

Incoming Government Brief

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Table of Contents

| | |
|--|------------|
| Chapter 1: Strategic environment: how we shape, deter, respond | 1 |
| 1.1 Strategic overview: shape, deter, respond | 2 |
| 1.2 International engagement | 5 |
| 1.3 Defence capability planning | 10 |
| Chapter 2: The One Defence Capability System | 13 |
| 2.1 Maritime domain | 15 |
| 2.2 Land domain | 27 |
| 2.3 Air domain | 33 |
| 2.4 Cyber domain | 41 |
| 2.5 Space domain | 47 |
| Chapter 3: Force readiness and operations | 54 |
| 3.1 Defence preparedness and mobilisation challenges | 56 |
| 3.2 Current operations | 58 |
| Chapter 4: Key challenges and frameworks for potential solutions | 64 |
| 4.1 Optimising sovereign Defence industry | 66 |
| 4.2 Balancing swift capability delivery and developing the sovereign industrial base | 69 |
| 4.3 Capability acquisition and sustainment performance | 71 |
| 4.4 Climate and environmental management | 75 |
| 4.5 Advancing capability through research and innovation | 78 |
| Chapter 5: Risks to achieving defence objectives | 80 |
| 5.1 Budget allocation and management: short and longer-term planning | 82 |
| 5.2 Workforce dynamics and employment challenges | 86 |
| Chapter 6: Ministerial authorities and responsibilities | 92 |
| 6.1 Defence functions and powers | 94 |
| 6.2 Call out of the ADF and ADF Reserves | 95 |
| 6.3 Nature and obligations of service | 97 |
| 6.4 Defence Assistance to the Civil Community | 99 |
| 6.5 Ministerial Directive | 101 |
| Annex 1 – Ministerial Directive | 102 |

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Chapter 1: Strategic environment: how we shape, deter, respond

1.1 Strategic overview: shape, deter, respond

Key points

- The *2020 Defence Strategic Update* continues to inform Defence planning and remains broadly appropriate in light of the deteriorating dynamics in our strategic environment.

- s33(a)(i), s33(a)(ii)

-

- Expectations of the Australia-United States Alliance will grow.

1.1.1 The *2020 Defence Strategic Update* describes a strategic environment in which increasing major-power competition disruptive technology, and rapid, large-scale, and regional military modernisation are working against Australia's interests. s33(a)(iii)

s33(a)(iii)

s33(a)(iii)

1.1.3 The judgements about grey-zone challenges referenced in the *2020 Defence Strategic Update* are being validated by these developments. s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

1.1.5 Against this backdrop, and to give the fullest effect to our Strategic Defence Objectives of shape, deter and respond, our strategic planning and consequential force design has two critical overarching goals. First, s33(a)(iii)

s33(a)(iii), s33(a)(i), s33(a)(ii)


s33(a)(i), s33(a)(ii), s33(a)(iii)



1.1.6 Sustaining capability, adapting investment, and designing a force structure to meet our strategic challenges will require clear-eyed prioritisation to balance competing pressures, in particular, weighing the potential role of the Australian Defence Force (ADF) in responding to regional contingencies against government expectations of it in providing for homeland defence and assistance to the civil community. The role and depth of local industry participation in the acquisition and sustainment of our military capabilities is another factor that must be weighed in the balance.

s33(a)(i), s33(a)(ii), s33(a)(iii)



1.1.10 Pressures on the *2020 Force Structure Plan* and the Integrated Investment Program have increased less because of cost blow-outs and more because of new or accelerated capability demands. Coupled with a tightening labour market driving workforce shortfalls, including in relation to key specialist skills, Defence needs to grow. 

s33(a)(i), s33(a)(ii), s33(a)(iii)



s33(a)(i), s33(a)(ii), s33(a)(iii)



1.1.12 The ADF has supported, in near persistent fashion over recent years, the civil community at home and partners abroad in managing a wide range of natural disasters. We need to consider more cost-effective ways for managing what is rapidly becoming a consistent concurrency pressure for Defence, potentially through enhanced community-based disaster response arrangements, which are outside Defence's remit. s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

1.1.13 Defence is well poised to frame approaches and factors for consideration in the proposed Force Posture Review utilising the current practice of annual review of the classified Defence Planning Guidance, which translates government direction (principally from the *2020 Defence Strategic Update* and the *2020 Force Structure Plan*) into guidance for Defence. The *Defence Planning Guidance* provides overarching guidance including on required strategic effects, to frame more specific subsidiary directives, programs and concepts relating to force design, generation and employment. It also ensures close alignment of policy, capability and operations in ways that are responsive to changes in Australia's strategic environment through the biannual *Strategic Risk Review*, conducted across Defence and drawing on key planning and assessment documents.

