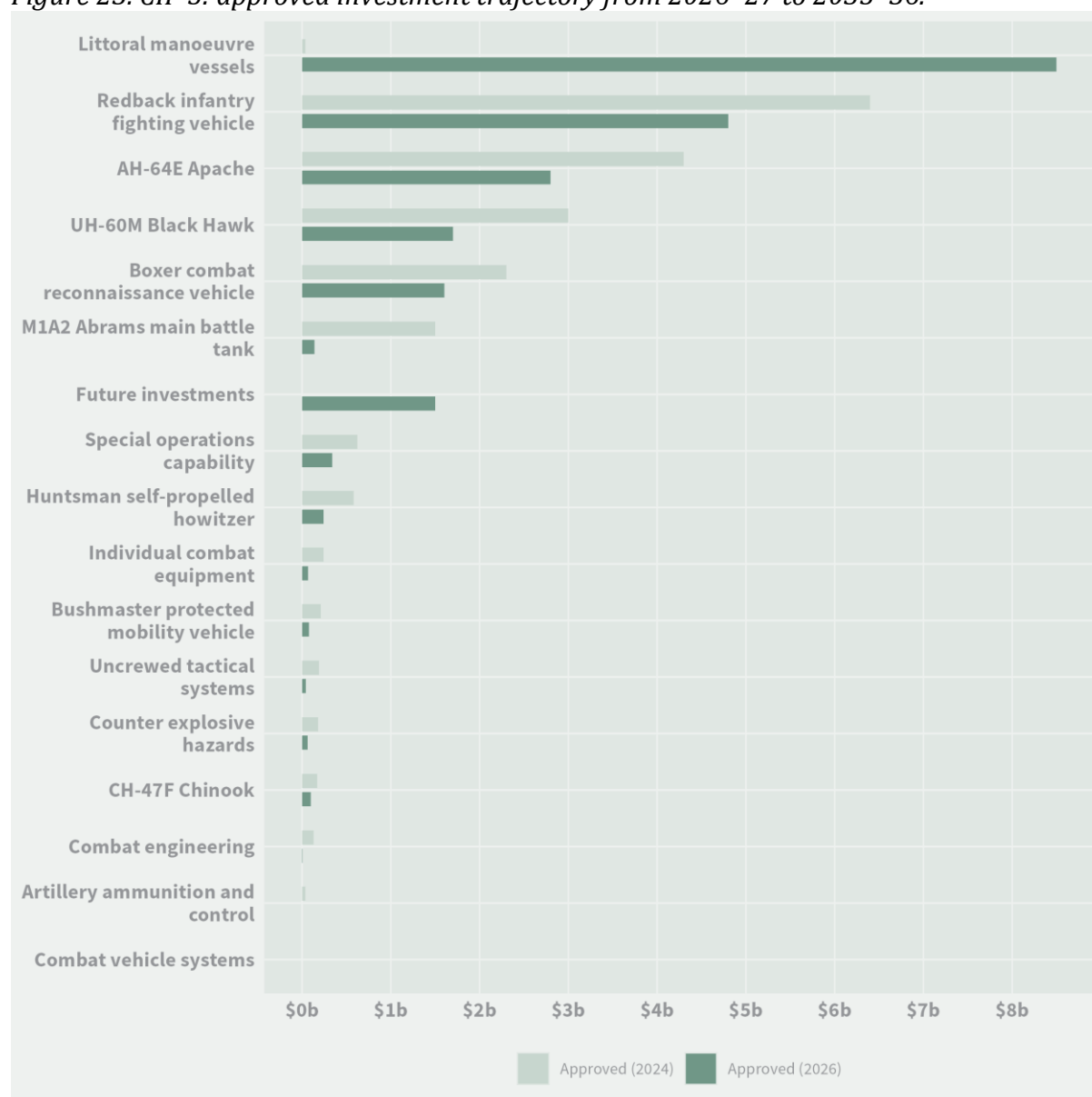
CIP 5: Amphibious capable combined arms land system



Image: Austal Defence Shipbuilding Australia concept image depicting Landing Craft Medium and Heavy vessels conducting a beach landing. [Defence Images](#)

CIP 5 is the smallest of the platform-focused investment priorities and the one most clearly reframed by the 2024 NDS. The 2026 IIP allocates \$48–59 billion across the decade, approximately 11–14% of the program, with the Army shifted from its earlier Defence of Australia posture to amphibious and littoral manoeuvre in the maritime archipelagos to the north. The decade-long investment breakdown is battlefield aviation (\$9–10 billion), land fires (approximately \$8 billion), armoured vehicles and protected mobility (approximately \$10 billion), amphibious lift and littoral manoeuvre (approximately \$2 billion) and supporting investments in close combat, C2 and force protection.¹¹⁷

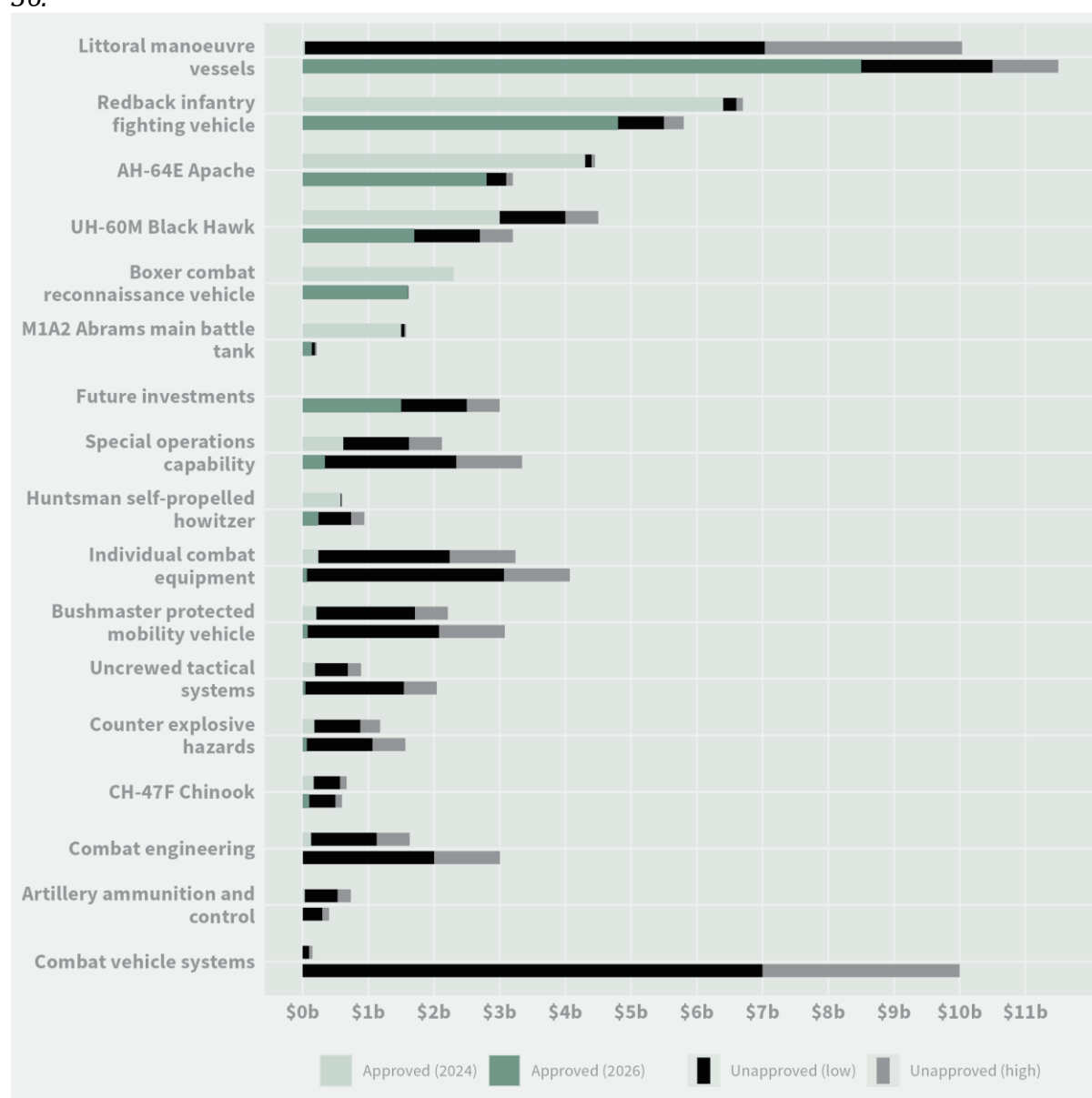
Figure 23. CIP 5: approved investment trajectory from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The strategic rationale comes from the post-2023 DSR's framing of the Army's role: the contribution to the joint force is principally through long-range fires (the HIMARS and PrSM lines that sit in CIP 3) and through amphibious capable, littoral manoeuvre forces operating in the archipelagic environment to Australia's north and into the Southwest Pacific. The combined arms requirement is the close combat and force protection capability needed to make the littoral manoeuvre mission survivable. The 2026 NDS reaffirmed that framing.¹¹⁸

Figure 24. CIP 5: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The portfolio comprises five interlocking capability lines:

- **Battlefield aviation:** The AH-64E Apache attack helicopter (replacing the Armed Reconnaissance Helicopter (ARH) Tiger), the UH-60M Black Hawk medium lift helicopter (replacing the Multi-Role Helicopter (MRH)-90 Taipan), and the upgrade and sustainment of the CH-47F Chinook heavy lift fleet; the post-Taipan transition to Black Hawk is the largest single battlefield aviation transition that the Army has undertaken since the Iroquois retirement.¹¹⁹
- **Land fires:** HIMARS, PrSM and the longer range mid-range capability are CIP 3 lines, but the workforce, force structure and supporting investments to field them in the 1st (Australian) Division and the 10th Brigade (Fires) sit within CIP 5's organisational space. The fires lines transform the Army from a tactical close combat force to a force capable of theatre-level fires effects.

- *Armoured vehicles and protected mobility:* The Boxer Combat Reconnaissance Vehicle (LAND 400 Phase 2, in service), the AS21 Redback Infantry Fighting Vehicle (LAND 400 Phase 3, in production at Avalon) and the M1A2 Abrams Sepv3 main battle tank fleet constitute the armoured component of the combined arms system that gives the littoral manoeuvre force the protected mobility and close combat lethality to operate against a peer adversary.¹²⁰
- *Amphibious lift and littoral manoeuvre:* LAND 8710 Phase 1 (Army watercraft capability) is delivering Independence-class Landing Craft Medium and Landing Craft Heavy. These watercraft enable inter-island manoeuvre in the archipelagic environment without requiring full amphibious lift from Navy LHDs. The combination of Army watercraft, Navy LHDs (HMAS *Canberra* and *Adelaide*), and the Heavy Landing Craft program transforms Australia's amphibious capability from a single point of failure dependency on the LHDs to a layered amphibious force.¹²¹
- *Enabling capabilities:* Combat engineering, communications, ISR, soldier system upgrades and force protection. These are smaller individual investments but cumulatively meaningful, particularly for the soldier system modernisation that connects the Army into the broader joint targeting and C2 architecture.

The risk profile is moderate by IIP standards. The Apache, Black Hawk and Boxer programs are mature US/European acquisitions with proven platforms. AS21 Redback is being built at Avalon by Hanwha Defence Australia. LAND 8710 has started. M1A2 Sepv3 is delivered. The principal risk is workforce, force structure transition and concurrency: the Army is transitioning aviation, fires, armoured and amphibious capability simultaneously, against a recruitment and retention backdrop that's been challenging across the decade.

The 2026 NDS requires the land system to deliver four effects: project, manoeuvre, fight and sustain:

- *Project* is moving a brigade equivalent force into the primary area of military interest, including the archipelagic and littoral environment to Australia's north, with appropriate amphibious lift, logistics, sustainment and force protection enablers.
- *Manoeuvre* is the combination of armoured mobility (Boxer, Redback, M1A2), aviation mobility (Apache, Black Hawk, Chinook) and amphibious manoeuvre (LAND 8710 watercraft, LHDs, partner shipping) sufficient to operate at the operational and tactical levels once deployed.
- *Fight* is the combination of armoured firepower (M1A2, Redback, Apache), dismounted close combat (modernised soldier system), and supporting fires (HIMARS, PrSM, indirect fires) sufficient to achieve combat overmatch from squad to brigade.
- *Sustain* is sustained operations in the archipelagic environment, with theatre logistics (CIP 8) and joint sustainment carrying the replenishment, medical support, maintenance and force protection load.

Table 7. Investments in amphibious capable combined arms land systems to 2035–36 (A\$).

 Table 5: Investments in amphibious capable combined-arms land system			
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Littoral manoeuvre			
<i>Littoral manoeuvre vessels</i>	\$8.5bn	\$2bn – \$3bn	\$11bn – \$12bn
Combined-arms land system			
<i>Hawkei protected mobility vehicle – light</i>	\$5m	nil	\$5m
<i>Bushmaster protected mobility vehicle – medium</i>	\$77m	\$2bn – \$3bn	\$2.1bn – \$3.1bn
<i>M1A2 Abrams main battle tank</i>	\$140m	\$50m – \$75m	\$190m – \$220m
<i>Redback infantry fighting vehicle</i>	\$4.8bn	\$700m – \$1bn	\$5.5bn – \$5.8bn
<i>Boxer combat reconnaissance vehicle</i>	\$1.6bn	\$5m – \$15m	\$1.6bn
<i>Land mobility vehicles</i>	\$63m	\$300m – \$400m	\$360m – \$460m
<i>Combat vehicle systems</i>	nil	\$7bn – \$10bn	\$7bn – \$10bn
<i>Huntsman self-propelled howitzer</i>	\$240m	\$500m – \$700m	\$740m – \$940m
<i>Artillery ammunition and control</i>	\$3m	\$300m – \$400m	\$300m – \$400m
<i>Combat engineering</i>	\$4m	\$2bn – \$3bn	\$2bn – \$3bn
<i>Uncrewed tactical systems</i>	\$42m	\$1.5bn – \$2bn	\$1.5bn – \$2bn
<i>Individual combat equipment</i>	\$67m	\$3bn – \$4bn	\$3.1bn – \$4.1bn
<i>Counter explosive hazards</i>	\$64m	\$1bn – \$1.5bn	\$1.1bn – \$1.6bn
Battlefield aviation			
<i>UH-60M Black Hawk</i>	\$1.7bn	\$1bn – \$1.5bn	\$2.7bn – \$3.2bn
<i>AH-64E Apache</i>	\$2.8bn	\$300m – \$400m	\$3.1bn – \$3.2bn
<i>CH-47F Chinook</i>	\$100m	\$400m – \$500m	\$500m – \$600m
Special operations capability	\$340m	\$2bn – \$3bn	\$2.3bn – \$3.3bn
Future investments	\$1.5bn	\$1bn – \$1.5bn	\$2.5bn – \$3bn
Total	\$22bn	\$25bn – \$36bn	\$48bn – \$59bn

Note: Planned investment in essential facilities and infrastructure for the amphibious capable combined-arms land system is captured in Table 11 (Investments in northern bases) and Table 12 (Investments in enterprise infrastructure). Funding for Reserves recapitalisation has been re-profiled in line with Government directed priorities and is not within the scope of the 2026 Integrated Investment Program. Future investments includes minor projects, experimentation, innovation, research and testing and evaluation.

Source: 2026 IIP, Table 5. Essential facilities and infrastructure for the land system are captured in Table 13 (northern bases) and Table 14 (enterprise infrastructure).

The amphibious capable land system is therefore a force package concept, not a platform-by-platform requirement. The platforms work together. The transformation that the IIP enables is the move from a 2010s era land force, optimised for stabilisation, counterinsurgency and the conventional defence of Australia, to a 2030s-era force optimised for joint maritime operations in the primary area of military interest.

The investment profile reflects substantial weight on the armoured and aviation transitions, with the fires line growing within the decade as the longer range fires programs (PrSM, mid-range capability) come into the inventory. Amphibious is a smaller line in absolute terms but strategically significant. Enabling investments are scattered across multiple project lines:

- *AH-64E Apache*: The Apache program (LAND 4503) is in delivery and replaces the Tiger ARH. First-of-class introduction to operational service is underway.
- *UH-60M Black Hawk*: The Black Hawk program (AIR 9000 Phase 7) is delivering helicopters to replace the MRH-90 Taipan. The Black Hawk is the proven, low-risk replacement following the Taipan retirement decision.
- *CH-47F Chinook*: The Chinook fleet upgrade and sustainment is in execution.
- *Boxer Combat Reconnaissance Vehicle (LAND 400 Phase 2)*: The Boxer is in service. Australian production is established at Rheinmetall MILVEHCOE in Brisbane.
- *AS21 Redback Infantry Fighting Vehicle (LAND 400 Phase 3)*: The Redback is in production at Hanwha Defence Australia's facility at Avalon, Victoria. The original LAND 400 Phase 3 quantity of 450 vehicles was reduced to 129 in the post-2023 DSR prioritisation. The Avalon facility is also expected to provide the manufacturing base for South Korean defence exports.
- *M1A2 Abrams Sepv3*: The M1A2 Sepv3 fleet has been delivered. The fleet replaces the M1A1 Abrams at a higher capability level.
- *LAND 8710 Army watercraft capability*: LAND 8710 Phase 1 (Landing craft medium and heavy) has started; the watercraft are in build/delivery. The LAND 8710 watercraft delivery schedule is in the public domain through Defence procurement announcements.
- *Soldier system upgrades*: A range of LAND 125 and JP 2110 lines are upgrading the dismounted close combat capability, including communications, ISR and force protection.

The Army's workforce challenge is the most significant structural issue facing CIP 5 delivery. Recruitment and retention pressures across the trades, technical and combat workforces are a persistent challenge. The transition from MRH-90 to UH-60M, from ARH Tiger to AH-64E, from M113 to Boxer/Redback, and the introduction of new fires capabilities, all require concurrent training pipelines while maintaining current operational capability. The amphibious capability requires combined Navy/Army workforce coordination that's at an earlier stage of development than platform delivery would imply.

The Army's uniformed strength against requirements, by critical trade (aviation, armoured, fires, engineering), isn't separately disclosed at the public document level.

Disclosure would materially improve external assessment of the land force workforce challenge.

The workforce challenge is compounded by concurrency with the Joint Capabilities Group cyber and space workforce growth (CIP 4) and the joint targeting workforce growth (CIP 3). The Army's recruitment pool is overlapping with those other workforce demands.

The adequacy of the land system program must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum:* \$48-59 billion is the smallest funding of the platform-focused CIPs by share, but it's appropriate to the prioritisation in the 2024 NDS and reaffirmed in the 2026 NDS. On quantum, the program is adequate to the post-DSR repositioning of the Army around amphibious and littoral manoeuvre. It isn't adequate to a return to a heavier, broader land force structure, but that broader structure isn't the policy direction.
- *Timing:* The aviation transition (Apache and Black Hawk) is in execution. The Boxer is in service. The M1A2 Sepv3 is in service. The Redback is in production. The timing test is broadly met for the platform programs. The timing test for amphibious capability (LAND 8710 watercraft, LHD modernisation, joint amphibious preparing the force) is at an earlier stage. The timing test for the fires force structure (1st Division reorganisation, fires brigade introduction) is also at an earlier stage. The timing test is partially met.
- *Balance:* The balance between aviation, armoured, fires, amphibious and enabling investments is appropriate to the post-DSR Army concept. The balance has shifted from a previous heavy protected vehicle emphasis (the original LAND 400 Phase 3 quantity) to a more diversified mix with greater fires and amphibious weight. That rebalancing is operationally correct for the joint maritime concept.
- *Integration:* The Army's integration into the joint force is the central adequacy question for CIP 5. The amphibious capable land system is effective only if the land force, the maritime force (CIP 2), the air force (CIP 6), the theatre logistics chain (CIP 8) and the joint C2 architecture (CIP 9) are integrated. The Army's contribution to the joint targeting enterprise (CIP 3) and to the broader joint force concept is at a maturing but not yet fully mature stage. Integration is the binding adequacy challenge.
- *Resilience:* Land force resilience depends on industrial base resilience (Boxer at Brisbane, Redback at Avalon, sustainment across the country), workforce resilience (the most important limit) and force protection resilience (counter-IAMD, counterstrike, counter-fires). The northern bases hardening program (CIP 11) addresses some of the protection considerations. The force structure resilience of a smaller, more concentrated land force is a strategic question that the post-DSR concept implicitly accepts.
- *Sovereignty:* Army programs are increasingly sovereign in build and sustainment. Boxer (Brisbane), Redback (Avalon) and battlefield communications are Australian built. Aviation (Apache, Black Hawk, Chinook) remains overseas designed but with significant Australian sustainment. M1A2 is foreign built and foreign sustained. On

sovereignty, the program is on the right trajectory, and the major sovereign builds at Brisbane and Avalon are nationally significant industrial investments.

The land system program is adequate to the post-DSR Army concept and consistent with the strategic prioritisation of the maritime and undersea forces. Our judgement is that the program is *necessary, well-shaped against the strategic concept and binding on workforce and on integration with the joint force*. The principal adequacy gaps are workforce delivery, the maturation of amphibious preparing the force, the integration of fires into the joint targeting enterprise, and the resilience and protection of the force in the contested environment that the Strategy of Denial assumes.

If the current program is adequate for the concept but binding on workforce and integration, the question is: what additional investment, in what categories, would close the gap?

Low- to mid-cost additional investment of \$3–5 billion over the decade could include:

- *Army workforce expansion and retention* (\$1–2 billion), beyond baseline, focused on aviation, armoured, fires and engineering trades
- *amphibious preparing the force and joint amphibious training* (\$500 million–\$1 billion), accelerating the LAND 8710 watercraft introduction, LHD modernisation and joint Army/Navy amphibious preparing the force
- *fires integration and Army contribution to joint targeting* (\$500 million–\$1 billion), accelerating the integration of HIMARS, PrSM and longer range fires into the joint targeting enterprise
- *soldier system and dismounted close combat acceleration* (\$500 million–\$1 billion), beyond the current LAND 125/JP 2110 lines, recognising that the close combat lethality of dismounted forces is the fundamental floor of land combat capability
- *battlefield aviation expansion* (\$500 million), maintaining or expanding the Black Hawk and Chinook fleets beyond the planned numbers to support increased amphibious force projection.

Should the government be minded to choose higher cost options, additional investment of \$5–10 billion over the decade might include:

- *heavier amphibious force projection capability* (\$2–4 billion), including additional LHD or LSD class platforms, operated jointly by the Navy and Army, that materially increase Australia's amphibious lift
- *land fires expansion* (\$1.5–3 billion), beyond baseline HIMARS and PrSM, including additional mid-range capability and longer range land-based strike with associated workforce
- *land EW and air defence integration* (\$1–2 billion), expanding land-based air defence (CIP 7 dependency) and EW to protect the deployed force
- *soldier system technology refresh* (\$500 million to \$1 billion), bringing the dismounted close combat capability to the leading edge of allied technology.

The high-end additional investment in CIP 5 would materially close the workforce, amphibious, fires and protection adequacy gaps.

CIP 5 depends on integration with CIP 2 (Amphibious lift), CIP 3 (Fires and targeting), CIP 6 (Close air support and air mobility), CIP 7 (Land air defence and IAMD), CIP 8

(Theatre logistics) and CIP 9 (Theatre C2). The integration cost is therefore distributed across other CIPs and is the principal reason CIP 12 (Enabling investments) is structurally important to CIP 5 delivery.

CIP 6: Expeditionary air operations



Image: Royal Australian Air Force loadmasters release the cargo from a C-130J Hercules aircraft as part of an operational aerial drop during Exercise Mobility Astra 2026. [Defence Images](#)

CIP 6 is the Air Force's contribution to impactful projection, and the 2026 NDS places it on a par with the AUKUS submarine program in the strategic logic of denial. It covers air combat, long-range strike, aerial ISR and air mobility. The NDS describes those as the ability 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.'¹²²

The 2026 IIP allocates \$34–41 billion across the decade, of which \$15 billion is currently approved. The decade allocation is up from the 2024 IIP's \$28–33 billion; approved investment is down from \$17 billion, reflecting the early-stage nature of several major projects within the program.¹²³

Investment is divided across four capability elements plus a future investments category:

- *Air Mobility* comprises the C-130J Hercules (\$7.8–8.3 billion), a subcategory referred to simply as 'air mobility' (\$3–4 billion), and air training and support systems (\$640–740 million).
- *Air Intelligence, Surveillance and Reconnaissance* (\$4.5–5.5 billion) covers the P-8A Poseidon maritime patrol and response aircraft, the E-7A Wedgetail AEW&C aircraft, the MC-55A Peregrine EW and ISR aircraft, and the MQ-4C Triton remotely piloted aircraft for maritime surveillance.

- *Air Combat Capability* (\$10.8–12.8 billion) covers the F-35A Joint Strike Fighter (\$6.5–7.5 billion) and the combined F/A-18F Super Hornet and EA-18G Growler (\$4.3–5.3 billion) fleet.
- *Uncrewed Air Systems* (\$6.1–8.1 billion) covers the MQ-28A Ghost Bat collaborative combat aircraft and the broader development of uncrewed systems integration into the ADF force structure.
- *Future Investments* (\$1.6–1.7 billion) covers minor projects, experimentation, innovation, research, and testing and evaluation. This is a new category in the 2026 IIP.

The 2024 IIP had a capability element of air-to-air weapons within expeditionary air operations; those have now been shifted to CIP 3 (Targeting and long-range strike) and to the GWEO Enterprise in the 2026 IIP.¹²⁴

The strategic rationale is the central role of air power in the joint maritime concept. The RAAF must contribute control of the air, precision strike, ISR and air mobility, the four roles that the Air Force is established to deliver and that map directly to the four capability elements in this CIP.¹²⁵ Of the six capability effects in the 2026 NDS, three stand out as particularly relevant for this CIP: project force, hold a potential adversary's forces at risk, and maintain persistent situational awareness in the primary area of military interest.¹²⁶

The risk profile is substantial. The F-35A Block 4 program is paced by US software development. The MQ-4C Triton fleet has been reduced from the original six or seven aircraft to four. The MQ-28A program is at an earlier stage of operational development than its strategic visibility implies. The MC-55A program is at least three years late. Air mobility recapitalisation depends on the C-130J expansion and the C-27J replacement decision. Air combat workforce, in particular pilots and aircrew, is the most important limit on capability, with Air Force aircrew separations down 1.4% on the prior year but recruitment still under target.¹²⁷

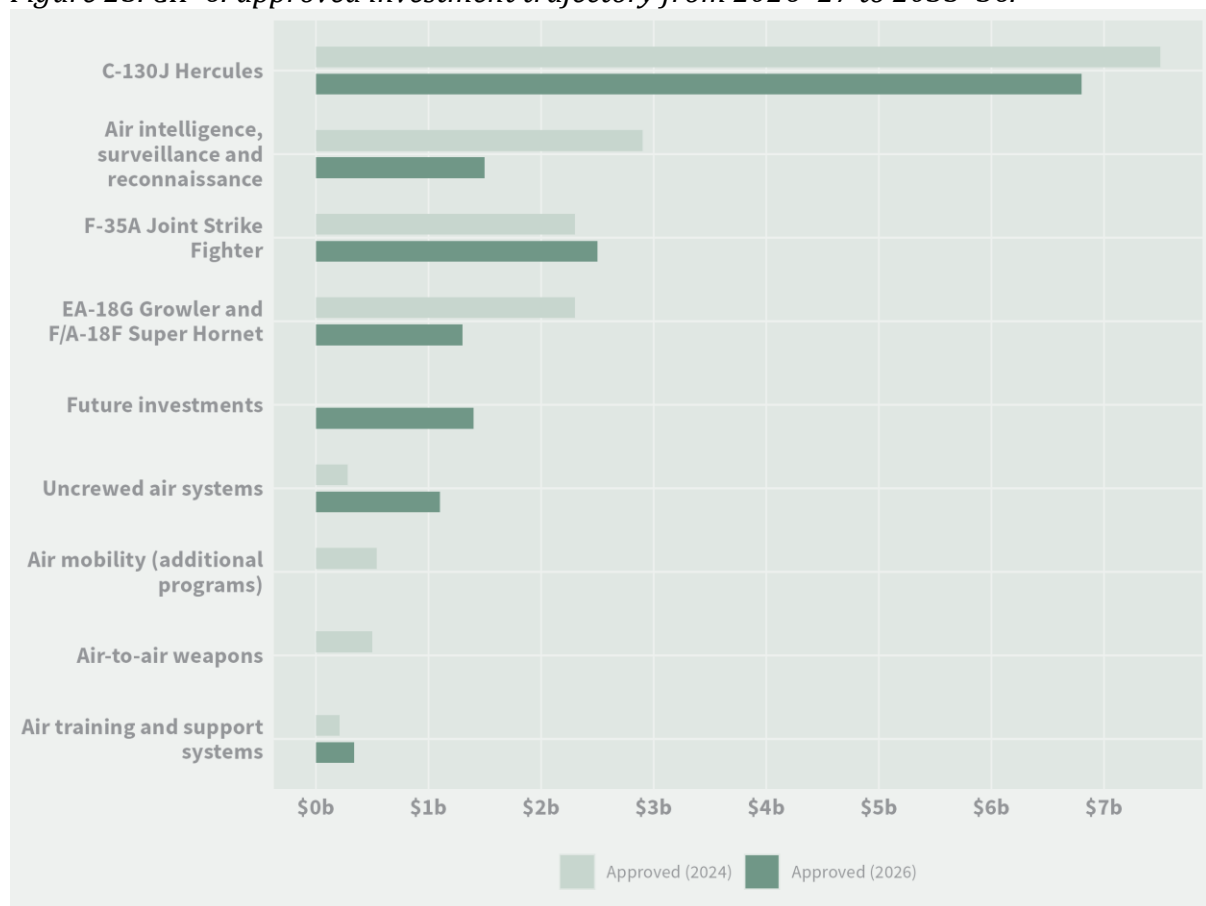
The 2026 NDS requires the Air Force to deliver four effects: control, mobility, persistent ISR and strike contribution:

- *Control* is contesting the air domain in the primary area of military interest, denying adversaries' use of the air over the maritime approaches and Australian-controlled territory, at the F-35A Block 4 capability standard, operating with allied F-35 forces and supported by Growler EW, KC-30A air-to-air refuelling, and the MC-55A and MQ-4C ISR network.
- *Mobility* is projecting, sustaining and recovering the joint force across the archipelagic and expeditionary environment, including into austere airfields across the Southwest Pacific and the maritime archipelago to Australia's north, supported by air-to-air refuelling and force protection enablers.
- *Persistent ISR* is continuous coverage of the primary area of military interest by the maritime patrol and ISR fleet, providing targeting intelligence for strike (CIP 3), maritime forces (CIPs 1 and 2) and joint C2 (CIP 9), with the P-8A, MC-55A and MQ-4C platforms working together with space-based ISR (CIP 4) and the Jindalee Operational Radar Network (JORN).