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1.2 International engagement

Key points

Defence's international policy approach aims to shape our region's strategic trajectory in four main ways:

- applying a tighter focus on the Indo-Pacific;
- s33(a)(iii)
-
- building a network of partners in our region that can strengthen the norms and principles on which our security and prosperity depends.

s33(a)(i), s33(a)(ii), s33(a)(iii)

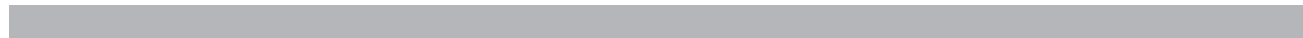
s33(a)(i), s33(a)(ii), s33(a)(iii)



Tighter regional focus


1.2.6 s33(a)(i), s33(a)(ii)



. This is fundamental to our efforts to more effectively shape strategic outcomes in our region, build broad-based and enduring partnerships, and contest actions inimical to Australia's interests. s33(a)(i), s33(a)(ii), s33(a)(iii)

s33(a)(i), s33(a)(ii), s33(a)(iii)



1.2.7 That said, Australia has global interests and will need an ADF and broader Defence capability that can provide support in global coalitions. Provision of assistance to Ukraine is a recent example. Geography does not limit Defence's ability and intent to build our relationships with non-regional actors where our interests align, especially on challenges such as s33(a)(i), s33(a)(ii) . But in terms of ADF capacity, Defence policy sets a higher threshold on out-of-region commitments than it imposed after the end of the Cold War.

Operationalising the United States alliance

s33(a)(i), s33(a)(ii), s33(a)(iii)



Securing our region and the Pacific Step-up

s33(a)(i), s33(a)(ii), s33(a)(iii)



1.2.12 The Pacific Step-up has therefore been a key tool for Defence to reinforce the security of Australia's northern approaches. Since 2018, Defence has committed \$1.9 billion toward security assistance, infrastructure development, stabilisation deployments and humanitarian and disaster relief out to 2029-30. s33(a)(i), s33(a)(ii), s33(a)(iii)

s33(a)(i), s33(a)(ii), s33(a)(iii)



Building a larger network

s33(a)(i), s33(a)(ii), s33(a)(iii)



1.2.15 Defence is seeking to build deeper relationships throughout Southeast Asia and South Asia both bilaterally and trilaterally. This has included appointing a Defence Attaché to every member country of the Association of Southeast Asian Nations country, elevating our strategic partnership with Vietnam and significantly expanding operational cooperation with Singapore. Defence engagement with India is also growing significantly, albeit from a low base. Defence also signed a Reciprocal Access Agreement with Japan this year, its first after the United States, and which we hope to eventually replicate with India.

1.2.16 Since 2020, a core feature of our international engagement has been to acclimatise the region to increased Australian defence spending. We want our neighbours to see and accept the transformation of the ADF from a primarily defensive force into one with much more potent deterrent capabilities as a contribution to their security as well as ours. s33(a)(i), s33(a)(ii), s33(a)(iii)

s33(a)(i), s33(a)(ii), s33(a)(iii)

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1.3 Defence capability planning

Key points

s33(a)(i), s33(a)(ii)

Integrated Investment Program pressures

s33(a)(i), s33(a)(ii)

1.3.3 The *2020 Force Structure Plan* heralded an ambitious capability agenda and commensurate investment, which is testing Defence's capacity to grow and deliver. Delivery reform has improved Defence's ability to realise capability, and future reforms will continue to improve productivity. Chapter 4 provides further detail on the challenges and solutions associated with capability delivery.

s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

1.3.7 s33(a)(i), s33(a)(ii), Defence will continue to present projects for consideration when the requisite information has been developed, and will continue to propose adjustments to the Integrated Investment Program aligned to the budget cycle.