- *Strike contribution* is the integration of air-launched stand-off weapons across F/A-18F and F-35A platforms, including JASSM-ER, LRASM, JSM (on F-35A Block 4) and AARGM-ER, with the targeting and C2 architecture to employ them at operational reach.

F-35A air control without ISR support, KC-30A mobility and Growler EW is degraded. P-8A and MQ-4C ISR without C2 to consume the data is data without effect. MC-55A signals intelligence without integration into the joint targeting enterprise is intelligence without consequence. Air mobility without forward operating base infrastructure (CIP 11) is mobility without destination.

Figure 25. CIP 6: approved investment trajectory from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

Investment profile

The largest single line is air mobility (C-130J expansion and existing fleet sustainment); the second largest is air combat (F-35A and the F/A-18F/Growler combination); the MQ-28A line is the most notable expansion compared with the 2024 IIP.

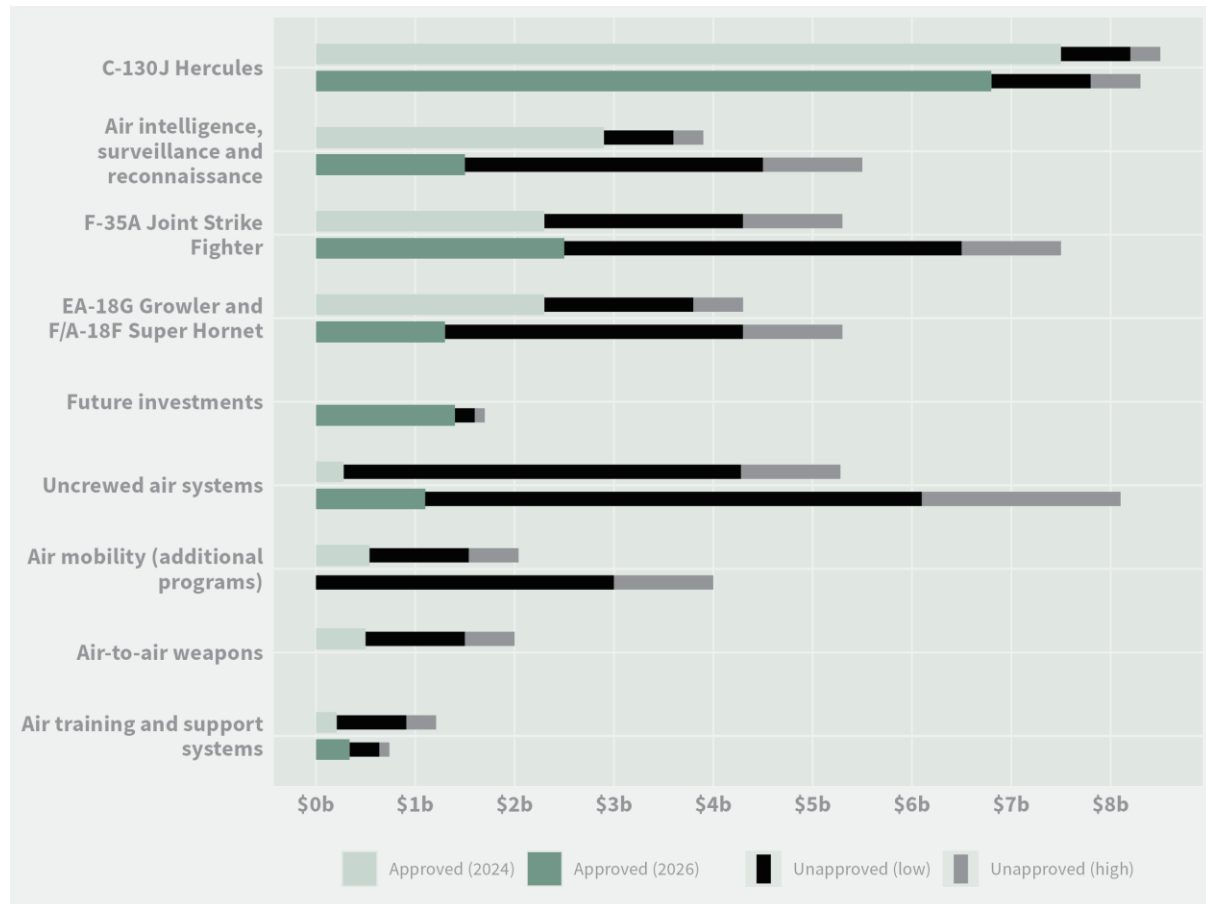
Air mobility

C-130J Hercules

AIR 7404 (Medium air mobility aircraft) is the project to acquire 20 new C-130J-30 Hercules aircraft, replacing the current 12 C-130J aircraft. Acquisition is through a combination of foreign military sales and direct commercial sales.¹²⁸ Sustainment of the

existing fleet under CAF-6 is a focus on continued delivery of a deeper maintenance schedule, completion of a block upgrade program and ensuring fit-for-purpose commercial agreements through to the planned withdrawal date. Sustainment funding has steadily increased, from \$124.1 million in 2020–21 to \$140 million in the PBS.

Figure 26. CIP 6: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

C-17A Globemaster III

The eight C-17A aircraft in service are being sustained under CAF-19, with continued minor upgrades to address obsolescence and maintain configuration alignment with the US Air Force.¹²⁹

Table 8. Investments in expeditionary air operations to 2035–36 (A\$ billion).

 Table 6: Investments in expeditionary air operations			
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Air mobility			
<i>C-130J Hercules</i>	\$6.8bn	\$1bn – \$1.5bn	\$7.8bn – \$8.3bn
<i>Air mobility</i>	nil	\$3bn – \$4bn	\$3bn – \$4bn
<i>Air training and support systems</i>	\$340m	\$300m – \$400m	\$640m – \$740m
Air intelligence, surveillance and reconnaissance	\$1.5bn	\$3bn – \$4bn	\$4.5bn – \$5.5bn
Air combat capability			
<i>F-35A Joint Strike Fighter</i>	\$2.5bn	\$4bn – \$5bn	\$6.5bn – \$7.5bn
<i>EA-18G Growler and F/A-18F Super Hornet</i>	\$1.3bn	\$3bn – \$4bn	\$4.3bn – \$5.3bn
Uncrewed air systems	\$1.1bn	\$5bn – \$7bn	\$6.1bn – \$8.1bn
Future investments	\$1.4bn	\$200m – \$300m	\$1.6bn – \$1.7bn
Total	\$15bn	\$20bn – \$26bn	\$34bn – \$41bn

Note: Future investments includes minor projects, experimentation, innovation, research and testing and evaluation. Planned investments for air-to-air weapons have now been consolidated into the broader air weapons program and are now included in Table 3 (Investments in targeting and long-range strike) and Table 10 (Investments in GWEO).

Source: 2026 IIP, Table 6.

KC-30A multi-role tanker transport

The KC-30A fleet is being sustained under CAF-22, and \$164 million has been allocated in the PBS.

C-27J Spartan retirement

The 2026 IIP confirms the early retirement of the C-27J Spartan. The mission is to be delivered through commercial aircraft for personnel and cargo movements across the Pacific. Little additional information is provided. The 2025–26 sustainment budget for the C-27J is \$134 million; AIR 8000 has been providing substantial funding for additional materiel releases, including a flight training device. Materiel release 3 was to be due June 2025 but is now no earlier than February 2027.¹³⁰ The eventual growth of the C-130J fleet from 12 to 20 will go some way towards filling the capability gap.

Air intelligence, surveillance and reconnaissance

P-8A Poseidon

AIR 7000 will see the fleet increased to 14 aircraft by the end of 2026 with the final two deliveries. The 2026–27 PBS notes CAF-35 sustainment at \$255 million, preparing for the arrival of the final two aircraft and providing follow-on sustainment. The first two P-8A aircraft have commenced Increment 3 Block 2 upgrades to antennas, sensors and software.¹³¹

MC-55A Peregrine

AIR 555 Phase 1 has suffered multiple schedule delays and remains a Project of Interest. The first of four aircraft arrived in Australia in January 2026, and two more are scheduled for delivery this year. The original IOC was mid-2023; the ANAO's 2024–25 MPR records that the forecast IOC date is 'Not for Publication' but that as of 30 June 2025 Defence considered there was sufficient budget remaining for the project to complete against the agreed scope. Sustainment under CAF-40 is estimated at \$128 million.¹³² The MC-55A is the strategically most significant ISR/EW platform Australia has acquired since the AP-3C Orion.

MQ-4C Triton

AIR 7001 is delivering four aircraft (down from the originally planned six or seven). The second and third were delivered in May 2025; the fourth is scheduled for 2028. Defence reported that AIR 7001 achieved its in-service date on 19 June 2025 and is on track to achieve initial materiel release and IOC. Total approved spend is \$2.444 billion, with \$944 million remaining as of 30 June 2025.¹³³

E-7A Wedgetail

The 2026 NDS notes that the E-7A will be replaced by a 'next generation aircraft', but the 2026 IIP doesn't mention that replacement at all. This is a significant gap. Defence Industry Minister Pat Conroy stated in April 2026 that the replacement was still some way off, but that planning was underway and funding had been set aside, with the E-7A having 'still got a decade of service'.¹³⁴ Whether the funding required for a Wedgetail replacement is contained within the \$4.5–5.5 billion ISR line in the 2026 IIP is unclear; that range, shared across a range of ISR capabilities, seems underdone, given the strategic importance of the AEW&C mission. Current sustainment under CAF-20 is \$310 million, focused on obsolescence treatment.¹³⁵

Air combat capability

F-35A Joint Strike Fighter

AIR 6000 Phase 2A/2B was for some time a Project of Interest, but the final F-35A delivery occurred in December 2024, and FOC was declared on 7 July 2025. Australia operates 72 F-35A aircraft based at RAAF Williamtown and RAAF Tindal. AIR 6000 Phase 6 (Joint Strike Fighter follow on development) covers hardware and software upgrades, including the TR-3 update enabling Block 4, which will introduce the APG-85 radar, additional weapons, more powerful EW capabilities and an enhanced distributed aperture system.¹³⁶ In-year sustainment under CAF-30 is \$688 million in the 2026–27

PBS, slightly down from the revised estimate of \$700 million for 2025–26, but still a marked increase from the \$553 million actual result for 2024–25.¹³⁷

The F-35A Block 4 upgrade enables integration of the AGM-158C LRASM externally, and the Kongsberg JSM internally for stealth-mode long-range strike against land and naval targets. Much remains to be done in turning the F-35A from an exquisite air combat and surveillance platform into the strike platform Defence requires.

F/A-18F Super Hornet and EA-18G Growler

Sustainment of both aircraft under CAF-21 is \$541 million in the 2026–27 PBS, slightly down from the \$559 million revised estimate for 2025–26 but holding relatively stable in real terms over the last half-decade.. CAF-21 covers the spiral upgrade program, focusing on the introduction of the ALQ-249v1 next-generation jammer on the Growler under AIR 5349 and new weapons and mission systems on the Super Hornet.¹³⁸

AIR 5349 is the cooperative US Navy-led Advanced Growler project. AIR 5349 is behind schedule, managing schedule risk to materiel releases 3, 4, 5 and 9, with MR9 associated with delays to the US Navy AARGM-ER program. Defence considers that there's sufficient budget for the project to complete against the agreed scope. The 2026 IIP confirms that both aircraft will operate to 2040.

Lead-in fighter capability

The 2026 IIP mentions investment in a future lead-in fighter capability under AIR 6002, which is a subtle but important shift from 2024. The 33 BAE Systems Hawk 127 fast jet trainers are being upgraded under CAF-03 and given new engines under AIR 5438 Phase 2 to bring them to RAF T2 Hawk standard, for greater similarity with the F-35A's systems.¹³⁹

Uncrewed air systems

MQ-28A Ghost Bat

AIR 6015 (MQ-28A Ghost Bat) appears as an acquisition line in the 2026–27 PBS, where it was absent from the 2025–26 PBS. The appearance is a positive Budget signal that the government wants to accelerate the Ghost Bat from prototype maturity into a fielded uncrewed combat aircraft capability. The implication for the Expeditionary Air program is that the human–machine teaming pathway, which the 2024 NDS named as a force multiplier for the crewed air combat fleet, is being given more visible Budget weight.

Investment in uncrewed air systems centred on the MQ-28A Ghost Bat has increased significantly in the 2026 IIP. On 9 December 2025, the government announced an additional \$1.4 billion in funding to bring the Ghost Bat into operational service under AIR 6014, including six additional operational Block 2 aircraft and the development of an enhanced Block 3 variant.¹⁴⁰ That followed the successful test-firing of an AIM-120 AMRAAM air-to-air missile against an aerial target on 12 December 2025.¹⁴¹ On 18 April 2026, an Australia–Japan Defence Ministers joint statement opened the way for Japanese personnel to participate in MQ-28A testing. Boeing Defence Australia and Germany's Rheinmetall signed an agreement on 31 March 2026 towards co-development and export opportunities.¹⁴² The IIP describes the program goals as scaling the MQ-28A to multiply the lethality and survivability of the crewed fleet, developing sovereign enabling infrastructure, data links, mission systems and testing

ranges, and exploring opportunities to integrate future uncrewed air systems into the ADF force structure.

Northern bases and forward operating

Investment in northern basing infrastructure is principally captured under CIP 11, but the Enhanced Air Cooperation agreement with the US is delivering large increases to ramp space and other facilities at RAAF Darwin and RAAF Tindal. The Defence Security and Estate Group is managing a substantial volume of work with demanding timelines, limited workforce to manage contracts and limited industry capacity. The improvements to northern bases are essential for delivering the project force capability effect.

Workforce data on CIP 6 isn't directly published, but the Defence Senate Estimates briefs prepared for the 2025–26 PAES (held on 11 February 2026) allow some inferences. ADF separations as of 1 December 2025 were 7.6% and down 1.7% over the previous 12 months. Air Force separations were the lowest of the three services at 5.9%, down 1.4%. Recruiting figures for the Air Force, while not meeting the target, reached 89% (the same as in 2024–25 and the highest of the three services by a wide margin). On the negative side, Air Force officer entry is one of the two slowest avenues of entry, which is evident in pilot, mission aircrew, electronics and aeronautical engineer recruitment.¹⁴³

Beyond recruitment, the throughput and speed of aircrew training remain a vexing challenge for a highly technical workforce. The 2023 DSR was explicit in directing the Air Force to implement a scalable aircrew training system to meet operational (surge) requirements and to increase aircrew numbers to ensure that air combat and P-8A squadrons could operate all available aircraft at high tempo.¹⁴⁴

The introduction of new platforms drives new specialist categories: the Ghost Bat mission controller is one example. The MC-55A and MQ-4C will require specialised training pipelines. The 2026 IIP doesn't address workforce in relation to those new capabilities; nor does the 2026–27 PBS.

Training and workforce are also linked to the testing environment. Without testing facilities such as Woomera's Advanced Test and Training Environment (ATTE), key RAAF capabilities including the Ghost Bat, the LRASM and future hypersonic weapons such as SCIFiRE are much harder to develop and sustain. The 2026 IIP offers no information on investment into those areas. The 2026–27 PBS estimates \$129 million of in-year expenditure on ATTE under CAF-23, roughly consistent with the estimates (\$120–122 million) and actual result (\$108 million) given in 2024–25. ATTE was absent from the 2025–26 PBS, so its spending performance in that year is not known. The 2024–25 PBS covered ATTE under CAF-23 with a funding level of \$122 million, of which \$108 million was spent.¹⁴⁵

The adequacy of the expeditionary air operations program must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum*: Funding of \$34–41 billion is broadly consistent with the strategic priority and is a substantial increase on the 2024 IIP. On quantum, the program is adequate for the principal acquisitions (F-35A Block 4, MC-55A, MQ-4C, MQ-28A) and for the air mobility recapitalisation. It's constrained on the E-7A replacement (which isn't

separately funded), on weapons stockpile depth (the air-launched component of CIP 3, particularly given the cuts to that line in the 2026 IIP) and on the speed of MQ-28A and other UAS expansion.

- *Timing:* The timing test is largely met for the principal aircraft fleets. The F-35A Block 4 upgrade is in train, with FOC for AIR 6000 Phase 2A/2B declared in July 2025. MC-55A is in introduction, three years behind schedule but now in delivery. MQ-4C is in introduction, with ISD achieved in June 2025. MQ-28A is at a development phase but with visible operational potential and the 2025 AMRAAM test demonstrating combat capability. The C-130J expansion is the principal timing question for air mobility. Air combat replacement (post-Super Hornet) is a mid-2030s decision. The E-7A Wedgetail replacement is the principal timing and funding question. The timing test is partially met.
- *Balance:* The balance between mobility, ISR, air combat and UAS is appropriate to the joint maritime concept. Air mobility is correctly sized as the largest line. ISR is correctly weighted, but the E-7A replacement is unfunded. Air combat is appropriately weighted. UAS is the smallest line in absolute terms but the most strategically significant new investment in the decade; its share could grow further in the next biennial cycle.
- *Integration:* Integration is a central adequacy question. F-35A Block 4 integration into the joint targeting enterprise (CIP 3), the MC-55A and MQ-4C ISR feed into the joint C2 architecture (CIP 9) and MQ-28A integration with crewed F-35A operations are all in build. Australia's crewed-uncrewed teaming concept is at an earlier stage of operational development than the program quantum implies.
- *Resilience:* Air Force resilience depends on dispersed basing (CIP 11), survivable airfield infrastructure, the sustainment industrial base and weapons stockpile depth (CIP 3 and CIP 10). The northern bases program (CIP 11) addresses some of the airfield resilience considerations. The dispersal of Air Force operations beyond Tindal, Darwin, Townsville and Williamstown is a developing operational concept. In an international comparison, the RAAF could field a force comparable to a single USAF Air Expeditionary Wing, but one key difference would remain: depth. In the most consequential scenarios, Australia will expend its limited munitions supplies very quickly. Aircraft and aircrew attrition will have potentially longer lead times for replacement; protecting and preserving the force will be a high priority.
- *Sovereignty:* Air combat (F-35A, F/A-18F) and air mobility (C-17A, KC-30A, C-130J) are foreign built, with substantial sovereign sustainment. P-8A and MQ-4C are foreign built. MC-55A is foreign built. MQ-28A is sovereign and exportable, with Japanese, German and other partner interest. The sovereign air capability is therefore concentrated in MQ-28A, sustainment, weapons (CIP 3 and CIP 10) and supporting enablers. On sovereignty, the program is on a maturing trajectory, but Australia will remain dependent on US air systems for the principal crewed platforms through this decade and the next.

The expeditionary air operations program is necessary, broadly well shaped, and operationally consequential but *constrained on the E-7A replacement, on workforce and on the speed of UAS expansion and Block 4 weapons integration*. The principal adequacy gaps are the unfunded E-7A replacement, workforce delivery (pilots and ISR/EW

operators), the speed of MQ-28A operationalisation and weapons stockpile depth across the strike portfolio. The reduction in CIP 3 air-launched strike funding compounds the latter gap. The government can't afford to reduce spending on expeditionary air operations in the next IIP.

If the current program is necessary and well shaped but adequacy constrained on the E-7A replacement, workforce, UAS expansion and integration, the question is: what additional investment, in what categories, would close the gap?

Low- to mid-cost additional investment of \$3–5 billion over the decade could include:

- *Air Force workforce expansion and pilot retention* (\$1–2 billion), beyond baseline, focused on aircrew, technical and ISR/EW operator trades, including expansion of training throughput and surge capacity
- *E-7A Wedgetail replacement program funding line* (\$1–2 billion), establishing a clear funding line and program pathway whether crewed (next-generation AEW&C) or hybrid (uncrewed and space-based air moving target indicator)
- *MQ-28A program acceleration and quantity expansion* (\$500 million to \$1 billion), beyond the December 2025 announcement, to bring operational quantities to the level that the crewed–uncrewed teaming concept requires; the Ghost Bat should be conceived as a means of reintroducing combat mass into the RAAF, which can't be achieved through limited numbers of airframes at high unit cost
- *MC-55A and MQ-4C integration acceleration* (\$300–500 million), accelerating the integration of these ISR feeds into the joint targeting enterprise
- *air weapons stockpile depth* (JASSM-ER, JSM, AARGM-ER) (\$300–500 million), supporting the air-launched strike line that's been cut in CIP 3.

Should the government be minded to choose higher cost options, additional investment of \$5–10 billion over the decade might include:

- *MQ-28A program quantity expansion to operational squadrons* (\$1.5–3 billion), beyond the planned program, to bring crewed–uncrewed teaming to operational maturity by the early 2030s and to capitalise on Japanese, German and other partner export and co-development opportunities
- *E-7A replacement aircraft acquisition* (\$2–4 billion), beyond the funding line in the low-end estimate, providing a programmed path for a next generation AEW&C or a hybrid solution
- *air combat fleet planning and 6th generation positioning* (\$1–2 billion), preparing for the post-Super Hornet replacement decision in the mid-2030s and engaging with options including GCAP, F-47 NGAD, F/A-XX or further Ghost Bat evolution
- *air mobility expansion* (\$1–2 billion), additional medium lift or strategic lift capability beyond the planned C-130J replacement
- *test and training environment investment* (Woomera ATTE) (\$300–500 million), restoring sustained sustainment funding and modernising the testing infrastructure that key capabilities depend on.

The high-end additional investment in CIP 6 would materially close the workforce, E-7A, UAS and weapons adequacy gaps.

CIP 6 depends on integration with CIP 3 (air-launched weapons), CIP 4 (space and cyber) for sensor and ISR support, CIP 7 (IAMD and air defence integration), CIP 9

(Theatre C2) and CIP 11 (Dispersed and hardened bases). The integration cost is therefore distributed and is the principal reason CIP 12 (Enabling investments) is structurally important to CIP 6 delivery.

CIP 7: Missile defence (integrated air and missile defence)

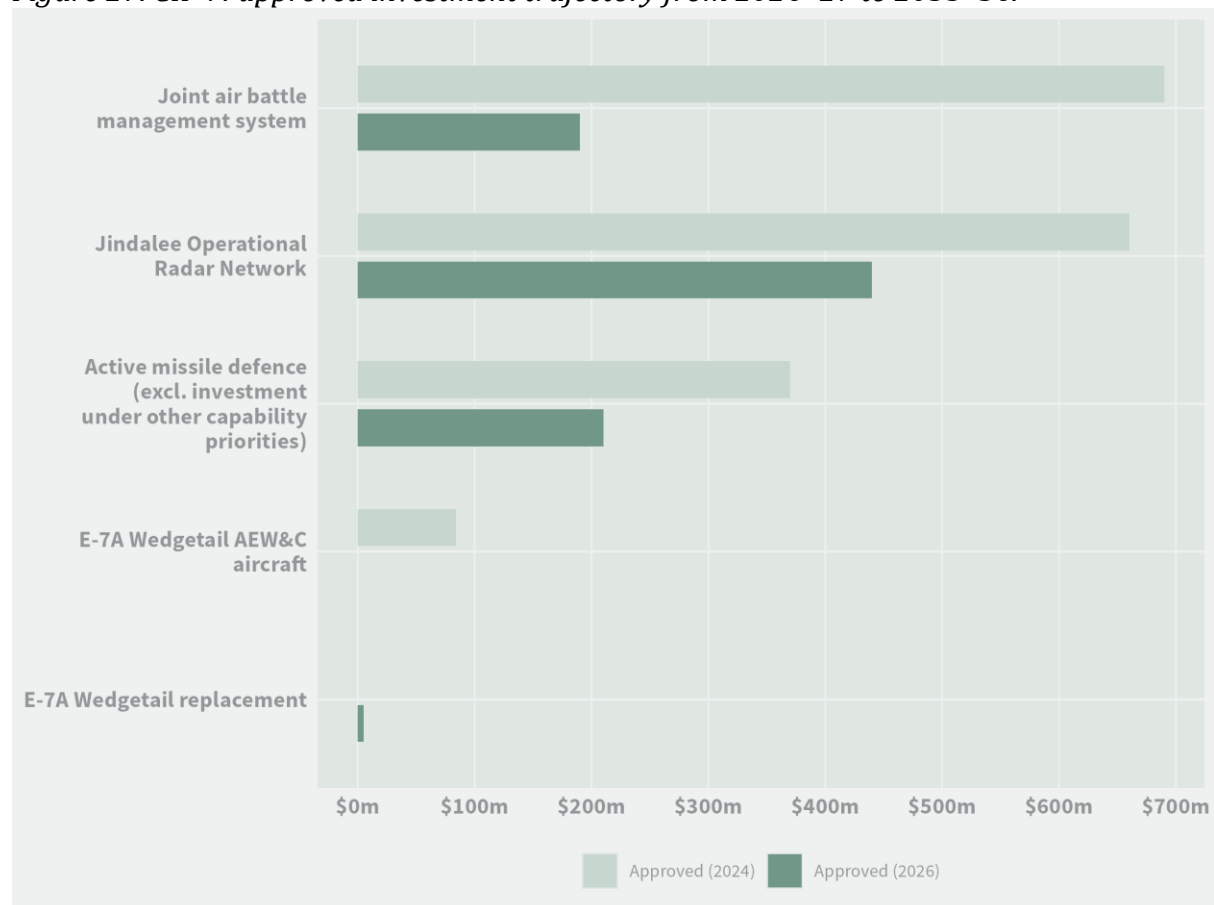


Image: An Australian Army NASAMS High-Mobility Launcher fires a Sidewinder missile during a live-fire certification activity at Woomera Test Range, South Australia. [Defence Images](#)

CIP 7 carries the lowest approval rate of any major capability investment in the IIP. The 2026 IIP allocates \$21–30 billion to IAMD across the decade; of that, \$850 million, or approximately 4%, is approved planned investment. The US Studies Centre’s October 2025 *Protecting the homeland* report identified IAMD as the ADF’s ‘most critical gap’, and the approval ratio is the Budget evidence for that judgement.¹⁴⁶

The threat calculus is no longer hypothetical. As we describe in the introduction to this report, the 2026 NDS describes an Indo-Pacific region experiencing the fastest military development since World War II, with potential adversaries fielding increasingly capable land-attack cruise missiles, ballistic missiles and advanced strike aircraft capable of ranging into Australian territory and the northern approaches.¹⁴⁷ The proliferation of precision guided stand-off weapons across the region means that Australia’s bases, ports, logistics nodes and population centres are now genuinely at risk of direct attack in ways that weren’t seriously contemplated even a decade ago.

Figure 27. CIP 7: approved investment trajectory from 2026–27 to 2035–36.

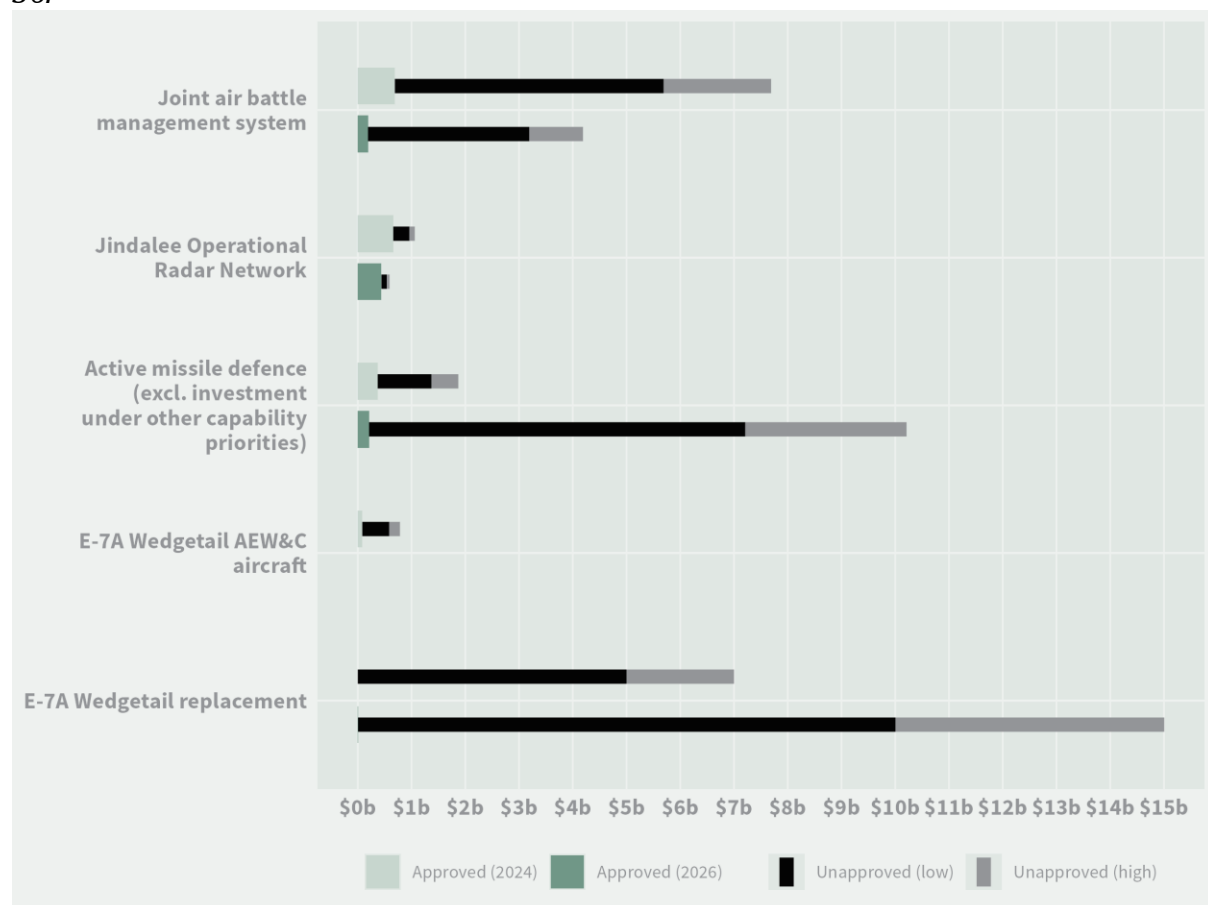


Sources: 2026 IIP and 2026–27 PBS.

The IAMD program pursues two objectives that are conceptually distinct but operationally interdependent. The first is the defence of Australia’s sovereign territory and critical infrastructure, protecting the national support base and preparing the force enterprise that sustains ADF operations over time. The second is theatre air and missile defence, protecting deployed ADF forces, allied forces and partner nation capabilities in the primary area of military interest from the increasingly layered and simultaneous threat of ballistic missiles, cruise missiles and advanced combat aviation.

The NDS frames IAMD as a cross-domain capability that enables the integrated, focused force to concentrate combat power while being protected from attrition by adversaries’ strike systems. Without effective missile defence, the logic of the NDS’s emphasis on forward presence and long-range strike is undermined: missiles can destroy the platforms, logistics and command nodes that enable strike operations before they can be employed. The US Studies Centre’s October 2025 *Protecting the Homeland* report identified IAMD as the ADF’s ‘most critical gap’, a judgement that reflects the asymmetry between the pace of adversaries’ capability development and Australia’s investment trajectory in active missile defence.¹⁴⁸

Figure 28. CIP 7: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The strategic rationale is also shaped by Australia's alliance posture. Interoperability with US IAMD systems, particularly the Aegis Combat System, the Army IAMD network and the associated battle-management architecture, is a prerequisite for effective integration into coalition operations. AIR 6500, which is designed to provide the C2 architecture for a joint IAMD system, is explicitly intended to plug into US and allied networks. The LAND 19 NASAMS capability draws on a common platform with US, Norwegian and multiple allied users, offering significant sustainment and interoperability benefits. The NDS's emphasis on collective security and combined arms interoperability makes IAMD not simply a national defence requirement but an alliance contribution.

The government's announcement in 2024 of NASAMS as Australia's short-range ground-based air defence capability, and the subsequent fielding of two batteries with the Army's 10th Brigade by 2024–25, represents the most concrete near-term deliverable. The successful live-fire exercise by 16th Regiment at Bradshaw Field Training Area during Talisman Sabre 25 demonstrated genuine operational capability. Separately, the IIP confirms that a new medium-range ground-based air defence system will begin to be introduced from 2026, providing a critical layer between NASAMS and the longer range naval and land-based missile defence systems under development.

The policy context also includes Australia's broader engagement in the AUKUS partnership. While Pillar 1 focuses on nuclear-powered submarine capability, Pillar 2's

advanced capabilities program includes hypersonic weapons and counter-hypersonic technologies directly relevant to the IAMD mission. As adversaries' hypersonic glide vehicle capability matures, Australia's IAMD architecture will need to incorporate counter-hypersonic technologies, a requirement not yet reflected in the currently approved program.

The 2026 NDS requires Australia's IAMD architecture to deliver four effects: detect, decide, defeat and integrate:

- *Detect* is persistent surveillance of the northern approaches and any theatre the ADF operates in, fused across JORN's strategic over-the-horizon layer, CEA Technologies' tactical radars (fielded with NASAMS and developed for AIR 6500), and multi-orbit satellite ISR.
- *Decide* is processing and presenting that data at the speed needed to engage threats before they land, which is the function of AIR 6500 (the Joint Air Battle Management System, JABMS), which must plug into US JADC2 (led joint all domain command and control) and allied air defence networks.
- *Defeat* is delivering kinetic and non-kinetic effects layered across the full threat spectrum: NASAMS in the short range, the new medium-range ground-based system and the Hobart-class SM-2 and SM-6 missiles in the medium and upper layers, and counter-hypersonic effectors at the top.
- *Integrate* is operating as a node within the US Aegis-equipped maritime IAMD network, the US Army IAMD network, and the broader Five Eyes coalition C2 architecture.

Against those four effects, the public position of the IAMD program is partial. JORN sustainment is mature and on plan, providing a credible *detect* layer at strategic range. NASAMS IOC is achieved, providing a credible short-range *defeat* layer. AIR 6500 is in development testing, with the *decide* function not yet at IOC. The medium-range ground-based defeat layer is in early planning. The Wedgetail replacement, which provides the airborne *integrate* node for the IAMD architecture, has only \$5 million approved against a \$10–15 billion total. The integration with US and allied IAMD networks is an explicit objective, but its operational maturity isn't publicly assessed.

The IAMD program total of \$21–30 billion over the decade represents one of the most consequential capability investments in the IIP. Approved investment is concentrated in JORN sustainment (\$440 million) and active missile defence (\$210 million), with modest approved investment in the architecturally critical JABMS (\$190 million). The E-7A Wedgetail replacement, which is the single most expensive item in the IAMD program at \$10–15 billion, has only \$5 million approved. This is the highest unapproved to approved ratio of any major capability investment in the IIP. The unapproved IAMD investment, particularly in active missile defence and the Wedgetail replacement, is fundamental to the system's ability to intercept threats, not simply to optimise it. Delay in approving those investments creates a window of vulnerability that an adversary could exploit.

Table 9. Investments in missile defence to 2035–36 (A\$).

	Table 7: Investments in missile defence		
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Command and control and sensor capabilities			
<i>Joint air battle management system</i>	\$190m	\$3bn - \$4bn	\$3.2bn - \$4.2bn
<i>E-7A Wedgetail airborne early warning and control aircraft replacement</i>	\$5m	\$10bn - \$15bn	\$10bn - \$15bn
<i>Jindalee Operational Radar Network</i>	\$440m	\$100m - \$150m	\$540m - \$590m
Active missile defence (excluding planned investment captured under other capability priorities)	\$210m	\$7bn - \$10bn	\$7.2bn - \$10bn
Total	\$850m	\$20bn - \$29bn	\$21bn - \$30bn

Note: Planned investments in air and missile defence are spread across multiple elements of the 2026 Integrated Investment Program. This includes planned maritime missile defence investments captured in Table 2 (Investments in maritime capabilities for sea denial and localised sea control operations) and Table 3 (Investments in targeting and long-range strike). Planned investments in passive missile defence measures are included in Table 8 (Investments in theatre logistics and health) and Table 11 (Investments in northern bases). Other investments that support command and control are included in Table 9 (Investments in theatre command and control). E-7A Wedgetail AEW&C aircraft continue to be supported through approved sustainment funding. Approved sustainment funding is not reported in the 2026 Integrated Investment Program.

Source: 2026 IIP, Table 7.

The most significant IAMD delivery in 2024–25 was the completion of LAND 19 Phase 7B (NASAMS). LAND 19 completed major system acceptance, introduction into service training and a live-fire exercise to support Sidewinder missile certification, with integration, testing and certification activities continuing into 2025–26. The project has an approved expenditure of \$1.246 billion, of which \$1.023 billion was spent cumulatively to 30 June 2024. Two NASAMS batteries are operational with the Army's 10th Brigade. The live-fire demonstration at Talisman Sabre 25 at Bradshaw Field Training Area by the 16th Regiment was a significant operational milestone.

For AIR 6500 Phase 1 (IAMD command and control), 2024–25 saw the project working with CEA Technologies on radar delivery and with Lockheed Martin Australia on the initial, internal releases of the JABMS in preparation for development testing. The project has approved expenditure of \$1.097 billion, with a budget estimate of

\$235 million versus actual expenditure of \$231 million. The variation arose primarily from the late delivery of the first CEA Technologies radar, which slipped into 2025–26. That delay has implications for the development testing schedule and, by extension, the program's path to IOC. The JABMS competition was won by Lockheed Martin Australia, which signed with Defence as a strategic partner for JABMS in March 2024. Lockheed Martin Australia delivered the first 'drop' of software against JABMS Material release 1 in 2025. JABMS Tranche 2A minimum viable capability is scheduled for delivery in 2026. On the surface combatant side of IAMD, the 2026–27 PBS (Part 3, Table 54) records SEA 4000 Phase 6 (AEGIS baseline) at \$642 million in acquisition spend in 2026–27, plus \$13 million attributed to the associated estate line. IOC is expected around 2029–30 at the earliest, dependent on radar delivery and successful integration into the battle-management system architecture.

JORN (CAF-13) sustainment performed on plan. Records indicate maintenance objectives were achieved against a budget of \$99 million and actuals of \$110 million, a modest underspend within normal variation. The JORN upgrade program (\$440 million approved against \$540–590 million total) continues to provide the over-the-horizon radar network essential for the strategic surveillance of Australia's northern approaches. The 2026–27 PBS (Part 3, Table 54) confirms AIR 2025 (JORN upgrades) at \$122 million in 2026–27 acquisition spend, with a further \$28 million attributed to the JORN estate line in the same Budget year. JORN's ability to detect and track aircraft and missiles beyond the range of conventional radar systems remains one of Australia's most important sovereign sensing capabilities.

Progress on longer range active missile defence, including the SM-6 envelope and the future medium-range ground-based system, is harder to assess from publicly available data. The IIP records \$210 million approved against an active missile defence total of \$7.2–10 billion, suggesting that most of the investment in the active intercept mission remains in the planning phase. The IIP's commitment to 'accelerate introduction of a medium-range missile defence capability' through additional investment in ground-based missile interceptors is a significant policy signal, but it isn't yet reflected in approved project expenditure at scale.

For the E-7A Wedgetail, the current sustainment budget of \$300 million (actual \$310 million, a \$13 million overrun) is managing obsolescence remediation, but the long-term replacement program at \$10–15 billion hasn't been funded at scale. The aircraft are mission critical for joint air operations, including IAMD battle management. The \$13 million overrun in Wedgetail sustainment is a sign that obsolescence costs are accelerating. The 2026–27 PBS at \$358 million for 2026–27.

The IAMD capability domain is among the most technically demanding in the ADF. The JABMS architecture requires specialised systems integration personnel across software development, radar systems engineering and battle-management architecture disciplines. The NASAMS operationalisation has required dedicated training pipelines for operators and maintainers within the Army's air defence corps, which was dormant as a war-fighting domain for over a decade.

Three workforce challenges are particularly acute. First, JABMS requires a cadre of joint battle-management operators and integrators who can manage the sensor-to-shooter chain across air, land, sea and space domains. This is a new workforce category for the ADF, and pipeline development is in the early stages. Second, CEA Technologies' role as

the provider of the radar systems underpinning both NASAMS (ground-based tracking radar) and JABMS creates a concentration of sovereign radar engineering talent that must be developed and retained. Third, the reactivation of ADF air defence capacity, rebuilding from a low base after a period of limited investment following the decommissioning of the RAN's sea-based air defence capability in earlier decades, requires investment in officer and NCO career pathways, training and doctrine.

Defence's 2024 Workforce Plan identified IAMD-related specialisations as growth areas, but specific targets and pipeline timelines aren't publicly disclosed.

The adequacy of the \$21–30 billion IAMD program must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum:* In national terms, \$21–30 billion is substantial. Against international comparators, it's modest. Japan is investing more than ¥5 trillion (~A\$50 billion) in IAMD capability over five years. The US continues to invest in layered missile defence at a rate that dwarfs allied contributions. Australia's quantum is in the right order of magnitude for an allied middle power, but the 4% approval rate means that the quantum effectively committed today is far below what the IIP envelopes. On the adequacy of committed quantum, the program is not yet sufficient.
- *Timing:* The NDS treats IAMD as a force design priority for the current decade. AIR 6500 IOC sits beyond 2030 in the most plausible scenarios. The medium-range ground-based defeat layer is in early planning. The Wedgetail replacement is barely funded. The temporal mismatch between NDS urgency and the program delivery schedule is the program's most visible adequacy gap.
- *Balance:* The current approved investment is concentrated in JORN (which is mature) and NASAMS (now delivered). Most of the unapproved investment sits in the active intercept mission and the battle management/airborne command system. The current balance favours detection over decision and defeat. As an adequacy judgement, the balance is wrong: Australia is well positioned to detect threats but remains critically dependent on future approvals to close the upper-tier intercept gap.
- *Integration:* Australia's stated alignment with the US JADC2 and Aegis IAMD networks is the right strategic choice. Implementation maturity is uneven: NASAMS integrates well; AIR 6500 integration with US JADC2 is in development; counter-hypersonic integration through AUKUS Pillar 2 is at the concept stage. On integration, the program is on the right trajectory, but timelines need to be lifted into the current decade.
- *Resilience:* Sustained interceptor stockholdings, hardened sensor and command sites, dispersed engagement nodes: those are the resilience requirements of a credible IAMD architecture. The IIP commitments to those areas aren't separately broken out from the headline numbers, which limits transparency. The cyber and EW resilience of the IAMD architecture is a particular concern, given adversaries' investment in C2 disruption.
- *Sovereignty:* CEA Technologies' role in the radar layer is a genuine sovereign capability. NASAMS, AIR 6500 and counter-hypersonic effectors involve significant US and allied dependencies that are unavoidable for interoperability but should be

managed as part of a deliberate sovereignty strategy. The Wedgetail replacement decision will be the next major test of the sovereignty versus interoperability trade-off.

The US Studies Centre's assessment that IAMD is the ADF's most critical gap is difficult to reconcile with an approval rate of 4% on a \$21–30 billion program. On a balance of the six criteria, the IAMD program is the clearest case we examine of the gap between strategic priority and committed funding. Our judgement is that the program as currently structured is *materially insufficient* against the NDS standard and the threat trajectory.

If the current program isn't sufficient against the NDS standard, the question is: how much additional investment, and in what categories, would close the gap?

Low- to mid-cost additional investment of \$4–6 billion over the decade, focused on accelerating the existing portfolio and locking in approvals, could include:

- *acceleration of medium-range ground-based air defence* (\$1.5–2.5 billion) to bring IOC inside the current decade, rather than beyond 2030
- *AIR 6500 schedule and integration recovery* (\$800 million–\$1.2 billion), addressing the CEA radar delay and the JABMS development testing schedule, with cost growth contingency built in
- *active missile defence stockholding investment* (\$800 million–\$1.5 billion), increasing SM-6 and successor interceptor stockholdings to credible raid defeat levels
- *JORN modernisation acceleration and resilience* (\$300–\$500 million), beyond the current \$540–590 million envelope, to harden the strategic sensing layer against adversarial disruption
- *workforce increase across air defence, battle management and radar engineering specialisations* (\$600–800 million), through Defence Workforce Plan implementation and the Cyber Warfare Common Remuneration Framework or its equivalent.

Low- to mid-cost additional investment of \$8–15 billion over the decade, addressing capacity expansion and the upper-tier and counter-hypersonic gap:

- *accelerated approval and delivery of the Wedgetail replacement* (\$5–10 billion of the \$10–15 billion program brought forward into committed status), recognising that the airborne C2 node is architecturally critical and a long-lead acquisition
- *counter-hypersonic capability investment* (\$1–2 billion), through AUKUS Pillar 2 and sovereign development, to address the emerging hypersonic glide vehicle threat that the current program doesn't commit to
- *multi-orbit satellite ISR and communications resilience* (\$1–2 billion), supporting the *integrate* effect across coalition partners
- *industrial base resilience for sovereign radar and effector production* (\$500 million–\$1 billion), recognising that interceptor and sensor stockholdings depend on credible domestic manufacturing depth.

This high-end addition would be comparable in order of magnitude to peer middle-power IAMD programs (Japan, Republic of Korea), and proportionate to the US Study Centre's 'most critical gap' finding.

The IAMD program's value depends on the platforms that it integrates and the C2 architecture that it sits within. Delays to AIR 6500, to the Wedgetail replacement, to the Hobart-class upgrade and SM-6 integration, or to coalition C2 alignment, all reduce the operational value of IAMD investment made in the interim. This isn't an additional cost line but a coordination requirement that should be managed at program level across all CIPs.

CIP 8: Theatre logistics and health



Image: Medical professionals from the New Zealand Army combine with their Australian Army counterparts to conduct operations during Exercise VIPER WALK 2026. [Defence Images](#)

CIP 8 carries the same approval rate as CIP 7: 4%. The 2026 IIP allocates \$14–21 billion to theatre logistics and health across the decade; of that, \$790 million is approved planned investment. Logistics is the true strategic centre of gravity and connective tissue that the NDS's integrated, focused force concept depends upon, but it rarely receives the political salience of platforms, and the Budget evidence is that it hasn't yet received the funding either.

The 2026 NDS is explicit: Australia must be able to sustain protracted combat operations at distance, in degraded environments, against adversaries who will deliberately target logistics and supply chains as part of an anti-access/area-denial strategy.¹⁴⁹ This recognition that logistics is itself a military target, not merely a support function, marks a significant maturation in Australian strategic thinking.

A force that runs out of fuel, ammunition or medical capability in the third week of a conflict isn't a credible deterrent. Theatre logistics encompasses the functions of moving, storing, distributing and reconstituting the fuel, ammunition, spare parts, food, water, medical supplies and equipment that the ADF requires to fight and win. The tyranny of distance that characterises Australia's strategic geography, with potential operating areas in the northern approaches and the broader Indo-Pacific thousands of kilometres from the southern population centres where preparing the force occurs, means that logistics is both more important and more difficult than for many of Australia's allies.

The strategic rationale for investment in this CIP rests on three pillars.

First, forward positioning. Pre-positioning essential supplies at northern bases and maintaining logistics centres capable of supporting high-tempo operations reduces reliance on vulnerable resupply lines and creates the conditions for sustained operations without constant risk exposure. The additional logistics centres program (\$10–15 billion total) is the largest single investment in this CIP and reflects the scale of the forward positioning task.

Second, fuel resilience. Australia's dependence on imported fuel is a strategic vulnerability of the first order. A 2024 fuel security analysis found that Australia's refined fuel stockholdings were insufficient for sustained military operations, a finding that accelerated the fuel resilience program. Fuel stockholdings have now doubled since 2022, \$2 billion has been invested in fuel resilience infrastructure, and Defence co-chairs the National Fuel Council.¹⁵⁰ The IIP commits a further \$2.4–3.4 billion to improved fuel resilience and \$300–400 million to bulk fuel distribution. The investments in rail and sea distribution for fuel are particularly important: land-based fuel distribution networks are highly vulnerable to precision strike, whereas maritime and rail distribution offers greater resilience.

Third, health capability. A credible war-fighting force must be able to provide timely and effective medical care to casualties. The deployable health program (\$720 million–\$1 billion total) supports field hospitals, surgical teams, medical evacuation systems and the pre-positioning of medical materiel. This is an investment that's difficult to argue against on ethical grounds, and which has direct operational consequences. Forces that can't be confident of medical evacuation and care fight less effectively. The chemical, biological, radiological and nuclear (CBRN) defence capability (\$510–710 million total) similarly addresses an emerging threat domain as potential adversaries develop CBRN capabilities.

The policy context also includes Australia's obligations under the AUKUS partnership and bilateral force posture arrangements. Hosting US Marine Corps rotational forces, US Air Force bombers and tankers and US and UK nuclear-powered submarines creates significant logistics requirements that Australian infrastructure must support. The Toll Remote Logistics contract, which is a \$1.5 billion 2025 partnership with a commercial logistics provider, reflects the recognition that Defence can't organically sustain all of the logistics functions required by that expanded allied presence.¹⁵¹ The NDS requires Australian theatre logistics to deliver four distinct effects: position, sustain, protect and care. Each maps to a specific operational requirement and to a specific performance standard against which adequacy can be assessed:

- *Position* is moving and pre-positioning equipment, ammunition, fuel and consumables from southern preparing-the-force centres to forward operating bases in the north and into deployed theatres, calibrated to the capacity and survivability of northern logistics nodes rather than to peacetime supply-chain efficiency, at the scale of a sustained multi-week brigade-equivalent deployment plus concurrent allied force support plus ongoing peacetime sustainment.
- *Sustain* is maintaining the flow of fuel, ammunition, spare parts, food, water and medical materiel into deployed forces under contested conditions for weeks of high-intensity combat without pausing to await resupply, with redundancy in rail, sea, road and air distribution sufficient to survive the loss of any single mode.

- *Protect* is shielding logistics nodes, distribution networks and the digital systems that control them from kinetic, electronic and cyberattack: logistics management systems, fuel distribution control networks, inventory management platforms, and commercial partner networks (including the Toll Remote Logistics system) are all attack vectors, and the standard is maintaining logistics flow under sustained multi-vector adversary disruption.
- *Care* is timely allied-grade medical care to ADF and allied personnel: forward surgical capability, theatre-wide medical evacuation, pre-positioned medical materiel at the casualty rates the NDS threat assessment implies, plus a CBRN defence layer that can detect, contain and treat CBRN effects.

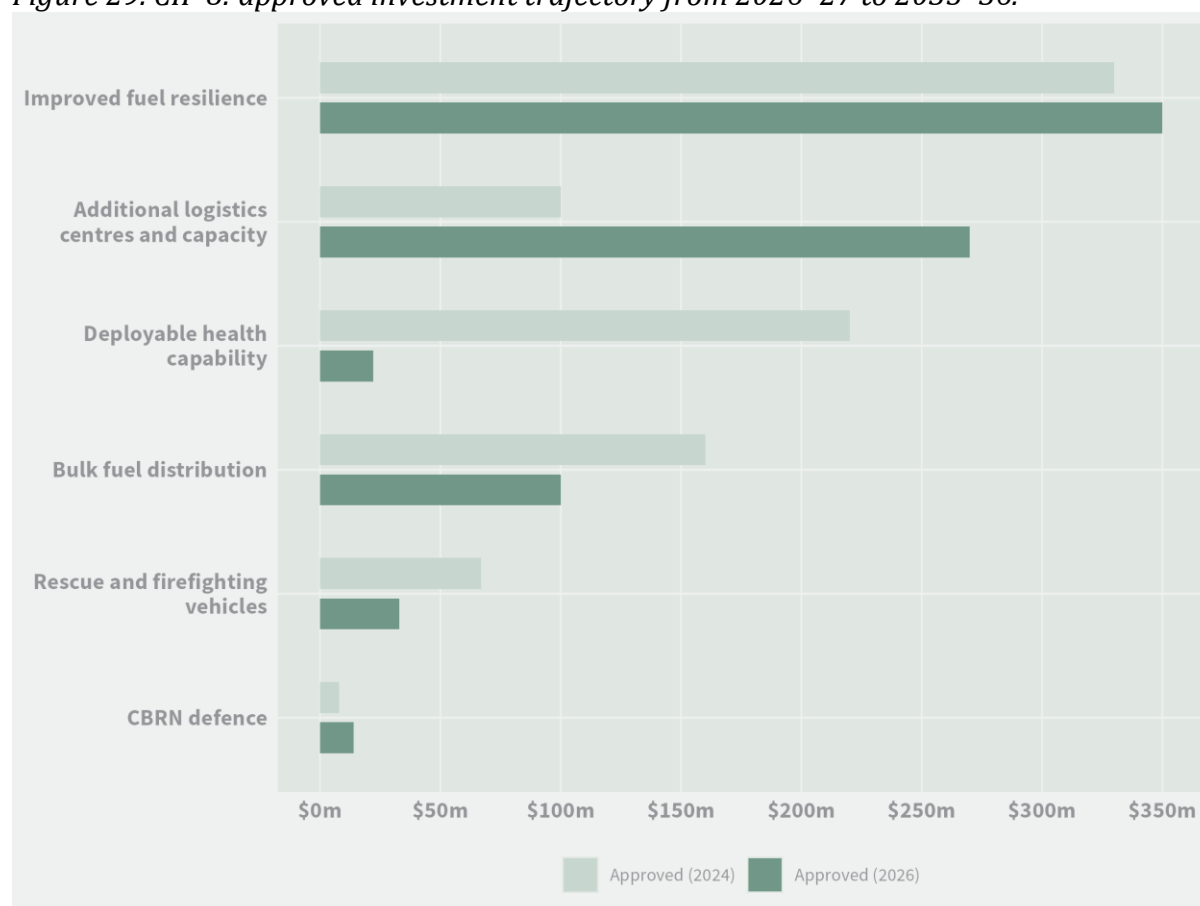
Sustainment without protection is brittle. Care without forward positioning is reactive. Protection without sustainment is hollow. The IAMD argument applies in reverse: detection, decision and defeat protect the forward force only if the forward force has the fuel, food, ammunition and medical capability to keep fighting.

Investment profile

The approved investment of \$790 million across the decade represents approximately 4% of the \$14–21 billion total. The deployable health and CBRN approved investments are disproportionately low relative to the scale of their total investment requirements and their operational criticality.

The 2026–27 PBS estimates Navy sustainment at \$3.779 billion for 2026–27, a decrease both on the preceding year and the previous forward estimates for 2026–27. Army sustainment, estimated at \$2.797 billion for 2026–27, has seen even more severe decreases over the forward estimates, by \$651 million in 2027–28 alone compared to the \$2025–26 PBS.¹⁵²

Figure 29. CIP 8: approved investment trajectory from 2026–27 to 2035–36.

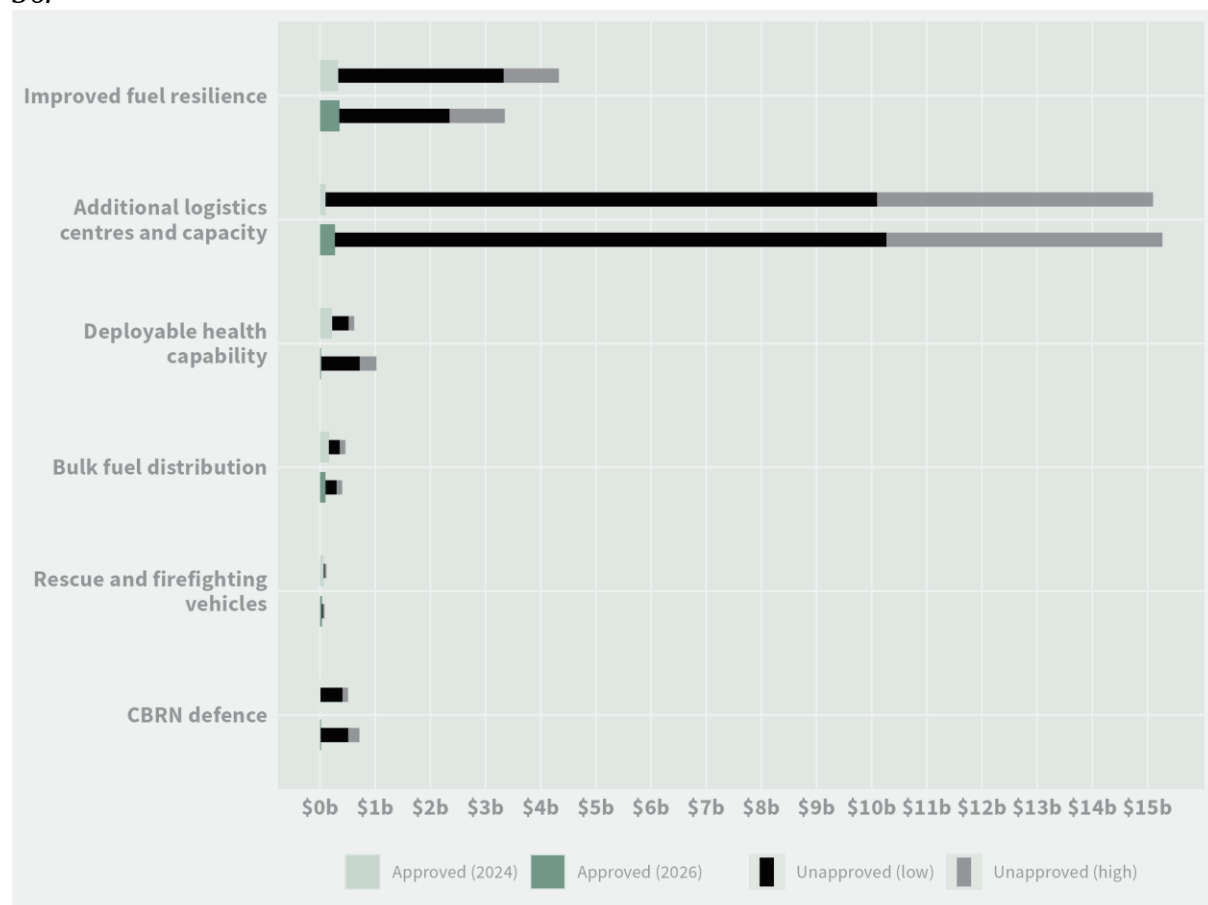


Sources: 2026 IIP and 2026–27 PBS.

The most significant logistics delivery of the recent period was the signing of the \$1.5 billion Toll Remote Logistics contract in 2025. The contract provides commercial logistics support for remote operations, including supply-chain management, transport and storage functions at northern bases. It's Defence's most significant commercial logistics partnership to date and reflects the scale of the logistics task relative to Defence's organic capacity.

On fuel resilience, Defence has delivered substantive progress. Fuel stockholdings have doubled since 2022, representing a material improvement in strategic resilience. The \$2 billion already invested in fuel-resilience infrastructure includes funds for new storage facilities, pipeline upgrades and distribution network enhancements. Defence's co-chairmanship of the National Fuel Council, which is a whole-of-government mechanism for managing national fuel security, positions Defence as a central player in the national resilience effort, not simply a consumer.

Figure 30. CIP 8: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The data on sustainment reveals a concerning pattern in Army munitions (CA59). The 2024–25 Budget estimate was \$395 million, but actual expenditure was only \$254 million, a shortfall of \$141 million (–36%).¹⁵³ This is attributed this to US Cartridge 120mm contracting delays and supply-chain disruptions. While a portion of the variation may represent timing differences rather than permanent deferrals, the scale of the underspend raises questions about whether the Army’s munitions stockpile growth program is on track. Given that the NDS identifies adequate munitions stocks as a priority, and given the global tightening of munitions supply chains, that underspend warrants close monitoring.

The Anzac-class frigate sustainment (CN02) data shows an overrun of \$70 million above budget, partly due to the TransCAP cancellation requiring additional maintenance. The TransCAP program itself (CN65) was cancelled, with actual expenditure of only \$75 million against a budget of \$171 million. These data points are relevant to the theatre logistics picture because naval vessel availability is a prerequisite for maritime logistics support to northern operations.

Table 10. Investments in theatre logistics and health to 2035–36 (A\$).

 Table 8: Investments in theatre logistics and health			
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Additional logistics centres and capacity	\$270m	\$10bn - \$15bn	\$10bn - \$15bn
Fuel holdings, storage and distribution capacity			
<i>Improved fuel resilience</i>	\$350m	\$2bn - \$3bn	\$2.4bn - \$3.4bn
<i>Bulk fuel distribution</i>	\$100m	\$200m - \$300m	\$300m - \$400m
Improved health capability and protective measures			
<i>Deployable health capability</i>	\$22m	\$700m - \$1bn	\$720m - \$1bn
<i>CBRN defence</i>	\$14m	\$500m - \$700m	\$510m - \$710m
<i>Rescue and firefighting vehicles</i>	\$33m	\$20m - \$50m	\$53m - \$83m
Total	\$790m	\$13bn - \$20bn	\$14bn - \$21bn

Note: Additional logistics centres and capacity includes capabilities such as logistics vehicles, systems, storage and warehousing, deployable basing infrastructure and enhancements to support services for deployed forces, such as the provision of clean water and power generation.

Source: 2026 IIP, Table 8. All figures in A\$ billion unless otherwise stated.

Infrastructure deliveries relevant to theatre logistics include the opening of the Kuru Wharf at HMAS Coonawarra (July 2024), providing additional berthing capacity for naval vessels; the construction of a new 212-metre wharf at HMAS Cairns for Arafura-class OPVs; and the completion of the Urban Operations Training Facility at Bradshaw. Those represent the physical infrastructure underpinning forward logistics capability.

By contrast, the additional logistics centres program (\$10–15 billion total) is in the design and early construction phases. The IIP's commitment of \$10–15 billion reflects the scale of the distributed forward positioning task. The Toll Remote Logistics contract provides a commercial delivery mechanism, but Defence's organic management of this program is complex.