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Chapter 2: The One Defence Capability System

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2.1 Maritime domain

Key points

- The maritime domain is an increasingly complex, contested and more volatile operating environment. This reflects our deteriorating global and regional strategic circumstances.
- The maritime domain is home to routine, regular and close engagement with key allies, partners and friends. It is where interaction with our potential adversaries occurs regularly below, on and above the seas and oceans.
- Navy has around 2,000 people deployed at sea every day as part of the joint force, along with elements of the Air Force and the Army.
- As the backbone maritime domain force, Navy s33(a)(i), s33(a)(ii) concurrently support consistent and demanding deployments, react to domestic assistance tasks, and undergo large capability transition across the whole fleet.
- The complex transition to the future maritime force involves high risks, especially in workforce growth, industry capacity, domestic and international supply chains, infrastructure lead times, and the overall affordability of the maritime program. s33(a)(i), s33(a)(ii).
- Transition risks are being actively managed. s33(a)(i), s33(a)(ii), particularly if the pace of regional disruption and domestic response activities continues to accelerate.
- Approximately \$120 billion is planned to be invested across the maritime domain over the decade to 2032. This estimate does not include the additional costs that may be required for the nuclear-powered submarine capability.

Key priorities

2.1.1 Navy's single highest priority, within the maritime domain is retaining its current workforce, and growing the workforce by more than 30 per cent to approximately 21,000 full-time active members in uniform by 2038. Equally the growth of Defence's workforce to support the current and future maritime capability projects is fundamental to the successful transition to the future maritime force.

2.1.2 Navy is pursuing a broad range of retention and recruiting initiatives to achieve growth. However, the levers and initiatives needed to grow Navy's workforce are beyond those available to Navy alone and require wider Defence and government intervention. s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)



2.1.4 Our maritime capabilities are directly linked to our sovereign industrial base. The shipbuilding and sustainment enterprise is a whole-of-government activity deliberately managed to deliver and sustain maritime capability in a sovereign and globally competitive manner.


2.1.5 s33(a)(i), s33(a)(ii)



. Enhancements include:

- Naval Strike Missiles and Tomahawk missiles for the Navy's surface fleet to enable land targets and ships to be attacked from considerable distance;
- fitting the Collins class submarines with s33(a)(i), s33(a)(ii) is under active investigation, as is the fitting of the Arafura class offshore patrol vessels with s33(a)(i), s33(a)(ii) and other capabilities; and
- Air-launched Long Range Anti-Ship Missiles for Air Force.

2.1.6 The vastness of the maritime domain and evolving regional capabilities means maintaining awareness of movements above, on and under the oceans and seas s33(a)(i), s33(a)(ii)

 To improve our contribution to domain awareness, we are pursuing a range of crewed and un-crewed capabilities:

- un-crewed, robotic and autonomous capabilities are already in, or entering service;
- our maritime surveillance and response will be further improved by the acquisition of two P-8A Poseidon maritime patrol aircraft, bringing the total to 14, paired with three MQ-4C Triton remotely piloted aircraft; and

- s33(a)(i), s33(a)(ii)



2.1.7 Navy needs to modernise quickly to address regional capabilities and our potential vulnerabilities to those capabilities:

- all of our frigates and destroyers will be modernised this decade to maintain combat relevance in the region;
- all six Collins class submarines will have their operating life extended (starting in 2026) and their capabilities improved. This will underpin transition to the nuclear-powered submarines in the late 2030s;

- the Armidale and Cape class patrol boat will be replaced by a fleet of 12 larger and more capable Arafura class offshore patrol vessels, s33(a)(i), s33(a)(ii) ;
- our modern combat and support helicopter force is increasing to 36 aircraft; and
- the new Pacific support vessel, the ADV Reliant, will arrive in Australia in July 2022 and will be the cornerstone of our Pacific presence and engagement activities.