Bulk fuel distribution is the next priority. With approved investment of \$100 million against a \$300–400 million total, the rail and sea distribution program is in planning. Rail and sea distribution is inherently more resilient than road-based fuel distribution in a contested environment, and the design and approval of those systems should be prioritised.

Deployable health capability is in early phases. The ADF's deployable health system requires significant investment in field hospital infrastructure, surgical capability, medical evacuation platforms and the training and credentialling of health personnel. The low approval rate (\$22 million approved against the \$720 million–\$1 billion total) is concerning, given the operational imperative.

CBRN defence is similarly early stage, with \$14 million approved against a \$510–710 million total. As the CBRN threat environment evolves, with potential adversaries developing chemical and biological capabilities, this program will require accelerated investment.

Theatre logistics requires a distinct workforce with skills spanning supply chain management, fuel systems engineering, transport and movement control, health services, and CBRN response. Four workforce challenges stand out:

- *Logistics and supply-chain specialists:* The ADF's logistics corps has faced sustained recruiting challenges, and the Defence Workforce Plan has identified logistics trades as a shortage area. The Toll Remote Logistics contract supplements organic capacity, but Defence must retain sufficient logistics expertise to manage and quality assure commercial partners.
- *Health professionals:* The deployable health system requires military medical officers, nurses, paramedics and allied health professionals who must maintain both their medical qualifications and their military skills simultaneously. The retention of medical professionals in Defence is a persistent challenge, given the superior compensation available in the private sector.
- *CBRN specialists:* Specialist CBRN response teams require sustained training and equipment to maintain proficiency. As the program scales up, workforce growth in this niche will be needed.
- *Fuel systems engineers:* The fuel resilience program requires engineers with specialist skills in fuel storage, distribution system design and pipeline management, a skill set that's been contracted out over previous decades and must be rebuilt organically.

The adequacy of the \$14–21 billion theatre logistics program must be assessed against six criteria: quantum, timing, balance, integration, resilience, and sovereignty:

- *Quantum:* \$14–21 billion is substantial in national terms, but at a 4% approval rate the committed quantum is materially short of what the NDS requires. Within the unapproved envelope, the \$10–15 billion logistics centres line and the \$720 million–\$1 billion deployable health line are the largest gaps relative to operational priority.

Most acquisitions won't be realised within the decade, and only at the decade's end will Australia be able to independently produce three missile types. Placed in historical context, this progress is significant; placed in the 2026 strategic context, it isn't sufficiently ambitious. The timing gap is the principal risk to the strike enterprise's operational credibility in the late 2020s and early 2030s.

- *Balance:* The current allocation favours forward positioning (\$10–15 billion logistics centres, unapproved) and fuel resilience (\$2.4–3.4 billion improved resilience,

\$300–400 million bulk distribution), with deployable health and CBRN defence under-resourced by comparison. As an adequacy judgement, the balance underweights the *care* effect relative to the operational consequence of casualty rates implied by the NDS threat assessment.

- *Integration:* The Toll Remote Logistics contract demonstrates that Defence has begun to integrate commercial logistics capability at scale. The National Fuel Council co-chairmanship demonstrates whole-of-government integration on fuel security. Allied integration through the US Force Posture Initiatives and AUKUS hosting requirements is a managed and growing feature of the logistics architecture. On integration, the program is on the right trajectory.
- *Resilience:* The theatre logistics system is acutely vulnerable to cyberattack. *The cyber vulnerability of the logistics chain is the program's most significant adequacy gap.* Logistics management systems, fuel-distribution control networks, inventory management platforms and commercial partner networks all represent potential attack vectors. A sophisticated adversary capable of disrupting Defence's logistics management system, or the fuel-distribution control network at a critical northern base, could degrade operational capability without firing a shot. That vulnerability is identified in the IIP but isn't systematically addressed in public IIP or PBS documentation. The CA59 underspend illustrates a different but related resilience risk: the conventional munitions supply chain depends on single-source international suppliers (US 120mm ammunition contracting delays), and the tightening of global munitions supply chains is a strategic exposure that the GWEO Enterprise (CIP 10) addresses for guided weapons but not for the broader conventional munitions inventory.
- *Sovereignty:* Domestic fuel resilience, the National Fuel Council and the Toll Remote Logistics contract establish credible sovereign logistics capability. The deeper sovereignty question is the supply-chain depth for munitions, medical materiel and key consumables. The CA59 experience suggests that depth isn't yet adequate.

The theatre logistics program is on the right strategic trajectory, showing notable progress on fuel resilience and forward positioning, but is *materially insufficient* on the cyber resilience of logistics systems and the depth of conventional munitions and medical materiel supply chains. The 4% approval rate is what holds back closing those gaps before the NDS's stated capability windows.

If the current program isn't sufficient against the NDS standard, the question is: how much additional investment, and in what categories, would close the gap?

Additional investment of \$3–5 billion over the next decade could include:

- *acceleration of the additional logistics centres approval and design* (\$1.5–2.5 billion brought forward into committed status), so that physical infrastructure is delivered within the decade rather than at its end
- *cyber resilience increases across logistics management and fuel-distribution control systems* (\$500–800 million), as a dedicated investment line addressing the most significant adequacy gap; this would build on REDSPICE and Program Hornet architecture but specifically harden the logistics chain

- *accelerated approval and delivery of bulk fuel distribution by rail and sea* (\$200–400 million), reducing road-based fuel distribution exposure to precision strike
- *conventional munitions supply-chain diversification and stockpile growth* (\$500–800 million), addressing the structural exposure illustrated by the CA59 underspend, with explicit integration into GWEO and allied supply arrangements
- *deployable health capability increase* (\$200–400 million), bringing approved investment closer to the scale of operational requirements.

Should the government be minded to choose higher cost options, additional investment of \$5–10 billion over the decade might include:

- *a comprehensive cyber-physical resilience program for the entire logistics chain* (\$1.5–3 billion), integrating logistics management systems, fuel-distribution control, commercial partner networks and ADF organic systems into a unified, hardened architecture with redundancy and graceful degradation
- *sovereign manufacturing capacity for conventional munitions and medical materiel* (\$1.5–3 billion), reducing single-source international dependencies and building the industrial base depth required for sustained operations
- *expanded deployable health and CBRN capability* (\$1–2 billion), bringing the care effect to allied grade standards under the NDS implied casualty rates
- *forward base hardening, including against precision strike and cyberattack on logistics nodes* (\$1–2 billion), recognising that logistics infrastructure is itself a target.

This high-end addition would bring the program into the \$19–31 billion range, with materially better cyber resilience, supply-chain depth and care capacity.

Logistics adequacy depends on integration across CIPs. Bulk fuel distribution by rail requires the rail infrastructure, the rolling stock and the commercial partners to be in place. Northern logistics centres require the northern base infrastructure (CIP 11) to be in place. Deployable health requires platforms (helicopters, Joint Health Command capacity) to evacuate patients. The logistics program can't close adequacy gaps in isolation.

CIP 9: Theatre command and control



Image: Australian Defence Force personnel in the Joint Operations Room at Headquarters Joint Operations Command at Bungendore NSW. [Defence Images](#)

Theatre C2 is the nervous system of modern warfare. It encompasses the networked communications, software, satellite links, data networks and command systems that allow the ADF to direct combat forces, share intelligence, maintain a common operating picture across domains and issue orders at speed. Without effective C2, platforms and personnel can't act as a coherent force. They become an expensive collection of individually capable but strategically ineffective assets.

The 2026 NDS is unambiguous about the stakes. Paragraph 6.7 identifies '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' as one of the eleven capability investment priorities that the ADF must develop.¹⁵⁴ Paragraph 4.22 goes further, noting that the ADF must be able both to exercise effective C2 during conflict and to undermine a potential adversary's ability to do the same. The framing positions C2 not merely as a defensive requirement but as an offensive instrument.¹⁵⁵

That dual function elevates theatre C2 above the status of enabling infrastructure. The 2026 IIP frames the investment accordingly: '\$14–\$19bn over the decade to continue to modernise Defence networks, deliver assured communications, establish resilient command and control nodes and harness advanced technologies to achieve decision advantage.'¹⁵⁶

Decision advantage, the ability to make better decisions, faster than any potential adversary, is the operational concept that animates this CIP. The NDS acknowledges that AI is already transforming warfare, enabling autonomous uncrewed systems,

enhanced command and control and rapid battle damage assessment at scales beyond human capacity.¹⁵⁷ Australia's investment in theatre C2 must be understood in this context. The margin between winning and losing a future conflict may be measured not in firepower but in the speed and reliability of the decision cycle.

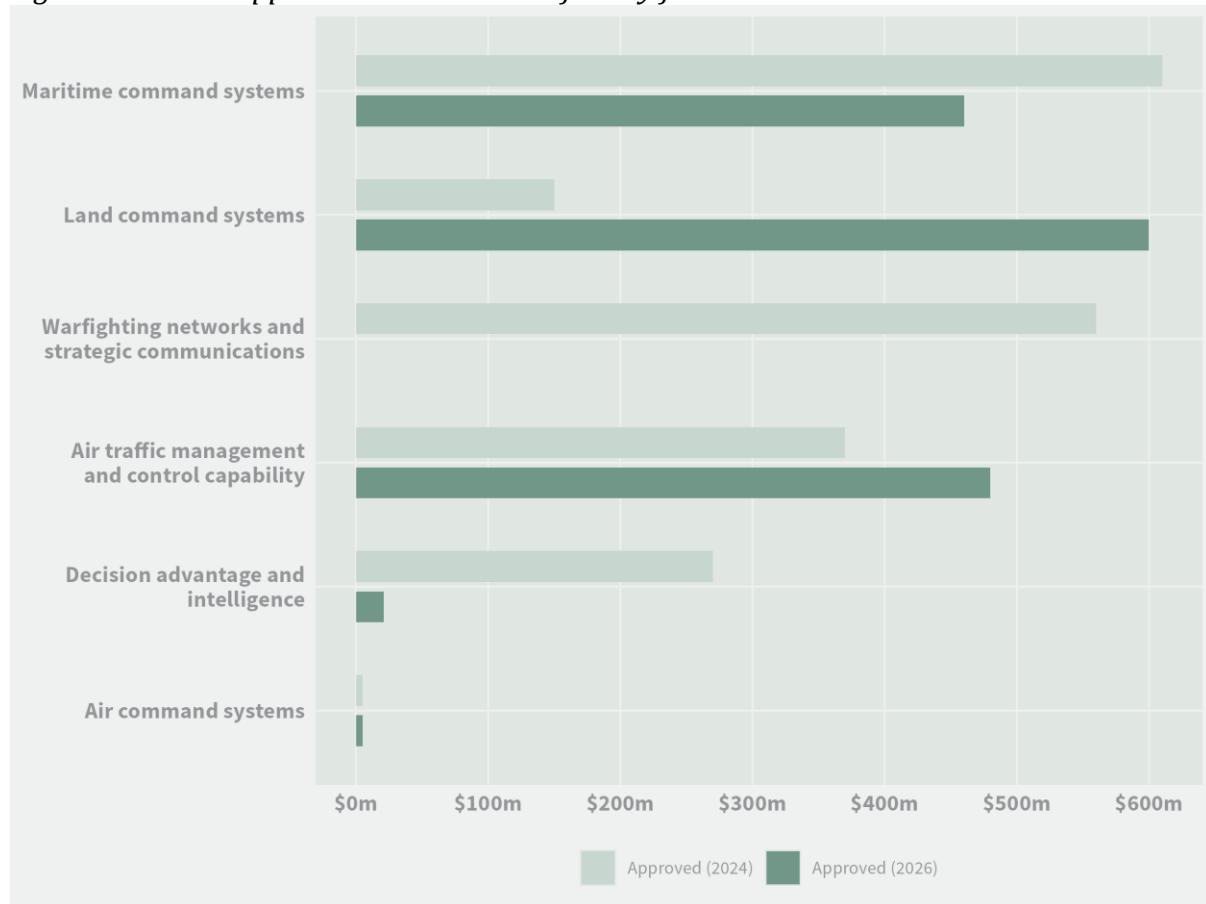
The 2026 IIP groups six capability elements under CIP 9, plus a 'future investments' category: war-fighting networks and strategic communications; decision advantage and intelligence; land command systems; air command systems; air traffic management and control; and maritime command systems.¹⁵⁸ The major projects sitting within this CIP include LAND 200 Tranche 2 (Battlefield command system for Army), AIR 5431 Phase 3 (Civil military air traffic management system, CMATS), SEA 1442 Phase 4 (Maritime communications modernisation), JP 9111 (Warfighting networks and applications), JP 9347 (Joint data network), and JP 9101 (Enhanced high frequency communications system).

It's important to note what CIP 9 doesn't include. The Joint Air Battle Management System (AIR 6500), which performs an IAMD C2 function, sits under CIP 7 (Missile defence), not this CIP. ASD's REDSPICE program, the largest ever investment in Australia's signals intelligence and cyber capability, sits under the Space and cyber investment category (\$27–38 billion across the decade), which intersects with but is distinct from theatre C2.¹⁵⁹ The boundary between those categories matters for cost analysis. Theatre C2 spending figures in this chapter don't capture all the investment that contributes to the ADF's decision advantage.

The NDS is candid about the vulnerability context. Paragraph 4.20 acknowledges that 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'.¹⁶⁰ The language of resilience, hardening nodes against electronic, cyber and physical attack, runs throughout the IIP's theatre C2 chapter. This reflects a realistic assessment that sophisticated adversaries will target C2 infrastructure early and persistently in any conflict. Australia's current systems, many of which were designed for the permissive information environments of the post-Cold War period, aren't uniformly suited to that threat environment.

The scale of the program (\$14–19 billion over the decade) reflects both the depth of the modernisation task and the ambition of the decision advantage concept. Whether the program as currently structured is sufficient to achieve the NDS objectives, and at what pace, is the central question that this chapter addresses.

Figure 31. CIP 9: approved investment trajectory from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The NDS requires theatre C2 to deliver three distinct effects: enabling the ADF to plan and act at speed during conflict; ensuring resilience when networks are disrupted; and undermining an adversary's equivalent ability.¹⁶¹ These three effects map to distinct technical requirements and to coalition interoperability standards that Australia must meet to operate effectively as a Five Eyes partner:

- *Speed and integration* require low-latency, high-bandwidth data links between ADF platforms across all domains: air, maritime, land, space and cyber. The IIP identifies the specific enabling technologies as 'cryptographic systems, modern satellite terminals and resilient high capacity data links; protected satellite communications and line of sight systems.'¹⁶² The performance standard is the ability to share targeting and intelligence data in near real time across the joint force, and to extend that capability into the architecture of US-led JADC2 systems. Speed of decision must be measured against an adversary that's investing heavily in AI-enabled decision support and is therefore raising the standard.
- *Resilience* requires hardening the physical and cyber architecture of command nodes against attack, the dispersal of redundant nodes to complicate adversaries' targeting and the ability to operate in degraded electromagnetic, cyber and physical environments. The IIP explicitly lists 'hardening fixed and deployable C2 headquarters against electronic, cyber and physical attack' as a funded activity.¹⁶³ The performance standard is the ability to maintain joint command and control

through a sustained, multi-day disruption of any single node, communications path or platform type.

- *Adversary degradation* (the offensive C2 effect) requires the ability to detect, attribute and disrupt an adversary's C2 architecture. This is the least publicly detailed of the three NDS required effects. REDSPICE contributes to it,¹⁶⁴ but the specific theatre C2 contribution isn't described in open-source IIP documentation.

Within the land domain, the operational requirement is for a modern battle management system (BMS) for the Army that delivers digital situational awareness, fires coordination and joint integration to the dismounted, mounted and aviation force. The Elbit Systems BMS was withdrawn from service in 2021, leaving the Army with a significant capability gap. Systematic's SitaWare was announced as the sole source winner for the replacement BMS under LAND 200 Phase 3 in July 2023, following first-pass approval in mid-2023. Second-pass approval, and therefore committed funding, hasn't yet been granted.¹⁶⁵ Until second pass is achieved, the Army's land C2 modernisation remains in planning, not delivery, and the land effect required of CIP 9 isn't being met.

In the maritime domain, the requirement is to integrate the modernising surface and undersea fleet, including Hunter-class frigates from around 2032, with the joint and coalition C2 architecture. SEA 1442 Phase 4 is delivering modern ICT and communications to the Navy's surface fleet.¹⁶⁶ IOC was already delayed by five years, from December 2018 to November 2023. FOC isn't reported publicly, suggesting further schedule risk.

For air traffic management, the requirement is an integrated civil-military system that allows continuous, deconflicted, secure air operations across the full ADF basing footprint. AIR 5431 Phase 3 CMATS is delivering that, with FOC now projected for early 2031, a slippage of four and a half years from the original schedule.

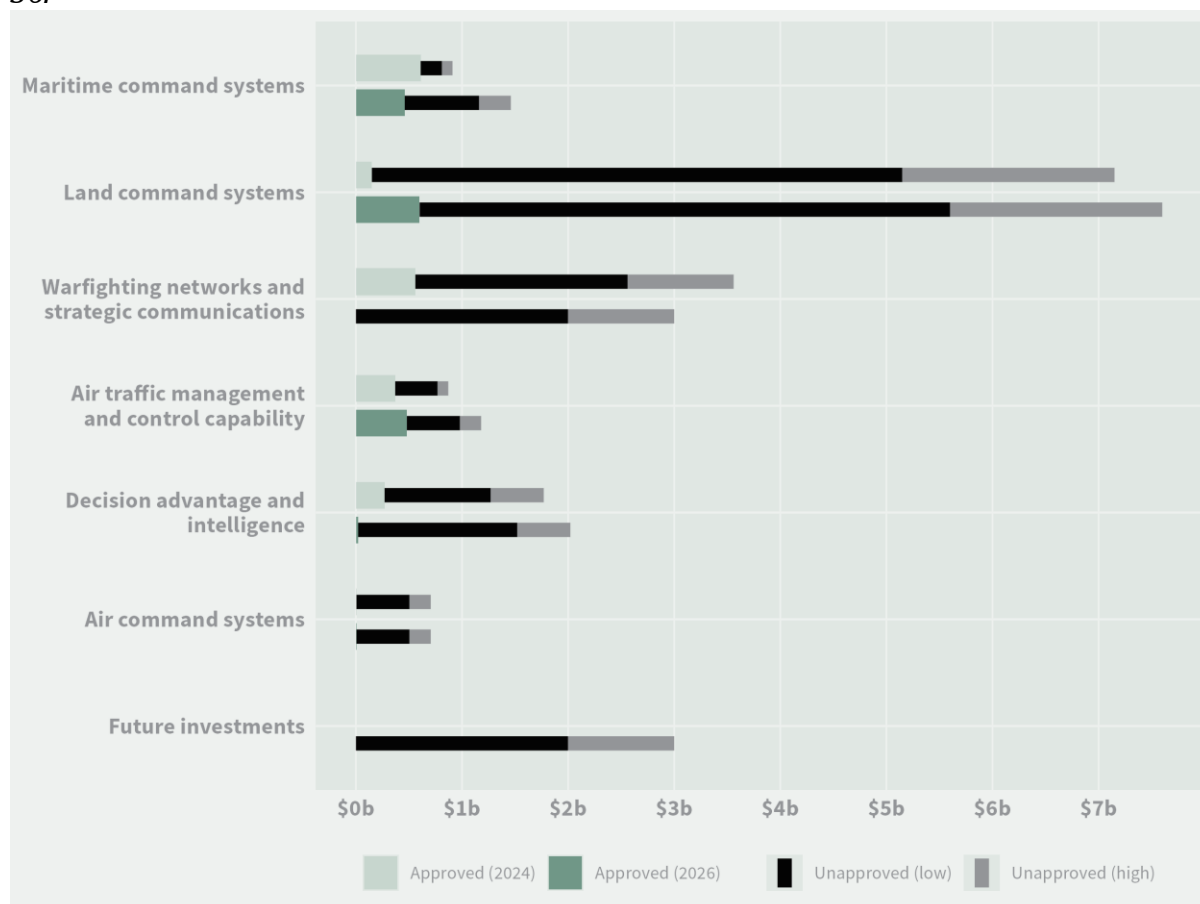
The overarching effect, decision advantage through a joint C2 information environment, is the mission of JP 9111. That project aims to provide a common, secure, resilient C2 environment that supports operations at all levels of command, either independently or as part of Five Eyes coalition operations. The Google Australia cloud deed, signed in December 2025, supports this by delivering enhanced, secure and air-gapped hyperscale cloud capability.¹⁶⁷

Investment profile

The headline figure (\$14–19 billion over the decade) is the largest spending range across any single CIP grouping. Of that total, only \$1.6 billion is in the approved planned category; the remaining \$12–17 billion, 85%–90% of the total, is unapproved.¹⁶⁸ This is an extraordinarily high ratio of unapproved to approved investment for a program of this strategic priority. The land command systems line alone carries \$5–7 billion in unapproved planned investment against only \$600 million approved, a ratio that reflects the fact that LAND 200 Phase 3 (the major delivery vehicle for the Army BMS) hasn't yet received second-pass government approval. The 2026 IIP also adds a 'future investments' capability element (\$2–3 billion, entirely unapproved) as a deliberate hedge against technological change, particularly in AI-enabled C2. Land command

systems is by far the largest single line, reflecting both the scale of the Army's digitisation task and the legacy costs of the BMS gap.

Figure 32. CIP 9: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The delivery record of Theatre C2 projects is, in aggregate, poor. The ANAO's 2024–25 MPR documented total slippage across 21 projects of 404 months. AIR 5431 Phase 3 CMATS contributed 93 months of that total (23%), making it the single largest contributor to schedule slippage in the entire Defence major projects portfolio.¹⁶⁹

AIR 5431 Phase 3 CMATS has been on the Projects of Concern list since October 2022, having previously been listed as a Project of Concern between August 2017 and May 2018, and as a Project of Interest from contract signature (February 2018) until October 2022. The expected exit date from the Projects of Concern list is mid-2027.¹⁷⁰ This project is a case study in persistent schedule and cost risk. It has spent most of its execution phase under heightened Defence and ministerial scrutiny, yet FOC has slipped by four and a half years to early 2031.

Table 11. Investments in theatre command and control to 2035–36 (A\$).

	Table 9: Investments in theatre command and control		
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Warfighting networks and strategic communications	nil	\$2bn – \$3bn	\$2bn – \$3bn
Decision advantage and intelligence	\$21m	\$1.5bn – \$2bn	\$1.5bn – \$2bn
Land command systems	\$600m	\$5bn – \$7bn	\$5.6bn – \$7.6bn
Air command systems	\$5m	\$500m – \$700m	\$500m – \$700m
Air traffic management and control capability	\$480m	\$500m – \$700m	\$980m – \$1.2bn
Maritime command systems	\$460m	\$700m – \$1bn	\$1.2bn – \$1.5bn
Future investments	nil	\$2bn – \$3bn	\$2bn – \$3bn
Total	\$1.6bn	\$12bn – \$17bn	\$14bn – \$19bn

Note: Future investments includes minor projects, experimentation, innovation, research and testing and evaluation.

Source: 2026 IIP, Table 9. All figures in A\$ billion unless otherwise stated.

SEA 1442 Phase 4 presents a similar pattern. IOC slipped by five years (from December 2018 to November 2023). FOC is listed as ‘Not for publication’ in the 2024–25 MPR, a designation that typically signals ongoing schedule uncertainty rather than simply classification.¹⁷¹ The maritime command systems line (\$460 million approved, \$1.2–1.5 billion total) should be assessed against that delivery record.

Against this backdrop, several positive signals in 2024–25 are worth noting. LAND 200 Phase 2 (the Battlefield Command System) achieved FOC in 2025, closing out that phase successfully. JP 9347 (Joint Data Network) continued to deliver tactical data link equipment and radios, supporting integration on Defence platforms, with \$69 million in military equipment acquisition spend in 2024–25 against a total approved value of approximately \$582 million.¹⁷² JP 9101 (Enhanced HF Communications System) commenced facilities upgrades at Townsville in Queensland and the Riverina in NSW in 2024–25, although the project was re-baselined during the year, shifting milestone funds to later years.¹⁷³ The JP 9111 facilities early works project, delivering network infrastructure at five bases, is on track, with construction scheduled to commence in early 2026 for completion in early 2027, slightly behind the previously reported late 2025 commencement but not classified as a significant delay.¹⁷⁴

The broader ICT modernisation program shows progress at the foundational layer. Program Hornet is progressing the replacement of the Defence Secret Network and delivering interim capability in the 'protected' environment. The One Defence Data Platform achieved minimum viable capability on the Defence Protected Network in May 2025. The Defence Digital Group, established in 2024, is now overseeing the Defence Digital Strategy and Roadmap with three strategic priorities: best in class APS/ADF workforce, best in class global platforms (cloud) and best in class sovereign capabilities.¹⁷⁵

The December 2025 Deed of Standing Offer with Google Australia for air-gapped hyperscale cloud capability represents a significant architectural choice. Its implications for security, vendor dependency and the pace of capability delivery warrant monitoring.

Public data on theatre C2 workforce requirements is limited, and quantitative assessment isn't possible from open-source material. The Defence Digital Group headcount isn't separately disclosed in public Defence documents. The Defence Workforce Plan baseline figures cover the broader Navy workforce envelope.

Several qualitative observations can be made. The establishment of the Defence Digital Group in 2024 is an organisational consolidation of Defence's ICT function. The May 2025 announcement of the Cyber Warfare Common Remuneration Framework reflects recognition that Defence can't compete for ICT and cyber talent on standard APS pay scales.¹⁷⁶ The Joint Training Command, which assumed command of the Defence School of Space and Cyber in January 2025, will bear primary responsibility for training ADF personnel on new theatre C2 systems as they enter service.

The introduction of new systems (SitaWare BMS for the Army, new air traffic management for the civil-military interface, the Google cloud environment) carries significant training overhead. New C2 systems can also drive doctrinal change. The way commanders and staff use a system shapes how they think about and conduct operations. These are temporary workforce load increases rather than permanent headcount demands, but they're real costs that must be planned for. The simultaneous introduction of multiple new systems across the decade compounds this burden.

The adequacy of the \$14–19 billion program must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum:* In national terms, the investment is substantial. As a share of the total decade investment program, theatre C2 sits in the middle band. The question is whether the quantum is adequate against two simultaneous tasks: closing the legacy gap (Elbit BMS withdrawal, persistent schedule slippage on AIR 5431 and SEA 1442) and pursuing frontier capability in AI-enabled decision support. The combination of legacy remediation and frontier ambition, financed from the same envelope, is a risk concentration that allied comparators who have avoided comparable legacy problems don't face to the same degree.
- *Timing:* The NDS treats theatre C2 as a force design priority for the current decade. The current program schedule, dominated by projects whose FOC sits beyond 2030 (AIR 5431, SEA 1442 FOC NFP, LAND 200 Phase 3 not yet at second pass), isn't synchronised with that strategic urgency. Until second-pass approvals and committed timelines align with the NDS's 'plan and act at speed' requirement, the timing test is not met.

- *Balance:* The domain hierarchy (\$5.6–7.6 billion for land command systems versus \$980 million–\$1.2 billion for air traffic management) reflects the legacy gap rather than an explicit design choice about where decision advantage delivers the most operational value.
- *Integration:* Australia's stated objective of operating 'as part of a wider Five Eyes coalition' makes JP 9111 and JP 9347 the primary integration enablers. The US Department of Defense is investing heavily in JADC2, which is the architecture that enables all services to share sensor data and execute commands across domains in near real time. JADC2 is the conceptual and, increasingly, the technical reference point for Australian theatre C2 investment. The degree to which Australian systems can plug into and contribute to US-led JADC2 environments will be a key test of this CIP's success. The UK's Strategic Defence Review (2025) identifies digitisation of C2 and resilient communications as central to its military modernisation, with a Digital Backbone program of broadly similar objectives to JP 9111. Direct cost comparisons aren't available, but the structural similarity suggests that Australian planners can learn from the UK implementation experience, particularly on contractor management and cloud security architecture.
- *Resilience:* The IIP's hardening provisions and Program Hornet's network modernisation are the right interventions. Whether the pace and quantum are sufficient against an adversary that's investing heavily and openly in C2 disruption (the People's Liberation Army's restructured information support, aerospace and cyberspace forces, accelerating AI-enabled C2 investment¹⁷⁷) is the more demanding question.
- *Sovereignty:* The Google Australia cloud deed introduces a long-term vendor relationship for foundational C2 infrastructure. Air gapped cloud arrangements, providing physical or logical isolation from the internet, are operationally innovative but commercially concentrated. The sovereignty implications, vendor dependency, transition costs in the event of an arrangement change and alignment with Australian sovereign data and AI policies are material.

On a balance of the six criteria, the program is materially underdelivering against the NDS standard, particularly on timing and the integrated balance between legacy remediation and frontier capability. Quantum is in the right range. Sovereignty and resilience are mid-tier, with active risks. Integration shows promise where US and UK alignment is being explicitly pursued. The judgement, then, is that the program as currently structured is *necessary but not sufficient* to deliver decision advantage on the NDS's stated timeline.

If the current program isn't sufficient against the NDS standard, the question becomes: how much additional investment, and in what categories, would close the gap?

Low- to mid-cost additional investment of \$2–3 billion over the decade could include:

- *acceleration of LAND 200 Phase 3 second pass and SitaWare BMS rollout* (\$500–800 million) to close the Army C2 gap before 2030
- *AIR 5431 Phase 3 CMATS recovery investment* (\$300–500 million) to ensure that the project exits the proof of concept stage on the mid-2027 schedule and reaches FOC by early 2031 as currently projected, with cost growth contingency built in

- *SEA 1442 Phase 4 schedule and integration recovery* (\$200–400 million), including the additional integration cost of Hunter-class frigates' communications systems
- *JP 9111 facilities and JP 9101 milestone protection* (\$200–300 million) to insulate against further rescoping
- *workforce increase for the Defence Digital Group* (\$300–500 million over the decade) to ensure that Defence Digital Group and Joint Training Command have the depth to manage concurrent system introductions
- *Cyber Warfare Common Remuneration Framework expansion* (\$500–700 million) to retain ICT and cyber talent against private-sector competition.

This low-end addition would be of a kind that Defence and the Department of Finance could absorb through reprioritisation within the broader \$887 billion envelope, or through a modest top-up in the next biennial NDS cycle.

Should the government be minded to choose higher cost options, additional investment of \$5–8 billion over the decade might include:

- *expansion of the Future Investments allocation from \$2–3 billion to \$5–7 billion* (\$2–4 billion additional), recognising that AI-enabled C2 integration may be more extensive and more expensive than currently expected, and that the pace of AI development in 2026–2030 is unlikely to be linear
- *sovereign cloud resilience investment* (\$500 million–\$1 billion), reducing single-vendor dependency through redundant sovereign cloud architecture or accelerated transition options
- *accelerated coalition interoperability investment* (\$1–2 billion), particularly in JADC2 plug-in capability and Five Eyes joint exercises that test C2 under operational stress
- *adversary degradation capability investment* (\$500 million–\$1 billion), the offensive C2 effect that's currently the least developed of the three NDS required capabilities.

Theatre C2 investment delivers its full value only when the platforms it connects, F-35A Block 4, Hunter-class frigates (first of class circa 2032), Hobart-class upgrades (late 2020s), are also in service and connected. A C2 network is only as capable as the sensors, weapons and platforms that it integrates. Delays in any of those programs reduce the operational value of C2 investment made in the interim. This isn't an additional cost line for theatre C2 specifically. It's a cost of mis-integration that should be tracked across the CIPs.

CIP 10: Guided weapons and explosive ordnance



Image: The first Australian-manufactured Guided Multiple Launch Rocket System (GMLRS) missiles are test fired at the Woomera Test Range in South Australia. [Defence Images](#)

The GWEO Enterprise is the sovereign munitions production foundation of the Strategy of Denial. The 2026 IIP allocates \$26–36 billion across the decade to this CIP, of which \$6.1 billion is approved, up from \$820 million approved and \$16–21 billion total in the 2024 IIP. IIP 2026 Table 10 reports this allocation as a single consolidated GWEO Enterprise line and does not publish a breakdown by element. The announced investments fall into four streams.

Manufacturing and assembly: \$850 million for the Kongsberg NSM/JSM facility near Newcastle; \$316 million for the Australian Weapons Manufacturing Complex with Lockheed Martin Australia; a sovereign solid rocket motor facility; a 155mm large-calibre ammunition facility scaling to 100,000 rounds per year; and over \$500 million to uplift the GWEO supply chain.

Storage and depot network modernisation: \$508 million for the redevelopment of Defence Establishment Orchard Hills in New South Wales, complemented by the northern logistics network pre-positioning.

Testing, certification and systems assurance: the 2025 AUSMIN agreement on a two-year shared sustainment pathway for AIM-9X Sidewinder and AMRAAM, plus broader test and evaluation infrastructure.

Sovereign munitions procurement and stockpile growth: \$7 billion for the Standard Missile 2 Block IIIC and Standard Missile 6 acquisition from the United States; approximately \$4 billion for up to 450 AIM-260A Joint Advanced Tactical Missiles cleared by US Congress in March 2026; and additional acquisitions of AARGM-ER, AIM-9X, Mk 48 Heavy Weight Torpedoes and ground-based missile interceptors.

The increase from the 2024 IIP envelope appears, on the public information, to reflect chiefly the AIM-260A acquisition and expanded stockpile depth across the three Service domains; the precise allocation across the four streams is not derivable from IIP 2026 Table 10, and the absence of that breakdown is itself a transparency point that an updated GWEO Plan, expected in 2026, may close.¹⁷⁸

The strategic rationale comes from the lessons from Ukraine and Iran since 2022. Both conflicts have shown that missiles and munitions are attritted at extremely high rates in modern warfare. Stockpiles, even of the world's largest militaries, deplete rapidly. This has underlined the need to produce and sustain missiles in times of pressure. The GWEO approach is twofold: rapidly increase Australia's stockpile of munitions and build a resilient GWEO industrial base.

GWEO is a critical capability for achieving the NDS goal of self-reliance, addressing the 'fragility of supply chains for global weapons'.¹⁷⁹ By developing a domestic capability to produce, maintain, repair and overhaul weapons, Australia builds resilience through self-reliance.

The 2026 NDS frames the current strategic environment as deteriorated and characterised by reduced warning times to conflict. It paints the present moment as facing exposure to military coercion not seen since World War II. Australia therefore needs to deter and sustain now, within the decade. The GWEO program must be delivering capability at speed, particularly because it underpins long-range strike (CIP 3) and sustainment (CIP 8). Increasing stocks of munitions will support only a limited campaign. The ability to produce, adapt and sustain munitions is critical to sustained operations against a peer adversary.

The GWEO Enterprise is currently geared towards the US alliance. Australia is buying and building the same capabilities that the US is prioritising, including JASSM, PrSM, Tomahawk, the AIM air-to-air missile family, and SM-3 and SM-6. That produces the obvious benefit of ensuring that Australian forces can be integrated with US forces, and it positions Australia as a potential production hub acting as an extension of the US industrial base. The investment also builds the case that Australia is a 'good ally' in the view of the current US administration, contributing to burden sharing.

The enterprise is the vehicle for stockpiling across all three services. The IIP indicates that in cross-references between CIP 3 (Long-range strike), CIP 6 (Expeditionary air operations), and CIP 10 (GWEO), and stockpiling is captured in the GWEO investment table. Centralising missile procurements offers an opportunity for an increasingly integrated approach to strike acquisition, such as the NSM in either land-based or sea-based launchers, making it a viable strike option across domains.

GWEO also provides an opportunity to strengthen existing and invite new security partnerships through industry cooperation, although that avenue hasn't yet featured substantially. Existing relationships with the UK, Japan, India, the Republic of Korea and NATO countries offer potential for deeper cooperation on the missile and munitions industry.

The 2026 NDS frames the GWEO Enterprise as enabling the integrated force. The enterprise must deliver four distinct effects: assemble, sustain, store and source:

- *Assemble:* The enterprise must assemble in Australia the principal guided weapons and explosive ordnance required by the joint force, at quantities that materially reduce dependency on US production. The performance standard is the operational sovereign assembly of priority weapons (GMLRS, NSM, JSM components, ESSM, Tomahawk components subject to technology release, and indigenous Australian munitions where developed) at quantities sufficient to sustain the inventory through peacetime and provide surge capacity in conflict.
- *Sustain:* The enterprise must sustain ordnance through life, including reload, repair, replenishment and disposal. The performance standard is full domestic ordnance sustainment capability across the priority weapon families. Maintaining that capability domestically avoids the capability gaps that arise when complex weapons are sent overseas for extended maintenance and ensures that stockpiles remain combat ready. Australia is investing in critical certification and training, including the Navy's certification to independently assure Tomahawk missiles, but most of Australia's missiles still rely on US testing and sustainment services.
- *Store:* The GWEO Enterprise, with the broader Defence estate, must provide secure, safe and operationally accessible storage of guided weapons and explosive ordnance, including dispersed forward storage in support of operations from northern bases (CIP 11) and from sea-based platforms (CIPs 1 and 2). The 2024 GWEO Plan committed to 25 new explosive ordnance storage buildings by 2028. The performance standard is the explosive ordnance storage and handling capacity to support sustained operations, with the necessary explosive licensing, infrastructure and force protection.
- *Source:* The enterprise must develop and integrate sovereign Australian inputs into the production chain, from energetic chemicals and propellants through to advanced materials, electronics and specialised manufacturing. The performance standard is a maturing sovereign supply chain that materially reduces dependency on offshore technology and components for priority weapons.

Those four effects are interdependent. Assembly without storage is munitions in the wrong place. Storage without sustainment is decaying inventory. Sourcing without prime engagement is sovereignty without operational consequence. The GWEO Enterprise is therefore a system-level program, not a series of facility decisions.

Allied interoperability is a key consideration that, in this CIP, sometimes conflicts with sovereignty. The US has one of the most tightly controlled military technology regimes; it's a difficult partner from which to receive technology, certifications and permissions. Sole reliance on one ally inherently creates a single point of failure, and the US has signalled that it can't support multiple theatres or prioritise allied needs above remedying its own shortfalls. There are two key opportunities for improving the GWEO Enterprise architecture. The first is to reduce sole-source dependence on the US through selective diversification of weapons systems and industry partners. The second is to use acquisitions to build domestic industry, with domestic production, technology transfer and Australian SME supply contracts treated as critical procurement requirements.

Investment profile

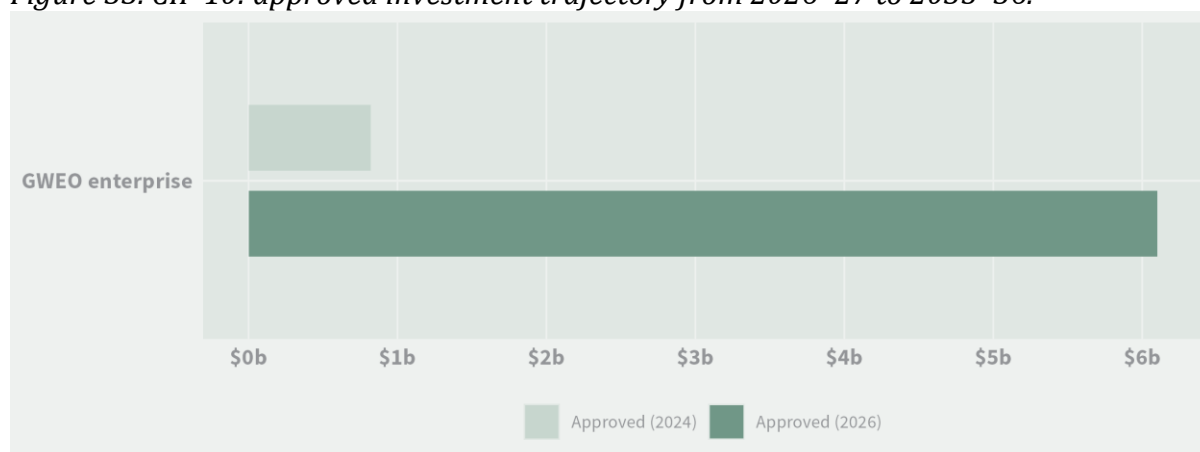
The GWEO Enterprise budget allocation is among the most opaque in the IIP. The 2026 IIP shows a single Enterprise line, with cross-references to CIPs 3 and 6. Long-range strike capabilities are described as GWEO activities for stockpiling in the 2024 GWEO Plan, but the same capabilities are also articulated under the long-range strike and expeditionary air operations CIPs, making it unclear where the budget for those acquisitions is allocated. The GWEO Enterprise received an additional \$10–15 billion in planned investment in the 2026 forward plan compared with 2024. While there was no increase in long-range strike, that addition is consistent with additional munitions stockpile procurements.

Across multiple announcements, the GWEO Enterprise has publicly committed approximately \$2–3 billion to sovereign industry enabling activities. The remaining planned investment is therefore applied to storage, sustainment and weapon acquisitions.

The GWEO program is clearly assigned two project codes in Defence's Budget reporting: JP 2087 and JP 2092, one for the GWEO Enterprise and the other for sovereign weapons manufacturing. The IIP total isn't accounted for under those two projects only. Projects articulated in the GWEO section of the IIPs and the 2024 GWEO Plan also show up in estate projects (storage and testing facilities) and in other domain projects, for example AIR 6004 procuring LRASMs and JASSM-ERs, which is articulated as a stockpiling priority in the 2024 GWEO Plan.

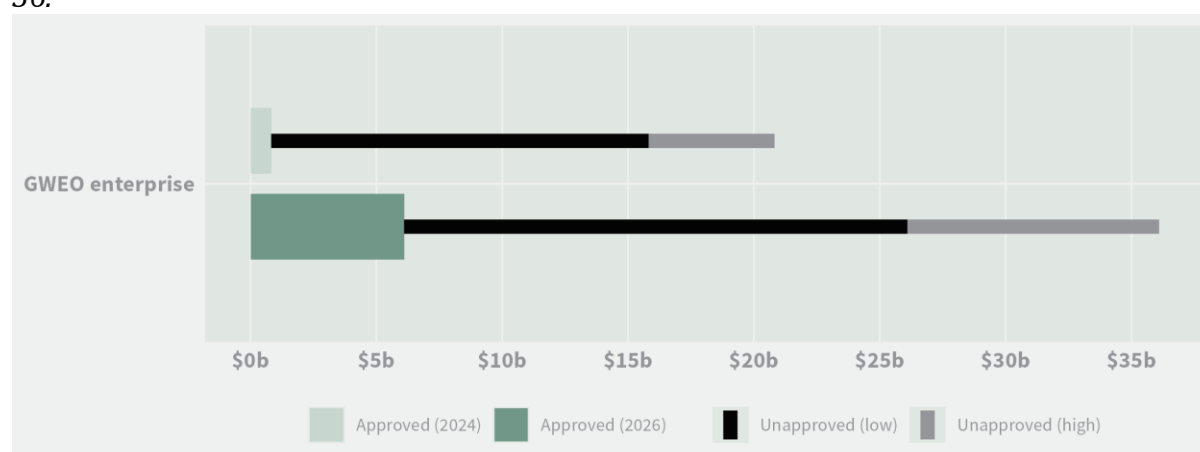
Progress against the 2024 GWEO Plan is summarised below across three lines of effort: long-range strike, stockpiling and domestic manufacture.

Figure 33. CIP 10: approved investment trajectory from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

Figure 34. CIP 10: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

Table 12. Investments in GWE0 to 2035–36 (A\$).

 Table 10: Investments in GWE0			
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
GWE0 enterprise	\$6.1bn	\$20bn - \$30bn	\$26bn - \$36bn
Total	\$6.1bn	\$20bn - \$30bn	\$26bn - \$36bn

Note: Some planned investments to uplift long-range strike capabilities and other munitions for Navy, Army and Air Force are included in Table 3 (Investments in targeting and long-range strike).

Source: 2026 IIP, Table 10. Elements of GWE0 planned investment are also captured in Table 3 (Investments in targeting and long-range strike).

Long-range strike: Navy

Naval Strike Missile (NSM)

- *Operational across both sea and land domains.* Kongsberg has been engaged in a contract by Defence for up to \$1.12 billion to deliver NSMs between 2022 and 2029. At an estimated \$4 million per unit, this implies approximately 250 NSMs.¹⁸⁰
- *SM-2 and SM-6.* Operational on Hobart-class destroyers, providing maritime air defence and surface strike at 100 kilometre range. A commitment of \$7 billion has been made, but it's unclear from AusTender data whether any have been contracted from RTX Corporation. The last published US major arms sale approval was in 2016 at \$420 million, yielding 80 missiles. Whether the committed \$7 billion will be spent in time, and whether the US can deliver, are open questions.

- *Tomahawk*. Following US approval in March 2023, Australia entered its first Tomahawks into service in late 2024, increasing naval strike range to 2,500 kilometres. The US approval and 2024 GWEO Plan suggest a \$1.3 billion investment, for up to 220 missiles, with delivery completing in the early 2030s. The contract is through FMS, making it harder to track how much has been contracted.

Long-range strike: Air Force

Hypersonic attack cruise missile (HACM)

Australia's contribution to hypersonics through SCiFiRE appears to have included a test fire at Woomera Range in March 2026, although that hasn't been officially confirmed. Operational entry into US service is expected within 18 months. The RAAF integration timeline is unclear. Once integrated, HACMs will increase Australian air-launched long-range strike to almost 2,000 kilometres with hypersonic speed and manoeuvrability.

JSM

Australia contracted Kongsberg for a \$170 million contract in November 2025, over a year after selecting the JSM to equip the F-35A. Initial estimates had foreseen entry into service in 2025. Assuming \$1.3 million per round, the contract acquires approximately 100 rounds by early 2029, by which time Australia will be producing JSMs domestically.

LRASM

The last published US approval was in 2020 for \$1.3 billion, for up to 200 LRASMs. The 2024 GWEO Plan states a \$659 million investment in LRASM, implying that additional orders are planned. LRASMs have a range of over 350 kilometres for air-to-maritime strike. Initial deliveries were received this year.

JASSM-ER

The last published US approval was in 2022 for approximately \$320 million and 80 JASSM-ER missiles. The 2024 GWEO Plan states a \$575 million investment, implying that additional orders are planned within the decade. Initial deliveries were received this year.

AARGM-ER

Two separate sales since 2023 total \$1.2 billion and 163 missiles. Both appear to be contracted for delivery to 2034. AARGM-ERs have a range 300 kilometres and are used against radar and air defence systems. The AARGM-ER isn't explicitly mentioned under any of the defence projects.

Joint Air Tactical Missile

The Joint Air Tactical Missile (JATM) was announced in the 2026 NDS as a future procurement priority. The US congressional notification is for a sale worth over \$4.4 billion. The JATM has an air-to-air range exceeding 200 kilometres and is likely to replace the AMRAAM-ER in service.

Long-range strike: Army

GMLRS

The GMLRS is now being assembled in Australia at a Lockheed Martin facility in South Australia. Currently, 54 rounds are approved at approximately \$120 million. Australia is still moving through the FMS process to receive parts for assembly. Production is at a low rate, not more than the rounds approved by the US. The strategic value of this initial assembly lies in the bureaucratic, legal and regulatory precedents being set for future programs.

PrSM

A PrSM was fired by the Australian Army during the 2025 Talisman Sabre exercise. HIMARS and PrSM have been selected as the preferred capability for increasing the Army's strike range to 1,000 kilometres in future increments. The US hasn't yet published a media release with approval for the PrSM, and Australia hasn't yet published its proposed investment value.

Switchblade

Procurement has been announced. There are no further details on numbers, value or deliveries.

Spike anti-tank missile

A \$53 million contract has been entered into with Varley Rafael Australia since 2024. The status of entry into service isn't yet clear.

Inventory increase

Storage facilities

The 2024 GWEO Plan lists out 25 new explosive ordnance storage buildings to be constructed by 2028. This year, two accelerated storage facilities at Myambat and Jennings were almost completed (completion is expected next year) for expenditure of \$82 million. In addition, a further \$167 million has been spent on other facilities upgrades for GWEO and long-range fires, leaving a remaining \$870 million approved to spend on these projects, and \$348 million of that is set to be spent in the next financial year. This suggests that these projects are running on time and are a priority area to ensure that the products received through foreign acquisition and sovereign manufacture will be able to be stored and maintained safely.

ESSM

Australia continues to contribute to and purchase from the ESSM consortium. Current contracts running to June 2026 have had a value of \$182 million since 2024, and additional contracts valued at \$147 million were entered into this financial year. This would indicate around 60–70 missiles annually.

Nulka

Australia continues to invest in upgrade and sustainment of the Nulka missile decoy system through a \$200 million program over two decades.

AIM missiles

In April 2025, the US approved the sale of 400 AMRAAM missiles to Australia worth over \$1.4 billion. No contract for this amount is currently visible on AusTender, suggesting either that no contract has yet been signed or a partial procurement.

Javelin

Increased stockpiles of Javelin missiles have been approved. An additional 161 launch units were approved in 2025, in addition to 605 missiles approved in 2023 and 2024, at a total value approximately \$355 million.

BLU-111

The Thales contract for BLU-111 air-to-ground munitions runs to mid-2027, with \$30 million of contract value since 2022, delivering approximately 1,000 munitions.

Naval shells

In 2025%, Defence cancelled the contract with Thales for 155-mm shells. The contract is being rearticulated to meet the new priority of 5-inch naval shells, potentially expanding to include facilities to produce fuses and propellant rather than relying on imports.

Domestic manufacture

Lockheed Martin and the AWMC

The initial assembly footprint for GMLRS has been established with Lockheed Martin in South Australia at an infrastructure cost of \$23.4 million. Lockheed Martin is also a strategic partner for the AWMC to produce missiles at a rate of 4,000 per annum. The location of the AWMC hasn't yet been announced. The complex is expected to cost over \$300 million and isn't expected to be operational until 2029.

Kongsberg factory and supply chain

Kongsberg's Australian factory to produce JSMs and NSMs has broken ground and is expected to begin production next year, building towards full-rate production by 2028. The factory costs \$850 million to construct and is being built as a replica of Kongsberg's state-of-the-art missile factory in Norway. Kongsberg and Thales had been producing Australian-made StrikeMaster NSM launchers since 2022, with \$50 million in export contracts to Denmark and Spain. In April 2026, Defence chose the Lockheed Martin US-made HIMARS launcher and the PrSM as the preferred solution for LAND 8113 long-range strike. The implications for continued StrikeMaster production in Australia are unclear.

Sovereign rocket motor manufacturing

The Sovereign Rocket Motor Manufacturing Project has selected Northrop Grumman as the preferred industry partner, leveraging the Mulwala munitions factory, with production planned for 2030. \$22 million was committed to the industry assessment phase, and an additional \$126.9 million to establish production has been announced.

DefendTex, Black Sky Industries and Anduril Australia have all been preliminarily engaged to explore future Australian partnerships.

A key Defence workforce development area is the testing and maintenance of missiles, particularly highly controlled complex weapons. Hundreds of jobs will be created in the civilian sector for missile manufacturing through the Kongsberg and Lockheed facilities and the rocket motor manufacturing precinct. Those jobs span engineering, manufacturing, chemistry, electrical and software skill sets. Tailoring workforce skills to missile manufacturing requires training and certification from the weapons manufacturers themselves.

The GWEO Enterprise workforce position and trajectory aren't separately disclosed in published Defence documents. Disclosure at the explosive engineering, missile assembly and certification trade level would materially improve external assessment of the GWEO ramp-up.

The workforce ramp-up isn't separable from the facility ramp-up. Facilities without workforce are infrastructure. Workforce without facility is talent without effect. Coordinating both at the regional level (Avalon, Benalla, Mulwala, the AWMC location, the rocket motor precinct) is a binding program-management challenge.

Adequacy

The adequacy of the GWEO Enterprise must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum:* \$26–36 billion is a substantial increase on the 2024 IIP allocation. The change reflects the early stage of the GWEO Enterprise and the start-up cost of facilities, storage, testing and sovereign assembly. As facilities come online, the quantum may need to grow in subsequent biennial cycles to support inventory depth and sustained production. As an indicative scale: US production lines are currently producing 125 SM-6s each year, and the US Navy is requesting 785 in the 2027 financial year. Even if US production rises from 125 to 500 per year, at that rate it's not feasible that Australia's stated \$7 billion commitment to SM-2 and SM-6 (approximately 2,000 missiles) will be delivered within the decade. The PrSM, with US production of around 100 units per year (rising to 400) and US 2027 financial year demand exceeding 1,000, presents the same delivery risk. Australia is competing for constrained allied production.
- *Timing:* The timing test is the most binding adequacy challenge. The GWEO Enterprise is in build-out, not in operation. Initial sovereign assembly at Port Wakefield (GMLRS) is live at a very low rate; broader sovereign assembly through the Kongsberg facility (JSM and NSM) reaches the full rate by 2028. The AWMC, potentially based in Avalon, enters operation in 2029, and the sovereign rocket motor precinct begins production in 2030. The strategic environment may require credible sovereign production earlier than the current timeline delivers. Also, most of these projects have been in planning stages since 2022, meaning that it's taken four years just to get to initial stages.
- *Balance:* The balance between facilities, storage, testing and procurement is broadly appropriate to the early stage of the GWEO Enterprise. However, the imbalance between investment in buying foreign capabilities and capabilities made in

Australia's domestic industry is the central balance question. The publicly announced approximately \$18 billion in US missile procurements is contrasted with just under \$2.5 billion in programs to accelerate domestic industry growth. The opportunity to use acquisitions to build domestic industry is being continuously passed over, despite rhetoric about prioritising Australian-made content.

A recent example is the LAND 8113 outcome, which selected the US-made HIMARS and PrSM over the Australian-made StrikeMaster and the soon to be domestically produced NSM. While the US capabilities offer superior range, they come at the cost of the US's burdensome licensing and certification processes and the existing fragility of US production. The NSM is also used in the RAN and would have provided commonality.

- *Integration:* Integration into CIP 3 (the strike enterprise that consumes GWEO output) is the central adequacy question. Integration with CIP 11 (Northern bases storage and dispersal) is a second integration question. Integration with CIP 12 (Industrial base and workforce) is a third. The integration challenge is acute because the GWEO Enterprise must coordinate across multiple primes, multiple Defence groups and multiple state jurisdictions.
- *Resilience:* GWEO is the resilience investment for the strike enterprise. The resilience of GWEO itself depends on diversified facility location, robust supply chains and adequately protected storage in a contested environment. The current architecture is concentrated at a few facilities; dispersal across multiple jurisdictions would strengthen resilience. The enterprise's recognition of the resilience challenge is improving (the rocket motor precinct, the Kongsberg factory, the AWMC and storage at Orchard Hills are all explicit responses), but the build-out is in its early years.
- *Sovereignty:* Sovereignty is the defining purpose of the GWEO Enterprise. The current trajectory builds sovereignty through prime partnerships, technology transfer and progressive sovereign content. The rate of sovereign increase is paced by US technology releases, prime engagement and Australian workforce growth. Australia faces an immediate challenge: with contracts for US exquisite missile systems facing 4–10 year delivery timelines, for modest orders in the hundreds rather than thousands, Australia is going to be waiting on weapons deliveries whether it sets up factories here or waits for what comes off US production lines. The opportunity is to require that missile production be set up and completed in Australia, putting investment to dual use to build Australian capacity and resilience while supplying stockpiles. Poland provides a case study for shorter production establishment time frames, using weapons acquisitions with MBDA Corporation and Hanwha Aerospace to establish Polish production through technology transfer and shared investments.

The GWEO Enterprise is necessary, foundational to the credibility of the strike enterprise and constrained on timing, on the balance between domestic and foreign acquisition and on workforce. The judgement is that the program is *necessary, foundational, well designed in its components, but not timed appropriately and not sufficiently weighted to support the strategic objectives within the explicit risk context of the 2026 NDS*. The principal adequacy gaps are the speed of facility delivery, the depth of sovereign munitions inventory, the workforce ramp-up, and the balance of investment between foreign acquisition and domestic industry building. If those gaps

aren't closed, Australia will continue to be constrained by external factors that no level of acquisition spending alone can resolve.

If the current program is necessary but adequacy is constrained on timing, balance and workforce, the question is: what additional investment, in what categories, would close the gap?

The objective for the GWEO Enterprise isn't to match a potential adversary's stockpiles. The objective is to secure the ADF's access to munitions and to create a strike capability that can hold adversaries at risk at long range and that can be credibly sustained in conflict. The focus must be on resilience. The major gap for GWEO isn't necessarily how much it's investing but how those investments are being balanced.

Low- to mid-cost additional investment of \$3–5 billion over the decade could include:

- *facility build-out acceleration* (\$1–2 billion), bringing forward the AWMC, Kongsberg factory full rate and sovereign rocket motor production to deliver initial sovereign production in the late 2020s rather than in 2029–2030
- *munitions procurement and inventory depth* (\$1–2 billion), expanding peacetime procurement of priority weapons (particularly constrained by US production: Tomahawk, LRASM, JASSM-ER, PrSM, SM-2 and SM-6) to build inventory depth, with explicit attention to US delivery competition
- *GWEO workforce ramp-up* (\$500 million to \$1 billion), beyond baseline, focused on explosive engineering, missile assembly, certification and testing, and supply-chain workforce
- *storage and infrastructure* (\$500 million), accelerating storage build-out and dispersed forward storage in northern Australia.

Should the government be minded to choose higher cost options, additional investment of \$5–10 billion over the decade might include:

- *sovereign Tomahawk class and stand-off weapon assembly* (\$2–3 billion), accelerating sovereign assembly for the most strategically consequential US-derived weapons, contingent on US technology release and balanced against domestic industrial base imperatives
- *sovereign hypersonic and high-speed weapons production* (\$1.5–3 billion), in coordination with the CIP 3 hypersonic line, providing sovereign production capacity for next-generation weapons, including HACM and potentially a sovereign hypersonic offshoot
- *strategic munitions reserve* (\$1–2 billion), establishing a strategic reserve of key weapons beyond peacetime training and operational tempo holdings
- *industrial resilience and dispersal* (\$500 million to \$1 billion), additional facilities dispersed across multiple jurisdictions, ensuring that GWEO isn't a single point of failure on any one state
- *Indo-Pacific partner integration* (\$500 million to \$1 billion), supporting export quality production for Indo-Pacific partners (Japan, the Republic of Korea, the Philippines, Indonesia, India) where bilateral arrangements permit, and expanding industrial base scale and partnership weight, modelled on Poland's MBDA and Hanwha collaboration. Within this line, the Republic of Korea's Hyunmoo III family of subsonic cruise missiles (1,500–3,000 kilometre range class) is a credible

alternative supply path for long-range land-attack strike, with the caveats that vertical launch system compatibility, US certification and warhead integration cost have yet to be worked through.

The high-end addition would materially close the timing, quantum, balance and sovereign production adequacy gaps.

A separate analytical point is worth drawing out. The remaining \$20–30 billion of unapproved CIP 10 investment in the IIP doesn't necessarily require additional appropriation. The binding constraint on standing up sovereign production for the Tomahawk and Standard Missile classes isn't money: it's two preconditions in combination. The first is rapid US technology sharing and certification approvals at the FMS and export control levels. The second is the sovereign infrastructure program that allows the production line to stand up, the explosive engineering workforce that runs it, and the supply-chain integration that sustains it. The unapproved \$20–30 billion can absorb the infrastructure ask without further Budget addition. What it requires alongside the spend is diplomatic pace from the government and a reciprocal certification effort from the US. Articulated this way, the CIP 10 opportunity is less a Budget ask and more an infrastructure and diplomacy ask.

CIP 10 is the resilience underpinning of CIP 3 (Strike enterprise) and is the explosive ordnance sustainment underpinning of CIPs 1, 2, 5, 6 and 7. The integration cost is therefore distributed across the strike-consuming CIPs. CIP 11 (Northern bases storage and dispersal) is the principal infrastructure integration requirement, and CIP 12 (Enabling investments), including the industrial base, is the principal industrial base integration requirement.

CIP 11: Enhanced and resilient northern bases



Image: C-17A Globemaster IIIs from the Royal Australian Air Force and United States Air Force land at RAAF Base Scherger in Weipa North Queensland during Exercise Diamond Trident 2024. [Defence Images](#)

CIP 11 is the geographical foundation of the NDS's strategic concept. The 2026 IIP commits \$13–16 billion over the decade to the northern base network. The revision is itself useful evidence about the cost trajectory of northern infrastructure. Approved investment is concentrated in northern air base infrastructure (\$1.4 billion); the larger and more complex naval basing programs (\$130 million approved against \$7.1–10 billion total) remain overwhelmingly unapproved.

The 2026 NDS is unambiguous: the ability to hold potential adversary forces at risk, project force and sustain protracted combat operations depends on having a network of logistically connected, resilient and survivable bases across northern Australia.¹⁸¹ Without that infrastructure, the capabilities funded across the other CIPs (submarines, surface combatants, strike aircraft, long-range missiles) can't be sustained in a contested operational environment.

The strategic rationale for northern base investment rests on three mutually reinforcing imperatives.

The first imperative is forward presence. Bases in Darwin, Tindal, Learmonth and the northern islands (Cocos-Keeling) provide the geographical reach to contest the approaches to Australia and to support operations in the primary area of military interest without excessive reliance on vulnerable resupply lines from southern population centres. The 2023 DSR elevated the improvement of northern base capacity to one of six immediate priorities, and the subsequent investment since 2024 reflects that priority signal.