2.1.8 We will also double our sealift and at-sea refuelling capability through the construction of two large support ships, potentially the largest ships ever built in Australia. s33(a)(i), s33(a)(ii)

2.1.9 The Maritime Command and Control, Communications, Computers, Cyber, Intelligence, Surveillance, Reconnaissance and Electronic Warfare Program will deliver various critical enabler improvements.

2.1.10 None of these capabilities will be realised without the retention of our current workforce and growth in our future workforce.


Key decisions

2.1.11 Navy increasingly uses program-level submissions with associated capability transition plans to update government and seek investment decisions. These program level submissions provide an integrated picture for government, rather than project-by-project submissions.

2.1.12 There are a range of decisions that will require government consideration over the short to medium term.

s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)



s33(a)(i), s33(a)(ii)



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Nuclear-powered submarines

Key points

- Defence recommends an early briefing to provide you with a comprehensive view of Australia's acquisition of nuclear-powered submarines. Key advisors in your office will need to obtain security clearances before they can be briefed into relevant security compartments.
- The United Kingdom and the United States are committed to the 18 month consultation process and delivering nuclear-powered submarines to Australia. The size and complexity of this endeavour is clear to all three partners. s33(a)(i), s33(a)(ii)
[REDACTED]. Ministerial engagement and international engagement will be fundamental to the program's success.
- s33(a)(i), s33(a)(ii)
[REDACTED]
- Developing an Australian 'nuclear mindset' and applying it consistently across all aspects of the program is crucial.

Platform – capability

2.1.13 The capability considerations in developing the optimal pathway for an Australian nuclear-powered submarine are being worked through via a trilateral pathway evaluation process. s33(a)(i), s33(a)(ii)
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]. The pathway evaluation process considers a range of measures inclusive of the suite of capability requirements, workforce and training elements, industrial capacity and build considerations, cost and non-proliferation obligations.

s33(a)(i), s33(a)(ii)
[REDACTED]

s33(a)(i), s33(a)(ii), s33(a)(iii)



Domestic stakeholder engagement

2.1.16 Domestic stakeholder engagement will be critical to the development and delivery of a nuclear-powered submarine. The Nuclear-Powered Submarine Taskforce has engaged the South Australian Government and engagement with the Queensland and New South Wales Governments is a priority. The Northern Territory Government has initiated engagement. The Nuclear-Powered Submarine Taskforce will increase state, territory and local government engagement in the second half of 2022.

2.1.17 Industry engagement is ongoing, but limited to date to maintain the integrity of future tender arrangements.



2.1.18 Australia's nuclear organisations have provided secondees to the Nuclear-Powered Submarine Taskforce and are closely engaged.

Nuclear non-proliferation

2.1.19 As a longstanding leader in global nuclear non-proliferation, our intention, together with our AUKUS partners, is to implement the highest possible non-proliferation standards to maintain the integrity of the nuclear non-proliferation regime. The Department of Foreign Affairs and Trade is the policy lead on non-proliferation.

Safety and security

2.1.20 Nuclear-powered technology requires an exceptional level of safety and security. A 'nuclear mindset' is fundamental for all personnel engaged in the Australian nuclear-powered enterprise. The safety of the community and Defence personnel is paramount to the Nuclear-Powered Submarine Taskforce considerations and must underpin the culture and governance of the future submarine delivery entity. s33(a)(i), s33(a)(ii)



2.1.21 The Nuclear-Powered Submarine Taskforce is developing a strategy s33(a)(i), s33(a)(ii)

Build, maintenance and operation

2.1.22 The Nuclear-Powered Submarine Taskforce has conducted a feasibility study of Osborne North in South Australia as the site to build Australia's nuclear-powered submarines and is further examining what land would be required and how to make this land fit for purpose.

s33(a)(i), s33(a)(ii)

Workforce

2.1.25 Owning and operating nuclear-powered submarines will require substantial development of Australia's workforce. A workforce strategy will be delivered to government for consideration s33(a)(i), s33(a)(ii) The taskforce is also developing a strategy to grow scientific and engineering capability and capacity in Australia to support the nuclear-powered submarines throughout their life.