The second imperative is allied force hosting. Australia's alliance commitments under the AUKUS partnership and bilateral force posture arrangements with the US require bases capable of supporting US Marine Corps rotational forces, US Air Force B-52 and B-2 operations from RAAF Base Tindal, US and UK nuclear-powered submarine visits to HMAS Coonawarra and HMAS Stirling (and ultimately the Optimal Pathway SSN rotation), and a range of allied naval and air operations. Those requirements drive specific infrastructure standards, runway lengths, fuel storage volumes, hardened aircraft shelters, wharf depth and capacity and accommodation standards that are more demanding than purely sovereign operational requirements. The co-investment arrangements with the US, through the US Force Posture Initiatives, provide a source of funding for some of those enhancements, but Australia bears the primary responsibility for its own estate.

The third imperative is resilience. Northern bases are at risk from adversary strike in a conflict scenario. Survivability requires hardening of critical facilities (aircraft shelters, fuel storage, command nodes), the dispersal of assets across the base network to complicate targeting, and redundancy of essential services (power, water, communications) to maintain operations under degraded conditions. The investment in deployable infrastructure, which can be rapidly established to reconstitute operations at alternative locations, is a further dimension of resilience.

The policy context also includes the AUKUS Pillar 1 nuclear-powered submarine program. The Optimal Pathway established by the AUKUS partners requires HMAS Stirling (near Perth) to be the primary home port for Australia's future SSN fleet, and HMAS Coonawarra (Darwin) and other northern facilities to support submarine operations in the primary area of military interest. The infrastructure requirements for SSN basing, deepwater wharves, nuclear propulsion maintenance facilities, radiation monitoring systems and security infrastructure are more demanding and expensive than those for conventionally powered submarines. The alignment of SSN infrastructure construction with the timeline for Australian submariners to crew US Virginia-class submarines (from 2027–28) and for Virginia-class purchases (from around 2033) is a critical schedule dependency.

The 2026 IIP commits \$13–16 billion over the decade to the northern base program. The revision is itself a useful piece of evidence about the scope and cost trajectory of northern infrastructure: even within the two years between the 2024 IIP and the 2026 IIP, the cost band moved up by 30%–40%.

The 2026 NDS requires the northern base network to deliver four effects: project, host, sustain and survive:

- *Project* is enabling ADF and allied combat power into the primary area of military interest from sovereign Australian territory, with runways of sufficient length and load-bearing capacity for B-52, B-2, P-8A Poseidon, KC-30A tanker and F-35A operations, deepwater wharves of sufficient capacity for major surface combatants and SSNs, and the supporting fuel, ammunition and sustainment infrastructure to homeport and forward deploy them for extended periods.
- *Host* is accommodating US Marine Corps rotational forces, US Air Force long-range strike aviation, US and UK nuclear-powered submarine visits, and other allied naval and air units, at full interoperability of fuel handling, weapons handling,

communications and accommodation with allied operating standards, scaled to the levels that the AUKUS Optimal Pathway requires.

- *Sustain* is supporting sustained ADF and allied operations over multi-week and multi-month periods under contested conditions, with fuel and ammunition stockholdings and supply-chain redundancy at northern bases sufficient for the operational tempo that the NDS threat assessment implies, integrated with theatre logistics (CIP 8) and IAMD (CIP 7) for protection.
- *Survive* is maintaining northern base operations under sustained adversary precision strike, through hardening to defined standards, dispersal across the network to complicate adversary targeting, redundancy of essential services, and the ability to reconstitute at alternative or deployable locations after damage.

Public IIP documentation doesn't specify the hardening standard applied. That's a transparency gap that we ask the government to close.

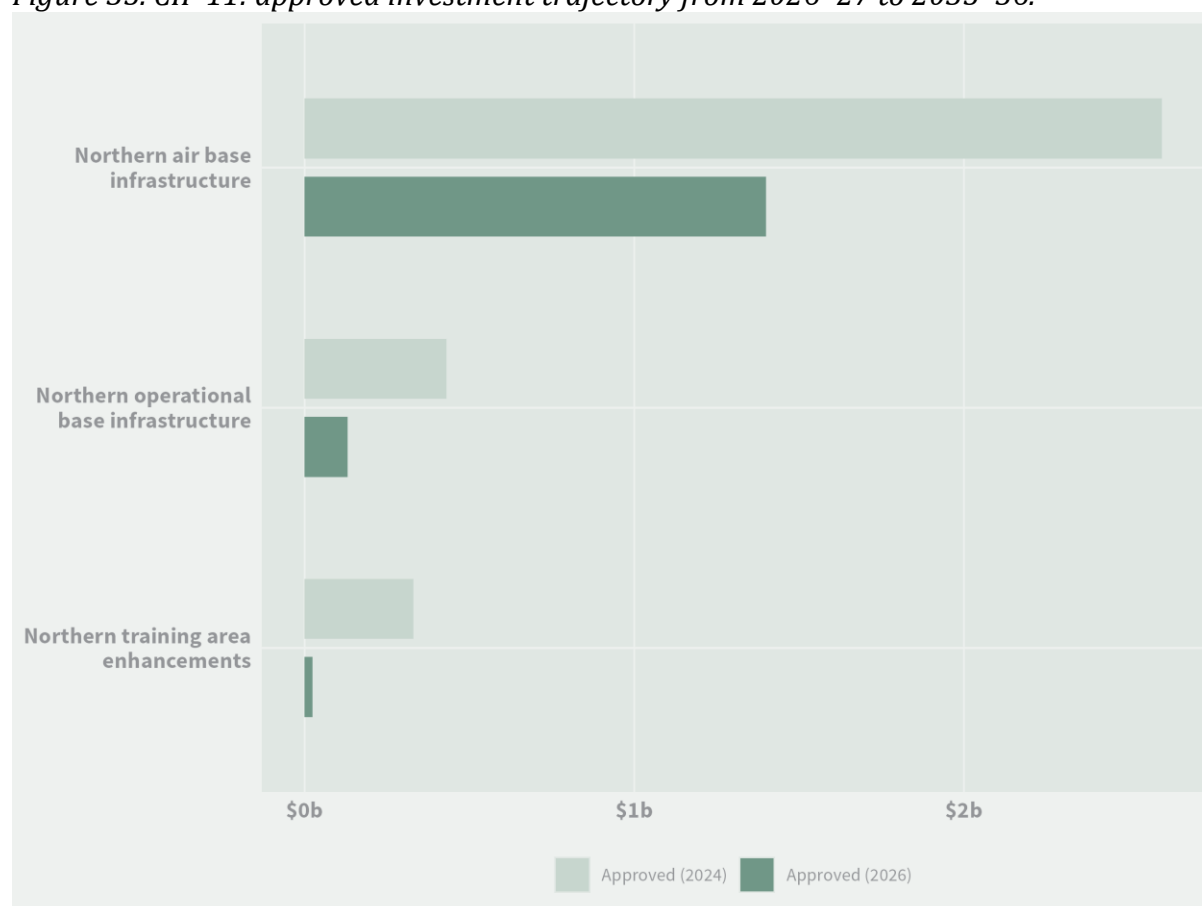
Investment profile

Approved investment is concentrated in northern air base infrastructure (\$1.4 billion) relative to northern operational base infrastructure (\$130 million), reflecting the relative maturity of airfield upgrade programs versus the more complex naval basing programs. The overwhelming majority of the northern operational base infrastructure investment remains unapproved.

Investments to enhance the northern logistics network (fuel pre-positioning, supply and distribution resilience) are captured in other IIP tables (CIPs 7, 8, 9 in particular) and are therefore not reflected in these figures. The true investment in northern base capability enablement, including logistics, IAMD integration and C2 systems, is therefore larger than Table 13 alone indicates.

The Defence Estate Audit, completed in 2026, resulted in government agreement to all 20 recommendations, including the divestment of 67 Defence sites not aligned with current or future capability needs. All divestment proceeds will be reinvested into defence strategy priorities, including northern bases.¹⁸² This is an additional funding mechanism not reflected in the IIP tables.

Figure 35. CIP 11: approved investment trajectory from 2026–27 to 2035–36.



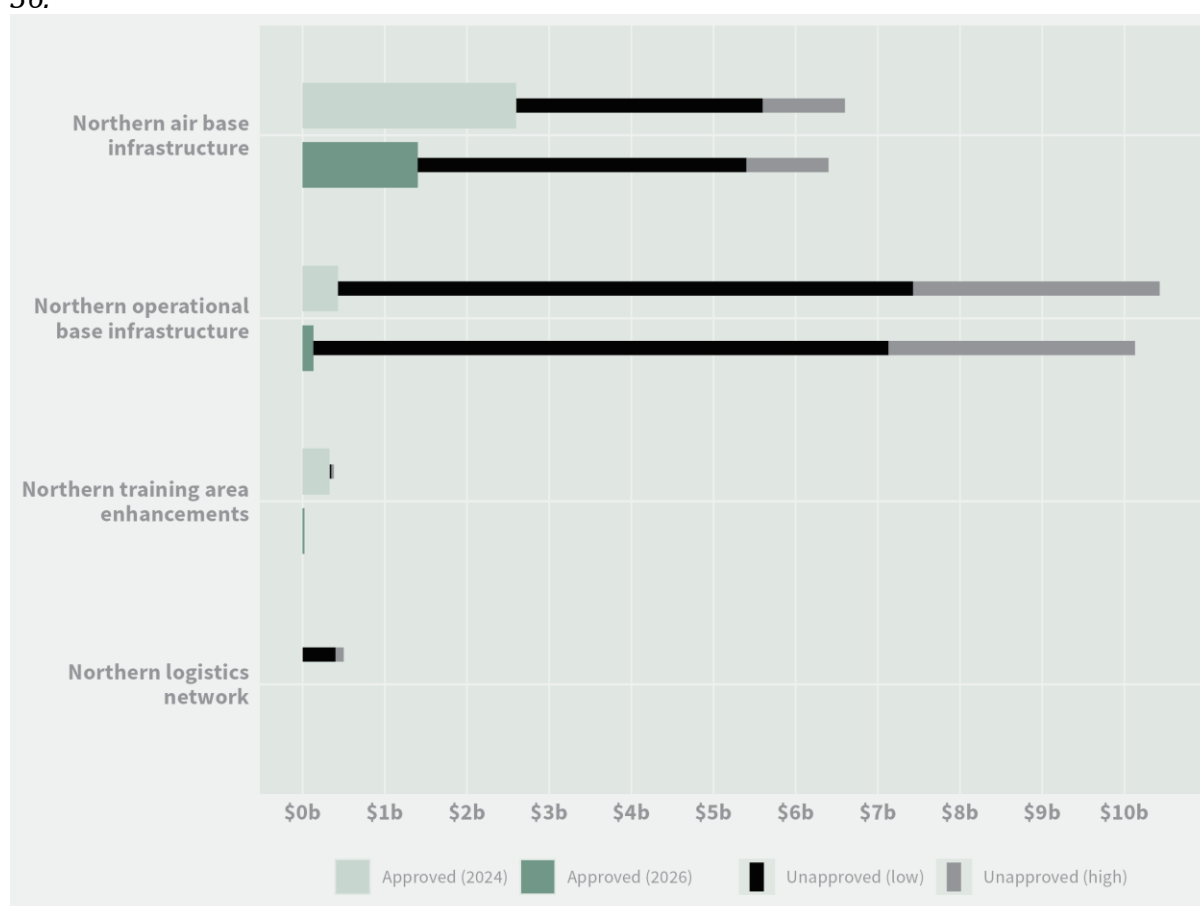
Sources: 2026 IIP and 2026–27 PBS.

The 2026 IIP confirms that more than \$2 billion of investment has been delivered to northern bases since the 2024 NDS release. Confirmed deliveries include the following:

- *Kangaroo Flats Training Area (Darwin)*: completed in October 2025; the nation's largest and most advanced marksmanship training range; a direct preparing-the-force capability for Army units in the Northern Territory.
- *HMAS Cairns*: completed a shared user facility for Navy cadets and other Defence personnel in December 2025; construction is underway of a new 212 metre wharf to support Arafura-class OPVs, Evolved Cape-class patrol vessels, and visiting vessels.
- *HMAS Coonawarra (Darwin)*: opened the new Kuru Wharf in July 2024, providing additional berthing capacity for major surface combatants and submarines; a direct AUKUS enabler.
- *RAAF Tindal*: undergoing major base upgrades including critical airfield infrastructure enhancements and engineering services; the primary location for US B-52 operations and for Australian F-35A and other combat aircraft; requires the most complex and expensive hardening and expansion works.
- *RAAF Darwin and Mount Bundey*: airfield infrastructure upgrades underway.

- *RAAF Base Townsville*: undergoing upgrades and maintenance of airfield infrastructure, including runway extension to support maritime patrol aircraft (P-8A Poseidon).
- *Bradshaw Field Training Area*: has the Urban Operations Training Facility under construction to support training for complex modern fighting techniques.
- *Larrakeyah Defence Precinct (Darwin)*: undergoing redevelopment to increase capacity for major surface combatants and submarines; engineering services, accommodation and fuel storage works are ongoing.
- *Cocos (Keeling) Islands*: has airfield infrastructure development underway to support P-8A maritime surveillance operations.

Figure 36. CIP 11: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

The DEF 1 Nuclear-Powered Submarines project continued to progress HMAS Stirling infrastructure works, including the commencement of construction of a new training centre to support submariner workforce skilling. The rephasing of SSN project funding reflects alignment with AUKUS partners' delivery plans, but doesn't indicate program risk at this stage.

Looking forward, HMAS Stirling SSN infrastructure remains the highest critical path priority. The wharf and maintenance facility construction for SSN operations is the most

complex and expensive element of the northern base program and is on the critical path for the AUKUS Optimal Pathway. Schedule alignment with the Virginia-class submarine visit and purchase timelines (2027–33) is being managed through the Cooperative Program Office.

Table 13. Investments in northern bases to 2035–36 (A\$).



Table 11: Investments in northern bases

Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Enhanced basing capacity for force projection and enhanced basing resilience			
<i>Northern operational base infrastructure</i>	\$130m	\$7bn - \$10bn	\$7.1bn - \$10bn
<i>Northern air base infrastructure</i>	\$1.4bn	\$4bn - \$5bn	\$5.4bn - \$6.4bn
<i>Northern training area enhancements</i>	\$23m	nil	\$23m
Total	\$1.6bn	\$11bn - \$15bn	\$13bn - \$16bn

Note: Investments in northern base infrastructure are being complemented by investments across the 2026 Integrated Investment Program to enhance the northern logistics network to pre-position stocks of key munitions, spare parts and other essential supplies at northern bases, as well as improved supply and distribution resilience within the Defence estate. The above figures do not include ongoing general and routine estate maintenance investment.

Source: 2026 IIP, Table 11. All figures in A\$ billion unless otherwise stated.

RAAF Tindal is the most programmatically advanced of the major northern air base upgrades. Works to harden, expand and enhance fuel storage, airfield infrastructure and accommodation are underway. Tindal's role as the primary location for US B-52 operations from Australia, and potentially for Australian F-35A dispersal operations, makes it the highest priority air base in the northern network.

RAAF Learmonth and RAAF Curtin are progressing upgrades to support dispersed and sustained ADF operations. Learmonth provides a key mid-point refuelling node for operations in the Indian Ocean approaches. Curtin is a bare base location that provides resilience through dispersal, reducing the risk of a single adversary strike neutralising concentrated air power.

The northern base program creates significant workforce requirements in two categories: the construction workforce needed to build the infrastructure, and the ADF workforce that will be posted to and operate from the expanded bases.

Construction workforce

Northern Australia faces chronic labour-market constraints. The skilled construction workforce required for large-scale defence infrastructure, including trades with security clearances, specialist civil engineering for military airfields and wharves and technical workers for hardening and force protection systems, is in short supply in Darwin, Townsville and remote locations. Defence Estate and Infrastructure Group (DEIG) has identified project delivery capacity as a constraint and found that pipeline management is needed to avoid simultaneous construction peaks that exceed the available labour.

ADF posted workforce

As northern bases expand, the ADF workforce posted to those locations must grow commensurately. Darwin's infrastructure, school and housing capacity constrains the number of ADF families who can be posted there. This is a longstanding challenge that the northern base investment program hasn't fully addressed. Regional workforce development, including industry support for families posted to Darwin, Katherine and Exmouth, is an enabling investment that doesn't appear in the IIP tables but is operationally necessary.

Submariner workforce

HMAS Stirling's growth as an SSN home port requires a substantial increase in the submariner workforce, including officers, ratings, engineers and civilian sustainment personnel. The DEF 1 Training Centre under construction at Stirling is a direct response to that requirement.

The adequacy of the \$13–16 billion northern base program must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum:* \$13–16 billion is substantial in national terms and reflects the scale of the forward positioning task. The 30%–40% upward revision from the earlier estimate (midpoint to midpoint) suggests that the true cost may rise further as designs mature and construction costs are realised. At a 10% approval rate, the committed quantum is well below what the NDS implies is needed.
- *Timing:* Schedule alignment with the AUKUS Optimal Pathway is the most consequential timing question. The Virginia-class submarine visits to HMAS Coonawarra and Stirling expected from around 2027 require wharf and support infrastructure to be in place, and that infrastructure is only at early approval stages. If construction timelines slip, as northern Australian construction programs have historically tended to do, there's a real risk that the AUKUS Optimal Pathway will be delayed for infrastructure reasons, not for shipbuilding reasons.
- *Balance:* The current allocation favours northern air base infrastructure (\$5.4–6.4 billion total, \$1.4 billion approved) relative to northern operational base infrastructure (\$7.1–10 billion total, \$130 million approved). The balance reflects the relative maturity of airfield upgrades versus the complexity of SSN basing, but it also means that the most complex and expensive element of the program is the least funded today. As an adequacy judgement: the balance is appropriate to project maturity but not to strategic priority.

- *Integration:* Northern base investment must integrate with theatre logistics (CIP 8), IAMD (CIP 7) and the platforms it hosts (Hunter class, Hobart class, F-35A, Wedgetail, eventually SSN-AUKUS). The integration challenge across those CIPs is the central program-management risk. There's limited public evidence that a coherent cross-CIP integration framework exists.
- *Resilience:* The IIP doesn't publicly specify the hardening standard applied to northern base infrastructure. In a conflict involving precision guided munitions, unhardened aircraft shelters, fuel storages and command facilities are highly vulnerable. If the northern base investments don't include adequate hardening against ballistic and cruise missile attack, they might not survive long enough to support sustained operations. This is the single largest adequacy gap in the northern base program, and we call on the government to make the hardening standard explicit in the next biennial NDS cycle.
- *Sovereignty:* Northern bases are sovereign Australian infrastructure. The deeper sovereignty question is about the hosting of allied forces and the implications for national decision-making in a crisis. The US Force Posture Initiatives co-investment is welcome and operationally sensible, but the design of allied use rights, dual key arrangements and Australian command authority over allied operations from northern bases isn't visible in public documentation.

The northern base investment is not simply good value for money. It's a prerequisite for the rest of the IIP to deliver operational value. On a balance of the six criteria, the program is *partially adequate*. The quantum and balance are acceptable, and integration is on the right trajectory, but timing, resilience (hardening) and sovereignty (allied use rights) require active management and additional commitment. The 10% approval rate is what holds back closing these gaps before the AUKUS Optimal Pathway timeline.

If the current program isn't sufficient against the NDS standard, the question is: how much additional investment, and in what categories, would close the gap?

Low- to mid-cost additional investment of \$2–4 billion over the decade could include:

- *acceleration of HMAS Stirling SSN infrastructure* (\$800 million–\$1.5 billion brought forward into committed status), so that the wharf and maintenance infrastructure is delivered ahead of the Virginia-class visits, not in lockstep with them
- *northern operational base infrastructure approval acceleration* (\$600 million–\$1 billion), bringing the most time-critical SSN, surface-combatant and US Marine Corps rotational forces infrastructure into committed status
- *northern construction workforce capacity increase* (\$300–500 million), including trade training, cleared workforce expansion and incentives for the mobile construction workforce in remote locations
- *ADF posted workforce family support infrastructure* (\$300–500 million), addressing the housing, schooling and family services constraints that limit posted force size in Darwin, Katherine and Exmouth.

Should the government be minded to choose higher cost options, additional investment of \$4–8 billion over the decade might include:

- *comprehensive hardening of northern base infrastructure* (\$2–4 billion), to defined and publicly specified standards, against ballistic and cruise missile attack; this is the largest and most consequential adequacy gap in the program
- *dispersal infrastructure across the northern base network* (\$800 million–\$1.5 billion), including Curtin, Scherger and other bare bases, to enable the rapid reconstitution of operations after damage
- *allied use rights and sovereignty architecture* (\$300–500 million in supporting infrastructure), including the Australian C2 nodes required to maintain national authority over allied operations from sovereign bases
- *integrated cyber and physical security increase across the northern base network* (\$500 million–\$1 billion), recognising that base infrastructure depends on digital systems that themselves require hardening and redundancy.

This high-end addition would provide materially better hardening, dispersal and sovereignty architecture.

The northern base program is the most integration-dependent CIP in the IIP. Its value depends on the platforms that it hosts (Hunter, Hobart, F-35A, Wedgetail, SSN), the logistics that flow through it (CIP 8), the IAMD that protects it (CIP 7), and the C2 architecture that integrates it (CIP 9). Coordinated program delivery across those CIPs is the binding requirement.

CIP 12: Enabling investments

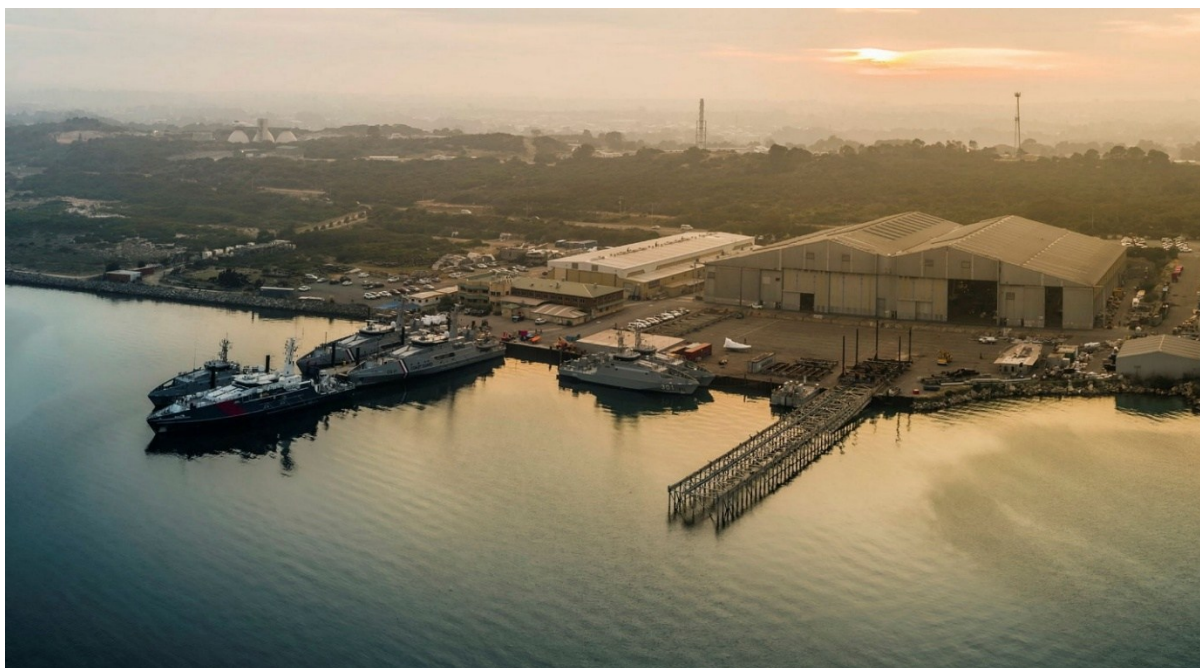


Image: Naval shipbuilding at Austral Shipyard, Henderson, Western Australia. [Defence Images](#)

CIP 12 is the largest single allocation in the IIP if measured by the line items that it consolidates: \$123–159 billion over the decade for the continuous naval shipbuilding enterprise (per the 2024 Naval Shipbuilding and Sustainment Plan), plus \$30–40 billion for enterprise infrastructure, \$12–15 billion for enterprise data and ICT, and \$4.3 billion for the ASCA. The headline obscures more than it reveals: the naval shipbuilding figure overlaps with the platform programs in CIPs 1 and 2, the enterprise infrastructure number overlaps with CIP 11, and the ICT investment is the technical substrate beneath every other CIP.

Enabling investments are by their nature crosscutting. They're connective tissue, not delivering a specific weapon system or platform but creating the conditions within which all other capabilities can be generated, trained, deployed and sustained: physical spaces, digital networks, industrial capacity, innovation pathways. They're harder to visualise as discrete capability outcomes, which historically has made them vulnerable to prioritisation trade-offs in favour of visible platforms.

The 2026 NDS addresses that by framing enabling investments as a prerequisite for the integrated, focused force.¹⁸³ A force that operates on legacy ICT systems, lives in substandard accommodation, trains in outdated facilities and has no mechanism for rapidly fielding innovative capabilities isn't a high-performing military capable of meeting the NDS threat assessment. The enabling investment program is, in this sense, as much about organisational and institutional modernisation as it's about physical and digital infrastructure.

CIP 12 encompasses four broad investment categories:

- *Enterprise infrastructure*: the Defence estate, bases, training establishments, health facilities, administrative headquarters, warehousing and logistics nodes, across the full breadth of the Australian landmass (\$30–40 billion total in IIP Table 12)

- *Enterprise data and ICT*: the digital networks, cloud architecture and analytics that underpin the modern integrated force (\$12–15 billion in IIP Table 13)
- *Naval shipbuilding and sustainment*: the continuous shipbuilding enterprise that maintains sovereign industrial capacity (\$123–159 billion over the decade per the 2024 Naval Shipbuilding and Sustainment Plan)
- *ASCA*: the government's bet that the pace of technological change requires a dedicated mechanism for accelerating innovation into capability (\$4.3 billion across the decade).

The Defence Estate Audit's recommendation to divest 67 sites not aligned with current or future capability needs represents a significant rationalisation of a sprawling estate that has accumulated over a century of Australian defence activity. The government's 2026 agreement to all 20 audit recommendations, with the commitment to reinvest divestment proceeds into strategy priorities including northern bases, creates a self-funding rationalisation cycle.¹⁸⁴

Enterprise data and ICT is the nervous system of the modern integrated force. The ability to share data securely across domains, to command and control dispersed forces in contested environments, to leverage AI for decision advantage, and to maintain cyber resilient networks under attack aren't optional extras. They're operational necessities. The Google Australia multi-year cloud agreement (2025) signals that Defence is moving towards hyperscale commercial cloud infrastructure for its ICT environment, a significant architectural decision with long-term implications for vendor dependency, security architecture and data sovereignty.¹⁸⁵

ASCA signifies the government's recognition that the pace of technological change requires a dedicated mechanism for accelerating innovation into capability—one that can operate faster than the Defence Capability Plan and Capital Framework processes that govern conventional acquisition. Established on 1 July 2023, ASCA is still maturing, but the January 2026 \$40 million Emerging and Disruptive Technologies (EDT) Program investment in AI and decision advantage (14 contracts) demonstrates that it's beginning to deliver concrete outputs.¹⁸⁶

Naval shipbuilding and sustainment is the largest single enabling investment in the IIP and the most consequential test of Australia's industrial sovereignty. The Hunter-class frigate program transitioned to construction phase on 1 July 2024, with three ships commenced. The DEF 1 (Nuclear-powered submarines) project entered key agreements in 2024–25, including the AUKUS Naval Nuclear Propulsion Agreement and the tripartite SSN-AUKUS shipbuilding partners' agreement. Continuous shipbuilding at the Henderson Defence Precinct in Western Australia, confirmed in the 2026 Budget, is the next phase of the enterprise.

The NDS requires CIP 12 enabling investments to deliver four distinct effects: enable, integrate, accelerate and renew. Each maps to specific operational and institutional requirements:

- *Enable*: The enterprise infrastructure must enable the ADF to recruit and train at scale, house and care for its personnel and their families, operate from modern and resilient bases, and sustain its platforms and systems through their full life cycles. The performance standard is sufficient capacity in training establishments to absorb

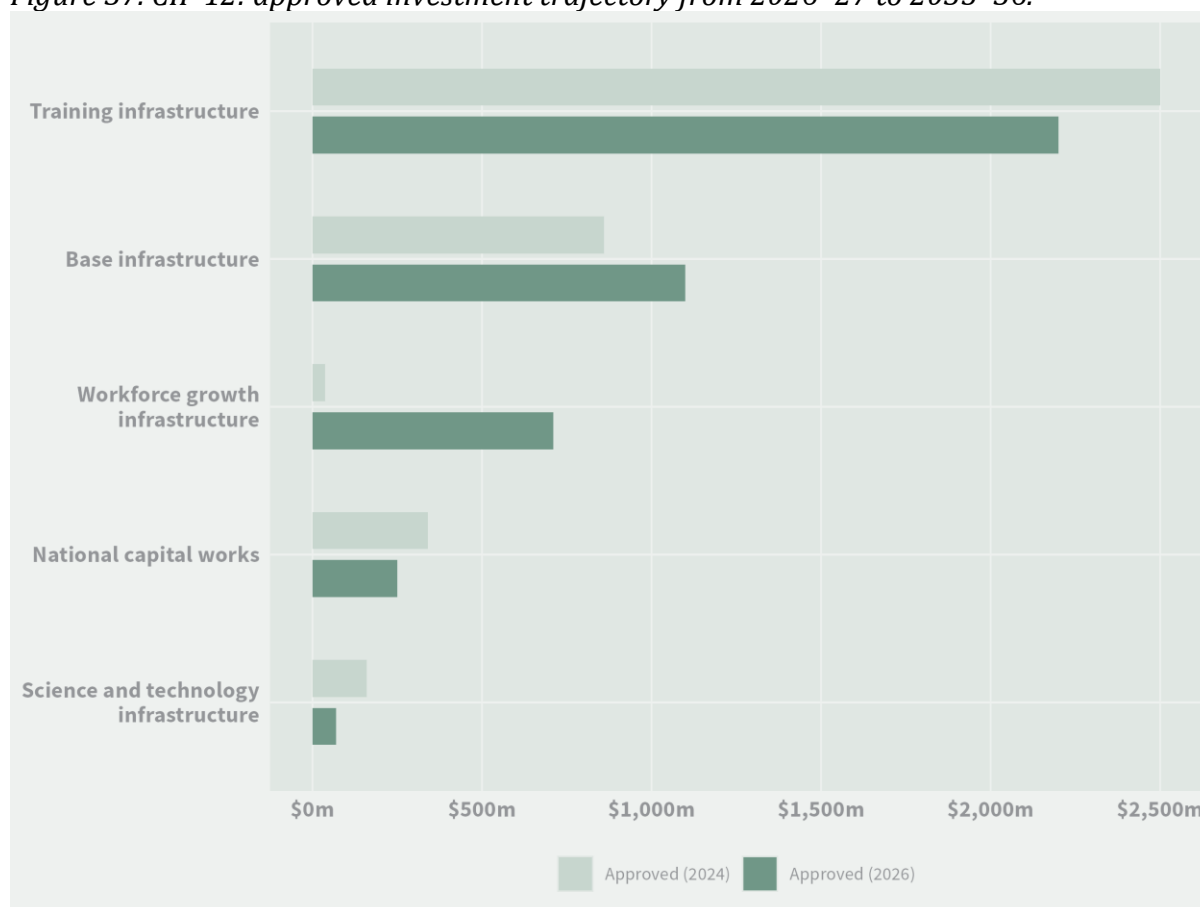
the workforce growth required by the Defence Workforce Plan, sufficient housing and family infrastructure to retain a posted force at northern and remote locations, and sufficient base, sustainment and warehousing infrastructure to support the integrated, focused force across its operational tempo.

- *Integrate:* The enterprise data and ICT layer must integrate Defence's information environment across security domains, allied partners and external service providers, while delivering decision advantage through AI-enabled analytics. The performance standard is interoperability with the JABMS (CIP 7), theatre C2 (CIP 9) and Five Eyes coalition networks; secure, sovereign control of mission-critical data; and the analytical capacity to support rapid decision cycles in contested environments.
- *Accelerate:* ASCA must accelerate emerging and disruptive technologies into operational capability faster than conventional acquisition timelines allow. The performance standard is the demonstrable transition of ASCA mission outputs into approved, acquired and fielded capability, with a measurable contribution to closing capability gaps that conventional acquisition can't address inside the NDS timeline.
- *Renew:* The naval shipbuilding enterprise, and the broader sovereign industrial base, must renew Australia's capacity to design, build, sustain and modernise major maritime, land and air capabilities. The performance standard is sustained shipbuilding workforce growth (8,500 jobs by 2030, 28,500+ by 2040 per the 2024 Naval Shipbuilding and Sustainment Plan¹⁸⁷), continuous productivity improvement at Osborne and Henderson, and the achievement of sovereign capability for selected critical systems.

Those four effects are mutually dependent. Without enterprise ICT integration, the platforms produced by the shipbuilding enterprise can't be effectively networked. Without enterprise infrastructure, the workforce needed to operate the platforms can't be generated. Without ASCA, the platforms enter service with capability assumptions that are obsolete by the time they reach IOC. Without renewal, sovereign control over the most critical systems is contingent on allied supply-chain decisions made elsewhere.

Investment profile

Figure 37. CIP 12: approved investment trajectory from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

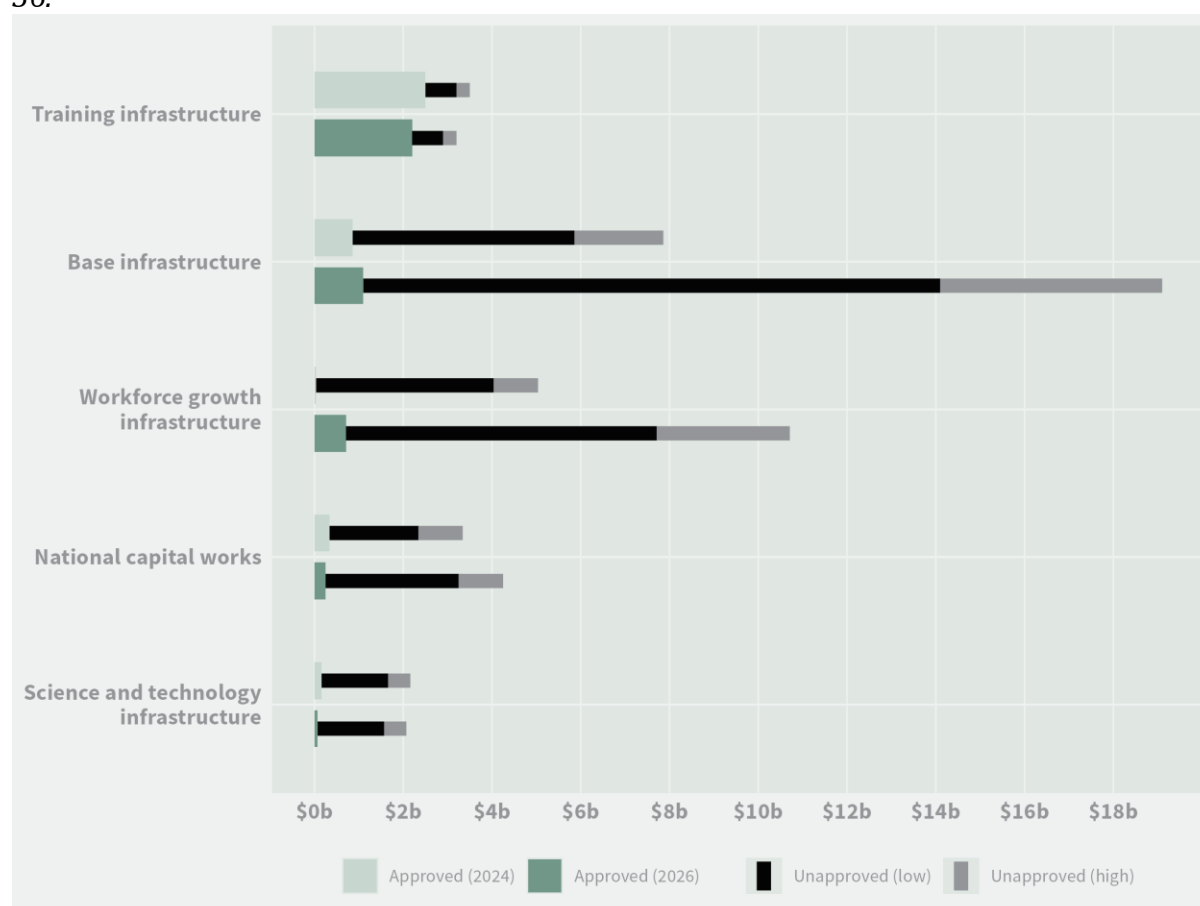
The four CIP 12 categories carry the following approved totals against decade ranges:

- *Enterprise infrastructure*: \$4.3 billion approved against \$30–40 billion total (concentrated in training infrastructure at \$2.2 billion)
- *Enterprise data and ICT*: \$2.6 billion approved against \$12–15 billion total (concentrated in enterprise networks at \$1.9 billion)
- *Naval shipbuilding and sustainment*: \$123–159 billion over the decade per the 2024 Naval Shipbuilding and Sustainment Plan
- *ASCA*: \$3.4 billion fixed across the decade.

The aggregate picture is a CIP that, when fully captured, accounts for more than \$200 billion of Defence expenditure across the decade, much of it through the naval sustainment line. The IIP tables 12 and 13 alone capture only a portion of the enabling investment.

In 2024–25, delivery against enabling investment commitments was mixed. Significant policy and governance milestones were achieved, but physical infrastructure delivery was constrained by design, procurement and construction timelines inherent to large estate programs.

Figure 38. CIP 12: approved versus unapproved investment range from 2026–27 to 2035–36.



Sources: 2026 IIP and 2026–27 PBS.

Policy and governance milestones

The government agreed to all 20 Defence Estate Audit recommendations in 2026, including 67 site divestments, a major policy achievement that will take years to execute but provides clear direction for estate rationalisation. The Defence Net Zero Strategy and Defence Future Energy Strategy (released in 2024) set the framework for Defence's transition to clean energy in an enabling investment with implications for base resilience and operating costs.

Digital milestones

The Google Australia multi-year agreement for air-gapped, hyper-scale cloud capability was signed in 2025. The agreement provides the foundation for the One Defence Data Program and future AI/machine-learning analytics. The One Defence Data Program launched successfully in 2025, and the platform is positioned as Defence's single source of truth for operational and corporate data. The Enterprise Resource Planning system's first phase was completed, integrating finance, procurement, supply-chain maintenance and personnel performance management across Defence. The Defence payroll system increase commenced, addressing longstanding reliability and accuracy issues.

Table 14. Investments in enterprise infrastructure to 2035–36 (A\$).

	Table 12: Investments in enterprise infrastructure		
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Training and workforce growth infrastructure			
Training infrastructure	\$2.2bn	\$700m – \$1bn	\$2.9bn – \$3.2bn
Workforce growth infrastructure	\$710m	\$7bn – \$10bn	\$7.7bn – \$11bn
Base infrastructure	\$1.1bn	\$13bn – \$18bn	\$14bn – \$19bn
Science and technology infrastructure	\$70m	\$1.5bn – \$2bn	\$1.6bn – \$2.1bn
National capital works	\$250m	\$3bn – \$4bn	\$3.3bn – \$4.3bn
Total	\$4.3bn	\$25bn – \$35bn	\$30bn – \$40bn

Note: The above figures do not include ongoing general and routine estate maintenance investment.

Source: 2026 IIP, Table 12.

ASCA milestones

January 2026 saw the \$40 million EDT Program investment in AI and decision advantage, including 14 contracts to universities and industry for machine reasoning, automated data integration and AI decision support. Mission Syracuse (counter-small-UAS) progressed through stages 1 and 2, and effector technology maturation is underway. This is ASCA's most publicly visible operational mission and demonstrates the Missions Program model.

Physical infrastructure

Riverina redevelopment works are underway at RAAF Base Wagga Wagga, Albury Wodonga Military Area and Blamey Barracks Kapooka, supporting Air Force, logistics and Army recruit training. ADFA living-in accommodation expansion is in planning for workforce growth. Construction of the next-generation Young Endeavour II is underway. Edinburgh Defence Precinct and RAAF Bases Amberley, Pearce and Richmond are receiving investments to support Air Force training and aircraft maintenance.

Table 15. Investments in enterprise data and ICT to 2035–36 (A\$).

	Table 13: Investments in enterprise data and ICT		
Capability Element	Approved Planned Investment (2026–27 to 2035–36)	Unapproved Planned Investment (2026–27 to 2035–36)	Total Planned Investment (2026–27 to 2035–36)
Enterprise networks	\$1.9bn	\$5bn - \$7bn	\$6.9bn - \$8.9bn
Enterprise systems	\$230m	\$4bn - \$5bn	\$4.2bn - \$5.2bn
Future investments	\$420m	nil	\$420m
Total	\$2.6bn	\$9bn - \$12bn	\$12bn - \$15bn

Note: Future investments includes minor projects, experimentation, innovation, research, testing and evaluation.

Source: 2026 IIP, Table 13. All figures in A\$ billion unless otherwise stated.

ICT projects in detail

The Communications Security Modernisation project (JP 9141) has approved expenditure of \$1.329 billion. 2024–25 actual spending was \$187 million against the budgeted \$202 million (–\$20 million variation); delays were due to US Government security accreditation. The Enhanced High Frequency Communications System (JP 9101) had budgeted \$81 million against an actual \$131 million (–\$52 million variation), primarily due to contract rescoping with the prime systems integrator.

Naval shipbuilding progress

The Hunter-class frigate (SEA 5000) transitioned to construction phase on 1 July 2024 when three ships were commenced; design and production phases continue through 2027–28. records actual expenditure of \$1.366 billion versus budgeted expenditure of \$1.356 billion (on plan).

Enabling investments support three distinct workforce streams, each with specific challenges.

Defence Estate and Infrastructure Group (DEIG)

DEIG is responsible for delivering \$2.4 billion in major projects annually. DEIG’s capacity to manage that pipeline, particularly with the northern base, training infrastructure and SSN-related projects running simultaneously, is a genuine constraint.

Digital and ICT workforce

The Google cloud agreement and the Enterprise Resource Planning system implementation require specialist ICT skills in cloud architecture, cybersecurity, data engineering and enterprise systems integration. Defence’s ICT workforce has historically been contractor dependent, and the Strategic Commissioning Framework’s

emphasis on insourcing APS capability creates pressure to grow an organic digital workforce. The EDT Program's focus on AI and decision advantage also requires a pipeline of AI/machine-learning specialists within Defence.

Naval shipbuilding workforce

The 2024 Naval Shipbuilding and Sustainment Plan projects 8,500 shipbuilding jobs by 2030 and 28,500+ by 2040.¹⁸⁸ ASC, BAE Systems Australia, Hanwha and associated supply-chain companies are collectively building the workforce. The skills pipeline, apprenticeships, vocational training and university partnerships, is a long-lead investment that must begin well ahead of peak production demand.

The adequacy of the CIP 12 enabling investment program must be assessed against six criteria: quantum, timing, balance, integration, resilience and sovereignty:

- *Quantum:* When fully captured, including naval shipbuilding and sustainment, CIP 12 is the largest single line of Defence expenditure across the decade. In national terms, the quantum is substantial. The 11%–14% approval rate on enterprise infrastructure and 17%–22% on enterprise data and ICT, however, leaves most of the enabling investment required by the NDS unfunded today. The naval shipbuilding line is comparatively well committed through the 2024 Naval Shipbuilding and Sustainment Plan and current contracts.
- *Timing:* Enabling investments must be ready when the capabilities they enable arrive. If HMAS Stirling's SSN maintenance facility isn't complete when Virginia-class submarines begin visiting in 2027–28, the AUKUS Optimal Pathway will be directly compromised. If enterprise ICT systems aren't interoperable with the JABMS (AIR 6500) when it reaches IOC, the decision advantage that the system is intended to deliver will be degraded. If training establishments can't absorb the increased recruit numbers required by the Defence Workforce Plan, the integrated, focused force will be undermanned. The temporal mismatch between enabling investment approval rates and capability delivery schedules in other CIPs is the central program-management risk.
- *Balance:* The current allocation favours mature elements (training infrastructure, enterprise networks, naval shipbuilding through existing contracts) over the more complex and politically sensitive elements (base infrastructure, workforce growth infrastructure, ASCA transition to acquisition). The balance is appropriate to program maturity but not necessarily to strategic priority.
- *Integration:* Integration across enabling investments and other CIPs is the central challenge of the program. Examples are visible across this report: northern bases (CIP 11) depend on enterprise infrastructure; theatre C2 (CIP 9) depends on enterprise data and ICT; IAMD (CIP 7) depends on the enabling investments that host its sensors and effectors; theatre logistics (CIP 8) depends on the enterprise infrastructure that pre-positions its supplies. *There's limited public evidence that a coherent integration framework exists.* This is the most important adequacy gap in the entire IIP.
- *Resilience:* The Google Australia cloud agreement is strategically significant but creates a degree of vendor dependency that requires careful management. The IIP's emphasis on zero trust architecture and data sovereignty suggests that Defence has

considered those risks, but the concentration of Defence's cloud infrastructure in a single hyperscaler relationship warrants continued scrutiny. The Communications Security Modernisation delays (JP 9141, -\$20 million variation) related to US Government security accreditation illustrate how vendor and ally dependencies can create schedule risk in ICT programs.

- *Sovereignty*: Naval shipbuilding sovereignty is a genuine sovereign capability achievement, particularly given the depth of allied technology transfer involved in AUKUS. Enterprise ICT sovereignty depends on the design of the Google relationship, the architecture of sovereign data and AI policies, and the implementation of zero trust architecture. ASCA's value is realised when mission outputs transition from innovation programs into approved capabilities. Mission Syracuse has progressed through two stages, but the transition pathway from mission completion to acquisition approval and fielding isn't clearly documented in public reporting. If ASCA innovations don't transition into the formal capability pipeline, the \$3.4 billion investment delivers experimentation outcomes but not operational capability.

The enabling investment program is the strategic backbone of the IIP. On a balance of the six criteria, it's *partially adequate*, with strong commitments on naval shipbuilding and a credible cloud and data architecture, but with critical gaps on cross CIP integration, ICT vendor dependency management, and ASCA's transition from innovation to fielded capability. The 11%–22% approval rates across enterprise infrastructure and ICT are the limits on closing those gaps inside the decade.

If the current program isn't sufficient against the NDS standard, the question is: how much additional investment, and in what categories, would close the gap?

Low- to mid-cost additional investment of \$5–8 billion over the decade could include:

- *cross-CIP integration framework and dedicated program-management capacity* (\$500 million–\$1 billion), establishing an explicit, resourced integration framework across the IIP, with public visibility of dependencies, timelines and delivery milestones
- *acceleration of base infrastructure approvals to align with platform delivery* (\$2–3 billion), particularly for the SSN, Hunter, Hobart and F-35A platforms, the effectiveness of which depends on supporting infrastructure
- *workforce growth infrastructure acceleration* (\$1–2 billion), bringing housing, schooling and family services capacity at northern and remote locations into committed status earlier in the decade
- *DEIG project delivery capacity increase* (\$300–500 million), addressing the persistent under-resourcing of project-management capacity in the estate program
- *ASCA transition to acquisition pathway* (\$300–500 million within the existing \$4.3 billion envelope, reallocated rather than added), with explicit funding for the transition step from mission completion to capability approval.

Should the government be minded to choose higher cost options, additional investment of \$8–15 billion over the decade might include:

- *sovereign cloud resilience investment* (\$1–2 billion), reducing single-vendor dependency through redundant sovereign cloud architecture or accelerated transition options that complement the Google Australia agreement
- *AI and decision advantage capacity beyond the current EDT envelope* (\$1–2 billion), recognising that AI integration across CIPs may be more extensive and more expensive than ASCA’s current allocation supports
- *cross-cutting cyber resilience investment across enabling infrastructure* (\$1–2 billion), specifically targeting the cyber/physical seams where logistics, ICT and base infrastructure depend on each other
- *sovereign manufacturing capacity for critical enablers* (radar systems, satellite ground stations, cyber defence platforms) (\$2–4 billion), building industrial base depth that extends sovereign capability beyond shipbuilding alone
- *renewal of training and professional development infrastructure for the digital workforce* (\$1–2 billion), expanding the supply pipeline to match the demand growth implied by the Workforce Plan and the Strategic Commissioning Framework.

This high-end addition would give CIP 12 materially better integration, sovereignty depth and resilience to vendor and ally dependencies.

CIP 12 is the integration backbone of the entire IIP. Its adequacy is measured by whether the other 11 CIPs can deliver their committed capabilities on schedule. The integration cost is therefore not an additional cost line for CIP 12 but a measure of cross-program coherence. The single most consequential investment Australia could make in CIP 12 is the establishment of a credible, resourced and publicly visible integration framework.

Conclusions

The 2026 edition of *The cost of Defence* has applied a lens of three questions, uniformly across the 12 CIPs. Against the government's strategy, how does the budget look? Against the budget, how is delivery going? And, where the answer is *not enough*, what would be enough?

Against the strategy

The 2024 NDS was the cleanest articulation of strategic concepts Australia has produced in over a generation. The 2026 NDS refined it, added detail to the Indo-Pacific assessment, and reaffirmed the Strategy of Denial as the operating concept. Australia is in a better strategic place than at any point in the past 25 years. What the strategy doesn't do, and couldn't do, is solve the institutional and industrial base problems that decades of structural underinvestment have left. The 2026 IIP is consistent with the Strategy of Denial. Its execution requires institutional capacity that's yet to happen.

Against the budget

The 2026–27 Budget is the first test of the 2026 NDS announceable. On the data we've set out across this report, *the real money is down, and the promised money may never come*. That's the rhetoric versus reality gap *The cost of Defence* series exists to measure, and the 2026–27 Budget has opened the gap rather than closed it.

The real money is down: the 2026–27 appropriation is a nominal decrease on the 2025–26 estimated actual; acquisition is down \$724 million; sustainment is down \$283 million; the operating line falls with them; only workforce grows, and even workforce grows in nominal terms only. In real terms, acquisition declines by 5%–6% year on year.

The promised money may never come. Of every dollar in the \$53 billion decade announceable, about 4 cents is appropriated in this Budget year. The remainder sits in forward estimates promises, decade out-year profiles, Commonwealth Contingency Reserve allocations, and alternative financing intentions that the Budget papers don't specify. The 2009 *Defending Australia in the Asia Pacific Century White Paper* precedent, where the cumulative shortfall reached approximately \$48 billion, shows that promises of this kind are altered by subsequent budgets. On the like-for-like baseline reconstruction set out in 'Against the baseline' in the introduction, the \$14 billion forward estimates announceable amounts to a \$1.2 billion decrease.

Four structural choices in this Budget reinforce the gap. The Treasurer's 'Resilience and reform' framing places Defence inside the resilience pillar, which both legitimises broader security spending across portfolios and disperses accountability for delivering a national defence outcome. The government's 3.0% of GDP by 2033–34 (against the NATO standard) claim cannot be verified and is a long way from the NATO standard of 3.5% by 2035. Alternative financing remains a policy intention rather than a funded program. And the approval gap concentrates in the connective tissue CIPs at single digit to low double digit approved shares, where the joint force is integrated rather than where the platforms sit.

The Defence Delivery Reforms scheduled for 2027–28 are the test that the next Budget will be asked to pass (see ‘Reform’ chapter). The conversion ratio of unapproved to approved investment is the analytical signal that reform is doing what the 2026–27 Budget banked it to do. The stability of that ratio at approximately one-third across a period of substantial IIP growth suggests that the limit isn’t strategic but institutional.

A foundational transparency gap underlies every analysis of Defence spending against capability outcomes: the PBS and the IIP use fundamentally different organising logics, and there’s no published table that maps one to the other. The Defence Delivery Reforms are the opportunity to publish, in the next Budget cycle, a clear and ongoing PBS to IIP methodology. Without that, the relationship between defence spending and capability outcomes remains a question that the public can’t answer.

Against delivery

Three delivery patterns recur.

Major approved programs are largely on schedule with normal program variance. The Apache, Black Hawk, Boxer, Redback, M1A2 Sepv3, P-8A, KC-30A, F-35A and Hobart-class enhancement programs are all underway. The newer programs (MC-55A, MQ-4C, MQ-28A Ghost Bat, sovereign satellite communications, GP frigate and LOSV) are at earlier and more variable stages. The SSN program, which is the largest single line, is on the AUKUS Pillar 1 Optimal Pathway trajectory, with the binding milestone being SRF-West in 2027 and the first Virginia-class arrival in 2033. The April 2026 US congressional warning on Virginia-class delivery, alongside the simultaneous Pentagon contracting of the AUKUS engineering and design work, is the most consequential current signal that the SSN bridge could compress.

Several investment lines have moved sharply, in both directions. Compared with the 2024 IIP, the 2026 IIP shows substantial increases in sea-based and land-based strike, MQ-28A uncrewed systems and air mobility. It also shows substantial reductions in approved investment in cyber capabilities (from \$1.4 billion to \$230 million), air-launched strike (from \$260 million to nil), air-launched hypersonic weapons (from \$1.5 billion to \$27 million), and EW (from \$720 million to \$430 million). The reductions in air-launched strike and hypersonic weapons are difficult to reconcile with the deteriorating threat environment and warrant explanation in the next biennial cycle.

Workforce delivery is the most consistent underperformance, and the institutional acquisition system is being tested by the volume of programs in concurrent execution. The detail sits in the CIP chapters; the consolidated workforce judgement is in Finding 1 of the Executive summary.

Sustainment is the most visible delivery problem in 2026–27. PBS Table 4b (Capability Sustainment Program) is down \$283 million year on year, and the operating line is down with it. The whole-of-government defence spend falls in 2026–27 in nominal terms. The 2026–27 Budget is asking Defence to absorb further reductions in sustainment and operating funding while the workforce builds up, and the future platforms remain a decade away. *The present force is being asked to carry the deterrence load with less.*

What would be enough

Across the CIPs assessed in this report, the cumulative additional investment needed to close the principal adequacy gaps is in the order of \$24–42 billion at the low end and \$48–86 billion at the high end over the decade. The low-end addition is principally workforce, stockpile depth, sovereign production acceleration and infrastructure, an additional 5%–10% of decade capability investment. The high-end addition is principally capacity and quantity expansion, an additional 11%–20%.

The single most cost-effective additional investment, dollar for dollar, is in the workforce. Without the workforce, the platforms can't be operated, the programs can't be delivered, and the strategic concept can't be sustained. The second most consequential opportunity is the balance between foreign acquisition and sovereign production: the CIP 10 finding that publicly committed US missile procurements outweigh domestic industry programs by approximately seven to one is a pattern that holds across multiple CIPs. The third is the restoration of at least a portion of the air-launched strike and EW lines that have been cut between the 2024 and 2026 IIPs.

The bottom line

The strategy is set. The budget is structured. Delivery has started. Across the 12 CIPs, the program is necessary, broadly correctly sized, and binding on delivery rather than on policy or funding. The principal adequacy gaps are workforce, sovereignty acceleration, sustained operations resilience and cross-CIP integration.

The most consequential of those gaps is the present-day preparedness gap that the 2026–27 Budget itself opens. The present force is being asked to carry the deterrence load with less.

The opportunity cost of the DEF 1 cost trajectory is the second finding. If DEF 1 continues its present trajectory, it will continue to draw money out of the IIP's decade-long plan. The structural risk is that the program crowds out the connective-tissue CIPs (CIPs 3, 4, 7, 8, 9, 11 and 12), which sit disproportionately in the out-years, and which are the cross-CIP integration finding. AUKUS Pillar 1 has, in budget terms, become its own centre of gravity. The investment case for the program was that it would deliver a transformational submarine capability without cannibalising the rest of the force; the early evidence is that the rest of the force is, in fact, being held back to feed it. The government should publish, in subsequent budgets, a transparent reconciliation of how DEF 1 reprofiling is affecting the rest of the IIP, including an explicit accounting of opportunity cost.

What's required from here is institutional discipline more than additional design. The 2027–28 Budget will be the second major delivery test. By 2028–29, the trajectory of the IIP will be observable in delivered capability. The Strategy of Denial is achievable on the program as designed, albeit over a longer time frame than we should be comfortable with, with the workforce and sovereignty investments outlined and with a deliberate restoration of present-day preparedness funding in the 2027–28 Budget rather than its further compression. The decade ahead is a test of whether Australia has the institutional follow-through to see it through.

Acronyms and abbreviations

AARGM-ER	Advanced Anti-Radiation Guided Missile – Extended Range
ADF	Australian Defence Force
ADV	Australian Defence Vessel
AEW&C	airborne early warning and control
AGO	Australian Geospatial-Intelligence Organisation
AI	artificial intelligence
ANAO	Australian National Audit Office
APS	Australian Public Service
ARH	armed reconnaissance helicopter
ASA	Australian Submarine Agency
ASCA	Advanced Strategic Capabilities Accelerator
ASD	Australian Signals Directorate
ATTE	Advanced Test and Training Environment
AUKUS	Australia, United Kingdom and United States trilateral security partnership
AWMC	Australia Weapons Manufacturing Complex
BMS	battle management system
C2	command and control
CBRN	chemical, biological, radiological and nuclear
CIP	capability investment priority
CPI	Consumer Price Index
DEIG	Defence Estate and Infrastructure Group
DSR	Defence Strategic Review
DSU	Defence Strategic Update
DTE	Defence Targeting Enterprise
EDT	emerging and disruptive technologies
EW	electronic warfare
FMS	foreign military sales
FOC	final operational capability
GDP	gross domestic product
GMLRS	Guided Multiple Launch Rocket System
GP	general purpose
GWEO	guided weapons and explosive ordnance
HACM	hypersonic attack cruise missile
HIMARS	High Mobility Artillery Rocket System
IAMD	integrated air and missile defence
ICT	information and communications technology

IIP	Integrated Investment Program
IOC	initial operating capability
ISR	intelligence, surveillance and reconnaissance
JABMS	Joint Air Battle Management System
JADC2	led joint all domain command and control
JASSM-ER	joint air-to-surface standoff missile – extended range
JATM	Joint Air Tactical Missile
JORN	Jindalee Operational Radar Network
JSM	joint strike missile
LHD	landing helicopter dock
LOSV	large optionally crewed surface vessel
LOSV	large optionally crewed surface vessels
LOTE	life-of-type extension
LRASM	long-range anti-ship missile
MCMs	mine countermeasures
MPR	<i>Major projects report</i>
MRH	multi-role helicopter
NASAMS	National Advanced Surface-to-Air Missile System
NATO	North Atlantic Treaty Organization
NDS	National Defence Strategy
NSM	naval strike missiles
NSW	New South Wales
OPV	offshore patrol vessels
PAES	Portfolio Additional Estimates Statement
PBS	Portfolio Budget Statement
PrSM	precision strike missile
R&D	research and development
RAAF	Royal Australian Air Force
RAF	Royal Air Force
RAN	Royal Australian Navy
REDSPICE	resilience, effects, defence, space, intelligence, cyber and enablers
SATCOM	satellite communications
SCIFiRE	Southern Cross Integrated Flight Research Experiment
SEAD	suppression of enemy air defences
SFR	Surface Fleet Review
SIPRI	Stockholm International Peace Research Institute
SMEs	small and medium-sized enterprises
SouthPAN	Southern Positioning Augmentation Network
SRF-West	Submarine Rotational Force – West

SSN	nuclear-powered attack submarine
STEM	science, technology, engineering and mathematics
UAS	uncrewed aerial system
UAV	uncrewed aerial vehicle
UK	United Kingdom
WGS	Wideband Global Satcom
XL-AUV	extra-large autonomous undersea vehicle

Appendix: Methodology

This appendix collects the methodology that supports the report's headline judgements.

Cost of Defence per day, per person, per week, per household calculations

The per day calculation divides 2026–27 PBS total of \$66.4 billion by 365, giving approximately \$181.9 million per day. The per capita calculation divides the same total by the Australian Bureau of Statistics estimated resident population for 2026 of approximately 28.16 million, giving approximately \$2,358 per Australian per year, or \$45.35 per week, or \$6.46 per day. The per household calculation uses the bureau's 2021 Census average household size of 2.5 persons, giving approximately \$5,895 per household per year.

The approval versus unapproved share methodology

Per-CIP approved and unapproved investment totals are taken from the 2026 IIP at the level of the published capability element ranges. Where the IIP publishes a range (the standard convention), the report carries the range and quotes percentage shares as ranges to preserve the underlying uncertainty. The decade total in each CIP is the sum of approved and unapproved spending at the lower and upper ends of each range. The approved share is the approved figure as a percentage of the decade total range.

The like-for-like baseline reconstruction

The like-for-like baseline reconciliation set out in the 'Against the baseline' subsection is reconstructed by us from the 2025–26 PAES. We reconstruct the pre-NDS funding line from the 2025–26 PAES: the PAES doesn't publish a single multi-year line, so the line is built from the PAES Table 6 budget measures and adjustments plus the 2024 NDS's figure for 2029–30. The reconciliation against the 2026–27 PBS uses the published consolidated Defence funding line. The three classes of adjustment (foreign exchange, external labour savings and other budget measures), are taken from Budget Paper No. 1 Statement 4 and the PBS Table 2 footnotes.

The cent-on-the-dollar arithmetic

The cent-on-the-dollar arithmetic splits the \$53 billion decade announceable into four parts: the Budget year appropriation, the forward estimates appropriation, the decade out-year promises inside the measure, and the Contingency Reserve and alternative financing components. The Budget year figure is sourced from the 2026–27 Budget Paper No. 1 and the 2026–27 PBS. The forward estimates figure aggregates the four years of the forward estimates as appropriated. The decade out-year figure is the residual from the decade total. The Contingency Reserve and alternative financing component is sourced from the 2026 NDS and the 2026–27 Budget papers; the alternative financing component is signalled but not appropriated.