2.1.26 The Nuclear-Powered Submarine Taskforce is working with universities and the vocational education and training sector to ensure Australia has the required skills training and qualifications. To date, scholarships have been offered to Defence personnel (both ADF and APS) to study for a Masters of Nuclear Science at the Australian National University or a Masters of Nuclear Engineering at the University of New South Wales as well as broader untied scholarships to encourage general take up of nuclear pathways.

2.1.27 We are also working with partners to put ADF personnel on United States and United Kingdom training programs.

Governance

2.1.28 Defence will meet your desired cadence for Ministerial briefings on nuclear-powered submarines, s33(a)

2.1.29 Bipartisan consideration of Australia's acquisition of nuclear-powered submarines is currently administered through Senate Estimates and the Senate Economic References Committee processes in addition to specific briefing requests.

s33(a)(i), s33(a)(ii)



2.1.31 Governance between the three AUKUS partners is comprised as follows:

- Oversight of both pillars (AUKUS and nuclear-powered submarines) is provided by the trilateral Senior Officials Group, which includes national security advisors from all three countries. The Senior Officials Group first met virtually on 11 March 2022.
- The Nuclear-Powered Submarine Joint Steering Group is the key trilateral decision making forum on identification of an optimal pathway for the delivery of a nuclear-powered capability in Australia and reports to the Senior Officials Group. It includes the principals from each country and meets monthly alternating in person and virtual meetings.
- The Nuclear-Powered Submarine Joint Steering Group is supported by nine trilateral working groups, which are:

s33(a)(i), s33(a)(ii)



2.1.32 There are currently three entities providing advice to and oversight of the taskforce:

- Naval Shipbuilding Expert Advisory Panel (independent advice to government);
- Secretaries Committee on Australia's National Naval Shipbuilding Enterprise (whole-of-government); and
- Naval Shipbuilding Coordination Group (Defence oversight).

Timeline, progress and key upcoming dates

2.1.33 The work is on schedule as we approach the halfway mark of the 18 month consultation period. s33(a)(i),
s33(1)(iii). The following immediate and short-term deliverables and decisions will require your engagement:

- Based on our suggested schedule, the next update to government will be in June 2022. The last Nuclear-Powered Submarine Joint Steering Group was scheduled for 28 April 2022 (virtual).

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The Maritime Domain delivers combat power, situational awareness, force mobility and support above, on, below and from the sea
Approximately \$120 billion will be invested over the decade to 2032

Today's key capabilities

Undersea combat and surveillance

- 6 Collins class submarines

Surface combatants and aviation

- 8 Anzac class frigates
- 3 Hobart class destroyers
- 23 Romeo maritime helicopters
- 15 EC135 training helicopters

Situational awareness

- Secure and assured terrestrial and satellite communications systems
- Active and passive electronic warfare systems
- Defensive cyberspace operations

Mobility

- 2 Canberra class amphibious ships
- 1 Choules class amphibious ship
- 2 Supply class replenishment ships
- 2 large hulled commercial vessels

Maritime mine warfare patrol and geospatial

- 11 Armidale class patrol boats
- 2 Cape class patrol boats
- 4 Huon class mine hunter coastal
- 2 Leeuwin class hydrographic ships
- Naval air station weather and oceanographic centre
- Young Endeavour sail training ship

Approved enhancements

Undersea combat and surveillance

- 6 Collins class life of type extensions commencing 2026 (\$3.5 - \$6 billion)
- s33(a)(i), s33(a)(ii)

Surface combatants and aviation

- 13 additional Romeo maritime helicopters (\$1.5 - \$2.3 billion)
- Anzac class capability assurance program (\$1.4 - \$2 billion)
- Hobart class capability enhancement (continuous upgrade) (\$1.1 billion)
- Tomahawk strike missile integration into Hobart class destroyers
- Naval Strike Missile integration into Anzac class frigates and Hobart class destroyers, including missile acquisition
- Acquisition of evolved sea sparrow missile block 2 (\$0.1 billion)

Situational awareness

- Next generation fleet information systems (\$0.3 billion)
- Nulka missile decoy system upgrades (\$0.3 billion)
- Navy cyberworthiness system

Mobility

- Choules capability assurance program (\$0.1 billion)