For the dollar-by-dollar reconstruction, of the \$53 billion decade announceable, approximately \$2.16 billion is appropriated in 2026–27 (the 4 cent share). Approximately \$4.64 billion is committed across the forward estimates from 2027–28 to 2029–30 (the 9 cent share). Approximately \$28.8 billion is promised across the decade out-years from 2030–31 to 2035–36 in profiles that future Budgets haven't yet

committed (the 54 cent share). Approximately \$17.4 billion is tied to the Contingency Reserve pending future decisions and to alternative financing through mechanisms that the Budget papers don't specify (the 33 cent share). The four-component split is made explicit in Budget Paper No. 2 (page 71). The combined 2024 NDS plus 2026 NDS announceable (announced since the 2023 DSR) stands at approximately \$30 billion over the forward estimates and \$117 billion over the decade. The proportion of that combined commitment that's appropriated rather than carried as a future decision placeholder isn't directly reported in the public PBS.

The 3.0% of GDP gap calculation

The government's 3.0% of GDP commitment (under the NATO measure) is tested against Treasury's published nominal GDP series in Budget Paper No. 1 Statement 2. The NDS funding trajectory of approximately \$106.7 billion in 2033–34 is set against Treasury's published nominal GDP of approximately \$4,267 billion in 2033–34, giving approximately 2.50% of GDP on the Traditional appropriation measure. On Defence's NATO methodology, which adds military superannuation, Defence Housing, Department of Veterans' Affairs non-medical pensions and compensation, Australian Naval Infrastructure investment, elements of the Australian Border Force, and elements of the Australian Intelligence Community, the same trajectory reaches approximately 3.0% of GDP in 2033–34. The two measures should not be conflated. The year by year series for both bases, drawn from the 2026–27 PBS, is reproduced below.

	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34
GDP percentage Traditional	2.1%	2.0%	2.0%	2.2%	2.2%	2.4%	2.3%	2.4%	2.5%
GDP percentage NATO methodology	2.8%	2.6%	2.6%	2.8%	2.8%	2.9%	2.8%	2.9%	3.0%

Source: The year-by-year GDP series on both the traditional appropriation basis and the NATO methodology basis from the 2026–27 PBS, supplied by Defence.

The corresponding calculation for 2035–36 uses Treasury's published nominal GDP of approximately \$4,700 billion against an NDS trajectory of approximately \$112 billion (the NDS Table 1 endpoint), giving approximately 2.39% of GDP on the traditional appropriation measure. On Defence's NATO methodology, which we cannot verify, the 3.0% benchmark is reached in 2033–34. The two measures are not interchangeable, and the analytical critique pursued in the NATO 5% chapter is of the disclosure standard around the NATO additions rather than of the underlying arithmetic.

Constant price terms convention

Constant prices as quoted in the report are in constant 2026-27 dollars, derived using ABS timeseries and Budget Paper No.1's estimate of CPI inflation.. Where expenditure is reported in nominal terms, the figures are taken directly from the source documents.

The base year choice of 2024–25 reflects the most recent Defence annual report and the 2026–27 PBS convention. The CPI is preferred over the GDP deflator and the Wage Price Index as the general price level deflator across the report’s historical reconstructions; where the workforce line is being assessed in real terms, the Wage Price Index is also reported. Where the Capability Acquisition Program is being assessed in real terms, the report flags the defence equipment inflation premium of 1 to 2 percentage points above the general CPI but doesn’t apply a bespoke acquisition deflator.

Inflation impacts on the Defence trajectory: derivation

The headline Defence funding figures are in nominal dollars. Treasury’s published inflation forecasts shape the real terms reading of the trajectory. CPI growth peaks at 5% in 2025–26, driven by the oil price spike from the Middle East conflict, then returns to 2.5% across the forward estimates as Treasury’s central forecast assumes oil prices return to pre-conflict levels by mid-2027. The Wage Price Index grows at 3.25% in 2025–26 and 3.5% across most of the forwards, rising to 3.75% in 2029–30. The GDP deflator grows at 4.25% in 2025–26 and moderates from there.

Three implications follow for the Defence trajectory. First, the 1.5% nominal year-on-year decline in the whole-of-government defence spend in 2026–27 (\$52.85 billion in 2025–26 to \$52.05 billion in 2026–27) combined with 2.5% CPI is a real terms decline of approximately 4%. The headline trajectory understates the real terms tightness of the 2026–27 appropriation. Second, the workforce uplift of \$815 million in 2026–27 is approximately 4.6% nominal growth, against a Wage Price Index forecast of 3.5%: a real terms uplift in Workforce funding of approximately 1.1%. Workforce is the only Defence cost category to grow in real terms in 2026–27, and the margin of real growth is small. Third, the Capability Acquisition Program is particularly exposed because major equipment costs are predominantly US dollar denominated, and defence specific cost indices typically run above general CPI by 1 to 2 percentage points. The \$724 million nominal decline in acquisition in 2026–27, combined with 2.5% general CPI and an additional defence equipment inflation premium, implies a real terms reduction in acquisition capacity of 5%–6% year on year.

Over the forward estimates, Treasury’s nominal GDP series implies a cumulative GDP deflator effect of 18% across 2025–26 to 2029–30. The Defence budget’s appropriation trajectory needs to be read against that inflation curve. The headline nominal growth in the whole-of-government defence spend from 2026–27 to 2029–30 of approximately 18.8% is close to flat in real terms across the forwards.

The approval gap historical baseline

The approval gap is the share of total Defence acquisition investment that’s moved from unapproved planned investment into approved and funded delivery. It’s the year-on-year measure of institutional throughput: the rate at which the Defence portfolio converts announcements into contracts. This subsection sets out the historical reconstruction that the report relies on for the crosscutting finding that the conversion rate has held in a narrow band across the past several reporting cycles.

The reconstruction draws on the public domain figures that the PBS, the IIP documents, and Defence annual reports publish for each Budget cycle. The data series is necessarily approximate because the Defence portfolio hasn't, until the 2026–27 reporting cycle, published the approved versus unapproved split as a single consolidated number. The reconstruction is built by aggregating the approved acquisition lines disclosed in successive PBS Top 30 acquisition projects tables and the IIP capability line approved totals, then dividing by the total decade IIP investment figure for each year.

The series, reconstructed to the level of public visibility:

- 2016–17 cycle (post 2016 Defence White Paper): approved share 31%–33% of total decade investment.
- 2018–19 cycle: 30%–32%.
- 2020–21 cycle (post—2020 DSU): 30%–33%.
- 2022–23 cycle (immediately pre-2023 DSR): 32%–33%.
- 2024–25 cycle (post-2024 NDS and IIP): 32%–34%.
- 2026–27 cycle (current): 33%–35% on the published 2026 IIP approved versus unapproved disclosure.

Two features of the series are analytically important. First, the band is narrow. Across a decade in which the IIP denominator grew from approximately \$195 billion to \$425 billion of capability acquisition investment, the approved share hasn't moved materially. Second, the band is stable across changes in strategic guidance. Three Defence White Papers and strategies have been produced in the period; the conversion rate didn't respond to any of them. That stability is the empirical basis for this report's institutional throughput argument: that the approved share isn't a strategic variable that government can dial up by announcing more, but a structural feature of the Defence acquisition system's actual capacity to take projects through first pass, second pass, contract award, workforce mobilisation and industry engagement in any given year.

The data series is also disaggregated by CIP grouping. The connective-tissue CIPs (theatre C2, IAMD, theatre logistics and health, enhanced and resilient northern bases, enabling investments) sit at single digit to low double digit approved shares against platform CIPs (undersea warfare, maritime, strike, expeditionary air) at 30%–40% approved. That disaggregation, set out in Table 1b in the crosscutting findings section, is the basis for the report's finding that the connective-tissue gap is the binding capability constraint.

The construction is partial in places where the historical IIP documents don't disclose at the granularity required, and those cells have been flagged in the underlying data tables with an 'estimated' qualifier. The principal public domain sources are the successive PBS editions (Top 30 acquisition projects table in Appendix B, Top 30 sustainment products table in Appendix C), the Defence annual reports, and the ANAO's MPR series. The disaggregation by CIP is derived by aggregating projects to the CIP groupings that the 2024 and 2026 IIPs use, with allocation choices made on the report's CIP-level attribution methodology set out below.

The 2027–28 Defence Delivery Reforms (the standing up of the Defence Delivery Agency and the National Armaments Director) are the central reform mechanisms that the next *The cost of Defence* will measure against this historical baseline. The analytical test is whether the conversion rate moves above the historical 30%–33% band. If it

does, the reform agenda is converting announcement into capability at a faster rate than the institution has historically managed. If it doesn't, the announced IIP remains, in budget throughput terms, a commitment in nominal excess of the approval system's actual capacity to deliver.

The catch-up counterfactual reconstruction

Three counterfactuals frame the long-run catch-up analysis. The first reconstructs the funding path that would have prevailed had the long postwar real growth trend visible from 1960 to 1995 continued without the 1990s interruption. The second reconstructs the funding path that would have prevailed had the 2009 Defence White Paper trajectory been sustained from 2009 rather than allowed to flatten relative to the earlier ambition of 3.0% real growth and a return to 2.0% of GDP. The third reconstructs the incremental catch-up embedded in the 2024 NDS path relative to the 2016 White Paper path. All three counterfactuals are calculated in constant price terms, drawing on the Parliamentary Library historical defence funding series, the ASPI Cost of Defence database, and the April 2026 NDS package. The findings 1, 2, and 3 reported in the body are the cumulative real funding gaps that the three counterfactuals produce.

Three counterfactual reconstructions: data series and methodology

The three counterfactuals reported in 'The Past' chapter (the long postwar real growth trend from 1960 to 1995; the 2009 Defence White Paper path sustained from 2009; and the incremental catch-up embedded in the 2024 NDS path relative to the 2016 White Paper path) are reconstructed from three data sources: the ABS Year Book 2001 and the aggregation from current and previous PBS and annual reports.

All three counterfactuals are calculated in constant price terms using the CPI series published by the Australian Bureau of Statistics, rebased to 2026-27 dollars. The long-run trend in Finding 1 is constructed as the linear extrapolation of real growth rate implied funding from 1960 to 1995 forward to 2016, with the cumulative gap measured as the area between the extrapolated path and the actual real spending series. The 2009 White Paper path in Finding 2 is stylised as the trajectory implied by the White Paper's commitment to 3.0% real annual growth and a return to 2% of GDP, applied from the 2008-09 actual baseline. The Finding 3 path refers to the cumulative catch up against the shortfall left by the non-delivery of the 2009 DWP funding plan.

The construction is partial where the historical series don't disclose at the granularity required, and those cells are flagged in the underlying data tables with an 'estimated' qualifier. The methodology mirrors the long-run pattern of analysis that ASPI has applied across successive editions of *The cost of Defence* editions and follows the approach Marcus Hellyer has used in Strategic Analysis Australia publications on the same series.

How the Budget appropriates defence funding: Bills and mechanisms

Only the Budget year's funds are appropriated through the annual appropriation Acts. Each May, the Treasurer introduces a set of appropriation Bills which, when passed, give the government legal authority to spend the Budget year's funds out of the Consolidated Revenue Fund. Appropriation Bill (No. 1) appropriates the ordinary annual services of government; Appropriation Bill (No. 2) appropriates other purposes,

including capital. The PBS explain how each portfolio proposes to use its appropriations.

The forward estimates (the three years after the budget year) aren't appropriated. They're projections of expenditure that the government has agreed in principle as part of the Budget, but that have no legal force. Each year, the government decides afresh whether to confirm, vary or roll forward those projections in the new Budget. The Mid-Year Economic and Fiscal Outlook in December typically refines the estimates; the additional estimates appropriation Bills in February appropriate any in-year adjustments.

The historical record presents a clear warning. After the 2009 Defence White Paper committed to 3.0% real growth in Defence spending to 2017–18, the Rudd-Gillard government varied the forward estimates downward in successive budgets. Defence lost approximately \$16 billion in funding over the 2009–2013 period against the 2009 commitment. The Abbott-Turnbull-Morrison Coalition governments restored the trajectory but only partially recovered the lost ground. By the 2016 Defence White Paper, the commitment to 2.0% of GDP was being delivered through revised forward estimates, not the pre-existing trajectory.

This isn't unique to Defence (all portfolios' forward estimates are promises, not appropriations), but Defence is unusually exposed because the capability decisions taken in any one Budget commit acquisition pipelines and workforce buildouts that depend on decade-long funding stability. When the forward estimates are varied downward, the Defence Department's pipeline is rephased, projects slip and the workforce trajectory adjusts to the new envelope. The signalling cost to the program is high. The cost to industry can be higher still.

The transparent NATO 1.5% broader security count

The 1.5% broader security count aggregates federal government spending across the portfolios that contribute to national defence under the Hague Declaration's definition. The portfolio-by-portfolio aggregation for 2026–27 is set out below.

Existing baseline (whole-of-government, security relevant share, 2026–27):

- Department of Veterans' Affairs: approximately \$9.3 billion under Defence's strict NATO basis (Outcome 1 Programs 1.1 to 1.6, excluding Program 1.7 Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision); approximately \$13 billion when the full DVA outcome is included under the Hague Declaration's broader reading.
- Department of Foreign Affairs and Trade (security relevant engagement and ODA): approximately \$3 billion under the Hague Declaration's broader reading; Defence's strict NATO calculation includes only the Australian Secret Intelligence Service (captured in the intelligence community line below).
- Home Affairs (critical infrastructure, cybersecurity, counterterrorism, Australian Border Force programs): approximately \$5 billion under the Hague Declaration's broader reading; Defence's strict NATO calculation includes only the maritime-domain share of Program 3.4 Border Enforcement (approximately 57% of program expenditure, approximately \$485 million).

- Intelligence community outside Defence (Australian Security Intelligence Organisation, Australian Secret Intelligence Service, Office of National Intelligence, Inspector-General of Intelligence and Security): note that the Australian Geospatial-Intelligence Organisation is appropriated inside Defence and is not counted here. approximately \$2 billion.
- Australian Federal Police (national-security and counterterrorism functions): approximately \$2 billion under the Hague Declaration's broader reading; Defence excludes AFP appropriations from its strict NATO calculation on the basis that AFP elements are not deployable in overseas Defence operations under the NATO Defence Expenditure Definition (2 February 2018).
- National Emergency Management Agency and civil preparedness: approximately \$0.3 billion under the Hague Declaration's broader reading; Defence excludes NEMA from its strict NATO calculation on the basis that the NATO Defence Expenditure Definition (2 February 2018) explicitly excludes expenditures for civil defence and civil preparedness.
- Existing baseline subtotal: approximately \$25 billion per year under the Hague Declaration's broader reading. On Defence's strict NATO basis (DVA Outcome 1 only, no DFAT ODA, Home Affairs Program 3.4 maritime share only, intelligence community excluding AFP and NEMA), the existing baseline is approximately \$11.6 billion per year.

New 2026–27 Budget measures that fit the Hague Declaration's broader security definition:

- Strengthening Australia's Fuel Resilience package: \$14.8 billion over the forward estimates, security-relevant share annualises to \$3 billion per year.
- Critical Minerals Strategic Reserve: \$173 million.
- Cyber Security Strategy Horizon 2 (Home Affairs): \$89 million.
- Supporting Border Security: \$89 million.
- Enhancing Defence cooperation in the Indo-Pacific: \$600 million across the forwards.
- Counter-Terrorism Online Centre: \$600 million.
- Response to the Royal Commission into Defence and Veteran Suicide: approximately \$800 million.

Defence's strict NATO calculation also includes items the report has not separately recognised: military superannuation net service cost (approximately \$2.9 billion in 2026–27, after offsetting member contributions of \$1.2 billion); Defence funding allocated elsewhere in Government including Contingency Reserve and direct Defence-related expenditure (approximately \$2.1 billion); Consolidated Defence, ASD, ASA and ANNPSR funding from other sources (approximately \$774 million); Defence Home Ownership Assistance Scheme housing subsidies (approximately \$348 million from PBS 2026–27 Table 40); and Defence Housing Australia revenue from independent sources (approximately \$61 million).

Aggregated, the existing baseline and the new measures together amount to approximately \$28–29 billion per year under the Hague Declaration's broader reading. Against Treasury's published nominal GDP of \$3,094 billion in 2026–27, that is approximately 0.91% of GDP, a gap of approximately 0.59 percentage points to the 1.5%

target. Defence's strict NATO calculation, with the additions identified above (military superannuation, Defence funding allocated elsewhere in Government, funding from other sources, housing subsidies and DHA revenue) and the exclusions described, yields a different aggregate which the report does not attempt to compute on Defence's strict basis. The headline finding, that Australia is closer to the 1.5% broader security target than the political discourse implies, survives on the Hague reading and weakens on Defence's strict NATO reading; both bases should be presented transparently. This figure also reconciles to the Defence October 2025 Senate Estimates testimony regarding what the government already counts under its NATO calculation. The transparent two-bucket disclosure would show a real gap to the 3.5% core defence floor combined with a much smaller gap to the 1.5% broader security target than the political discourse currently allows.

The Defence contingency historical reconstruction

Defence contingency is the funding held inside the Defence portfolio against project cost overruns and realised risk in the acquisition program. It's distinct from the whole-of-government Commonwealth Contingency Reserve set out below. The two are routinely conflated in public commentary; the distinction matters because they're different mechanisms, administered by different parts of the government, and they answer different questions.

Defence contingency operates at three levels. At the project level, contingency is the buffer held inside an individual acquisition project's approved budget against realised cost growth. The 2008 Mortimer Review's *Project risk management manual* codified the practice and named typical contingency holdings of 10%–15% of project cost at second-pass approval, varying by capability domain and risk profile. The ANAO's annual MPR tracks the drawdown of project-level contingency across the cohort of Top 30 projects, and the cumulative figures are striking. Across the 21 projects on the 2023–24 MPR with continuous reporting since their initial approval, approved budget growth totals approximately \$40.9 billion in nominal terms, or approximately 74.4% above originally approved costs. The 2024–25 MPR (paragraph 3.21) notes that four projects spent or applied for contingency funds in 2024–25, indicating that the majority of approved budget growth reflects subsequent Government approvals for additional project tranches and Real Cost Increases rather than contingency drawdown.

At the program level, contingency operates as overprogramming: the practice of approving more projects in the IIP than can be delivered, on the assumption that some will slip or be deferred and that the contingency draw will be redistributed. The overprogramming series across the past 30 years is the principal Defence portfolio history that makes the institutional throughput argument visible. Approximate figures, drawn from Defence annual reports and successive PBS:

- Approximately 15% overprogramming over the period 2001 to 2009.
- 20% set as policy by the 2016 Defence White Paper.
- 24% revealed by the 2023 DSR.
- 36% acknowledged at the 2024 NDS launch.
- 40% on the government's own description of the position inherited at the time of the 2024 NDS, with a stated target to return overprogramming to 20%.

At the portfolio level, contingency is the consolidated buffer held against unrealised acquisition risk across the entire IIP. Until the 2026–27 Budget, the consolidated approved-project contingency was disclosable across the IIP capability banding (IIP26 page 110 paragraph 4 confirms that planned investment tables exclude project contingency). From the 2026–27 PBS, the consolidated line has been disaggregated across the IIP capability lines and embedded in the approved versus unapproved planned investment ranges for each CIP. The disaggregation has reduced transparency in measurable terms: the year-on-year movement in the contingency line is no longer visible on the face of the Budget papers. We treat the restoration of a single published contingency figure as one of the simpler reform deliverables that the 2027–28 Budget could provide.

The 30 year reconstruction is built from successive PBS pages, the Defence annual reports and the public MPR series. The construction is partial in places where the historical PBS documents don't disclose contingency at the granularity required; the partial cells are flagged in the underlying data tables with an 'estimated' qualifier. The 2022 ASPI Special Report SR184 *Understanding the price of military equipment* sets out the long-run pattern of cost growth that the contingency line absorbs.¹⁸⁹

The Commonwealth Contingency Reserve

The Commonwealth Contingency Reserve is a whole-of-government accounting mechanism published in Budget Paper No. 1 Statement 6 of each Budget. It isn't a Defence portfolio appropriation. It's administered by Treasury and the Department of Finance, has been part of the Budget architecture since the 1987–88 Budget, and in recent years has typically held funding equivalent to approximately 1% of total government expenditure.

The Parliamentary Budget Office's *Budget Explainer No. 2: The Contingency Reserve*, was first published December 2021 and updated in April 2024. This is backed in by the Department of Finance's PGPA glossary entry on the Contingency Reserve.

What it is

It's an allowance within the government's aggregate budget estimates for items that either can't or shouldn't be allocated to specific programs at the time of publication. It's a whole-of-government provision, not a fund that Defence can draw on directly.

The five classes of funding it holds

The Budget Office explainer names five components:

- the *Conservative Bias Allowance* (an allowance for the historical tendency of expense estimates to be under forecast and revised upwards later)
- *Decisions taken but not yet announced* (the cumulative value of policy decisions that haven't yet been disclosed, along with announced policies the costs of which can't yet be published, typically for commercial sensitivity or negotiation-in-progress reasons)
- the *underspending provision* (an aggregate provision for the tendency of budgeted expenses for some entities or functions not to be met)

- *administrative provisions* (carryover of unspent administrative expenses appropriations)
- *other provisions* (items with significant uncertainty at publication, such as programs still under negotiation with state and territory governments, or new agencies whose legislation hasn't yet passed parliament).

Typical uses, including unforeseen eventualities

The Commonwealth Contingency Reserve is the line that the government uses to hold funding against unforeseen and unavoidable expenditure. Natural-disaster and flood response sits in the same conceptual space as the Emergency Response Fund established in the 2019–20 Budget. The reserve also holds the cost of policy outcomes that the government has agreed on but not yet announced, including settlements arising from royal commissions and other major legal processes. The government's PFAS contamination class actions (three actions settled for approximately \$212.5 million in 2020, with a further \$132.7 million distribution scheme approved by the Federal Court in 2023) are an example of the kind of contamination remediation liability the 'Decisions taken but not yet announced' component holds at the point of decision, before release into the relevant portfolio's appropriation.

How it relates to Defence

When the government has agreed to a defence-related outcome but hasn't yet released the appropriation into the Defence portfolio, the funds sit in the Contingency Reserve. The most consequential recent example is the 2024–25 Budget's \$30.5 billion decade Contingency Reserve, established to bridge the funding gap between the cancelled Attack-class submarine program and the SSN Optimal Pathway. The 2024–25 Budget released \$30.5 billion into the Defence appropriation line. That release is one of the structural drivers of the apparent year-on-year volatility in the 2026–27 figures and explains a material share of what looks like a step rather than a gradient in the Defence trajectory.

The relationship to alternative financing

The 2026–27 Budget's \$17.4 billion decade gap between the announceable and the appropriated measure is to be made up through a combination of further Contingency Reserve releases (the part the government holds inside the accounts pending future decisions) and alternative financing (the part the government expects the private sector or the estate divestment process to provide). The two are sometimes conflated; they shouldn't be. The Contingency Reserve is real money already inside the Budget envelope, awaiting release into a portfolio appropriation. Alternative financing is private-sector or asset-sale revenue not yet raised.

The forces, implications and opportunities framing

Each CIP is assessed on the same bases: the forces shaping it, the implications for the joint force, and the opportunities that arise. The forces section names the strategic environment, the technology trajectory and the industrial base context. The implications section sets out what those forces mean for Australia's capability requirement, the delivery schedule and the workforce demand. The opportunities section names the choices (low-cost end and high-cost end) that could be considered if

the government wanted to accelerate or expand. Opportunities aren't recommendations; they're options whose strategic merit and fiscal cost must be worked through.

CIP investment profile reconstructions

Each CIP chapter carries an investment profile table drawn from the 2026 IIP at the level of the published capability element ranges. The accompanying body paragraph in each CIP interprets the table against the strategic argument that the chapter develops, rather than restating the arithmetic that the table already contains. Where the body paragraph would have been a pure arithmetical walk through (approved versus unapproved totals, range bounds, sub-element shares), the chapter relies on the table itself and on the per capability prose that follows.

The methodology used to compile the investment profile tables aggregates the IIP published capability element ranges to the CIP level totals, preserving the range conventions the IIP itself uses. Approved versus unapproved shares are calculated as the approved figure divided by the midpoint of the range. Where a capability element appears in both the 2024 IIP and the 2026 IIP, the inter-IIP movement is reported in the body where the strategic implication is material to the chapter's argument.

The PBS-to-IIP mapping problem and the report's CIP-level attribution methodology

The analytical task that runs underneath every chapter is establishing how funding appropriated through the Defence PBS translates into capability outcomes under the IIP. The two documents use fundamentally different organising logics. The PBS funds programs by organisation and function, which is to say by capability manager: Navy, Army, Air Force, Capability Acquisition and Sustainment, Defence Digital, Joint Operations Command and so on. The IIP groups planned investment by capability output, which is to say by CIP: undersea warfare, theatre command and control, IAMD and the rest. A single CIP draws from multiple PBS programs. A single PBS program contributes to multiple CIPs. There's no published table that maps one to the other.

We've asked Defence directly how that translation occurs. The relationship between Budget appropriations and the IIP's capability investment lines can't be reliably reconstructed from public-domain information.

The implications for the report's analysis are direct. We've built our CIP-level attribution from the Top 30 acquisition projects table in PBS Appendix B, to map IIP to the budget expected spending. We have also looked at the Top 30 sustainment products table in Appendix C, the named estate projects in appendixes D and E, and the 2024–25 MPR to generate information about the current status of existing capabilities and approved projects. Nowhere, in public documentation, is there a full accounting of what is spent on the current platforms and systems within each CIP, the investment and divestment plans for those platforms and systems, in order for us to generate and assess the current and future value of each CIP. The public sources offer only a small subset of total departmental spending on capability.

Where projects are counted partially against one CIP and partially against another, we've flagged the inconsistency in the relevant CIP chapters. The Air Launched Multi-Domain Strike Project (AIR 6004) has most of its approved funding counted against other lines. The Maritime Guided Weapons and Munitions Project (SEA 1300) carries an attribution between sea-based strike and the GWEO Enterprise that appears to have shifted between IIP 2024 and IIP 2026. The Air Intelligence, Surveillance and Reconnaissance line in the IIP sums to far less than the published budgets for the P-8A Poseidon, MC-55A Peregrine and MQ-4C Triton acquisition projects combined.

The PBS program structure is to be revised under the Defence Delivery Reforms scheduled to take effect from 2027–28. The IIP construct may also evolve. The government should take this redesign as the moment to publish a clear, ongoing allowing for a full accounting of current and future capability, applying that methodology consistently from one cycle to the next, and making the mapping available to the parliament and the public.

Notes

- ¹ Richard Marles, Pat Conroy, *Reforming defence capability development and delivery*, joint media release, 1 December 2025, [online](#). The two-stage rollout sequences a combined Capability Acquisition and Sustainment Group / Naval Shipbuilding and Sustainment Group from 1 July 2026, with the Defence Delivery Agency standing up as a separate statutory body from 1 July 2027.
- ² We derive this figure in the section ‘Catch-up, not unprecedented’ in the Introduction.
- ³ Congressional Research Service, *AUKUS Pillar 1: Background and issues for congress*, report R47599, US Congress, updated April 2026, [online](#); US House Armed Services Committee, Subcommittee on Seapower and Projection Forces, hearing record on the AUKUS Optimal Pathway and Virginia-class transfers, April 2026, [online](#).
- ⁴ UK House of Commons Defence Committee, *AUKUS: Submarines and beyond*, eighth report of Session 2024–25, HC 247, published 2025, [online](#); UK House of Lords International Relations and Defence Committee, *AUKUS Pillar 2: Advanced Capabilities*, published 2025, [online](#).
- ⁵ See PAES 2025–26 Table 6 note (h) and PBS 2026–27 Table 2 note (l).
- ⁶ Please note that the ‘defence function of government’ ranks fifth in the 2026–27 budget in terms of GFS *expenses*. The defence function ranks fourth in the 2026–27 budget in terms of GFS *expenditure*. The difference between these measures is that GFS expenditures is expenses plus net capital investment. Expenditure provides a more comprehensive view of the total amount of economic value the defence function of government is expected to absorb. Elsewhere in the text, we note Defence is fifth in terms of government expenses.
- ⁷ Defence Department, *2020 Defence Strategic Update*, Australian Government, 2020, 11 (loss of warning time); Defence Department, *2024 National Defence Strategy*, Australian Government, 2024, paragraphs on strategic warning time; Defence Department, *2026 National Defence Strategy*, Australian Government, 2026, paragraphs on the strategic environment changing without warning, [online](#).
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- ⁹ We derive this figure in the section ‘Catch-up, not unprecedented’ in the Introduction.
- ¹⁰ Note that the \$117 billion is the government’s own stated combined total and is not a sum of the commitments since the 2023 DSR, as they cover different decades and an additional pre-2024 NDS increment must be used to close the gap.
- ¹¹ *2026 Integrated Investment Program (IIP)*, paragraph 1.12, p. 10, [online](#).
- ¹² Defence Department, *Defence White Paper 2013*, Australian Government, May 2013, paragraphs 9.2–9.4 (funding model: ‘The Government’s aspiration is to increase Defence funding to 2% of GDP’), [online](#); Defence Department, *2016 Defence White Paper*, Australian Government, February 2016, 180 (‘the Government has committed to grow the Defence budget to 2% of Australia’s GDP by 2020–21’), [online](#). The 2% target was reached on the portfolio appropriation measure in 2020–21 at approximately 2.04% of GDP, the GDP denominator having contracted during the Covid-19 pandemic.
- ¹³ The bipartisan shift dates from the 2016 Defence White Paper’s harder line on grey-zone coercion and the South China Sea, and is reflected in the *Espionage and Foreign Interference Act 2017*, the *Foreign Influence Transparency Scheme Act 2018*, the August 2018 decision to exclude high-risk vendors (Huawei and ZTE) from Australia’s 5G network, and the *Foreign Relations (State and Territory Arrangements) Act 2020*. Defence Department, *2016 Defence White Paper*, paragraphs 2.71–2.76, [online](#); Department of Home Affairs, *National Security Legislation Amendment (Espionage and Foreign Interference) Act 2018*, [online](#); Department of Home Affairs, ‘Government provides 5G security guidance to Australian carriers’, 23 August 2018, [online](#).
- ¹⁴ Defence Department, *Defending Australia in the Asia Pacific Century: Force 2030* (Defence White Paper 2009), Australian Government, May 2009, Chapter 4 (‘Australia’s strategic outlook’), paragraphs 4.20–4.27 (rise of China and the implications for the regional military balance), [online](#); Defence Department, *2016 Defence White Paper*, Chapter 2 (‘Australia’s strategic outlook’) and Chapter 3 (‘Strategic Defence Framework’), [online](#).
- ¹⁵ *2026 National Defence Strategy*, key updates from 2025–26 period, [online](#).
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