Maritime mine warfare patrol and geospatial

- 12 Arafura class offshore patrol vessels (\$4.7 billion)
- Maritime mining (\$0.5 billion)
- 8 evolved Cape class patrol boats (\$0.2 billion)
- Facilities to support introduction of offshore patrol vessels

s33(a)(i), s33(a)(ii), s47C

2.2 Land domain

Key points

- Future land operations will be influenced by regional military modernisation and rapidly evolving technologies.
- After an extended period of sustained commitment to the Middle East, Australia's focus has returned to the Indo-Pacific region.
- The Indo-Pacific is a densely populated, complex region with archipelagic and continental land masses. Half the world's population lives in this region. s33(a)(i), s33(a)(ii)
- s33(a)(i), s33(a)(ii)

Key priorities/capabilities

2.2.1 Central to land power is a system of complementary, integrated, modernised capabilities collectively known as the Combined Arms Fighting System.

2.2.2 New concepts and capabilities, including emerging and disruptive technologies are being developed to assure we can operate decisively on the land and support the joint force in the air, on the water, and increasingly in the information or cyber domain.

2.2.3 The objectives of the Army's modernisation effort aims to ensure a more protected, lethal, connected, and enabled joint force. Objectives include:

- increased protection for our soldiers in complex, adverse, high-threat environments, against contemporary adversaries for enduring periods;
- a modern fleet of protected land mobility vehicles that enables increased survivability of combat support enablers and logistics assets, contributing to the enduring persistence of the land force;
- an enhanced armoured fighting capability, which provides the requisite level of protection to close with and engage threats, while also providing precise, lethal firepower;
- s33(a)(i), s33(a)(ii)

- s33(a)(i), s33(a)(ii)

; and

- un-crewed, robotic and autonomous capabilities, teamed across the joint force.

s33(a)(i), s33(a)(ii)

2.2.5 Connecting the force will allow coordination within the Combined Arms Fighting System and with the joint force, allies and partners, enabling:

- faster, better-informed decision making on operations;
- an optimised and agile digital architecture to enable intelligence, and information flow from the tactical to the strategic; and
- accelerated data informed decision making across the joint force.

2.2.6 Enabling the joint force to ensure it is fully effective, including through:

- an enhanced force posture that will enable force endurance and projection into the region;
- equipping our soldiers with an enhanced individual system that extends the range, situational awareness and endurance of the land force;
- a modern fleet of helicopters to support the projection and sustainment of the joint force; and
- a Defence estate and deployable infrastructure modernised, optimised and strategically aligned to future force posture requirements.

2.2.7 The modernisation of Army goes beyond equipment. Our people, their training and the integration of our systems will be critical to Australia's military power.

2.2.8 The Combined Arms Fighting System, with our people at the core, will support Australia being a credible alliance partner in the coming decade.

2.2.9 The Army recognises that its capability is enhanced through integration with industry, unlocking capability and innovation and enhancing resilience.

Key decisions

s33(a)(i), s33(a)(ii)

2.2.11 s33(a)(i), s33(a)(ii). We must grow our full-time force by 10 per cent to 35,000 by 2040 and transform our human resource system to recruit and retain the diverse, skilled people full-time, part-time, contracted, and civilian to generate the capability of the future.

s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

2.2.15 The Battlefield Command System is the final phase of transforming command and control of land forces from analogue voice procedures to an integrated digital networked system enabling higher situational awareness and facilitating faster planning and decision making across the joint force. This, coupled with the Land Command Control Communications and Computing Program, will set the digital foundation to connect the future joint force.

2.2.16 These key decisions will set the foundation for more agile modernisation across the joint force capability capable of keeping pace with emerging threats. The Army will continue to leverage the process reform currently being driven by the Defence enterprise to adopt program-level submissions and to increase the agility of land domain modernisation.

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The Land Domain delivers a combined arms fighting system of close combat, littoral manoeuvre, long range fires and effects, and sustains deployed and domestic forces

\$55 billion will be invested over the decade to 2032

Today's key capabilities

Close combat

- 3 full time brigades
- 4 part time brigades
- Special Operations Command
- 1 Armed Reconnaissance Aviation Regiment
- 887 Bushmaster protected mobility vehicles
- 59 M1A1 Abrams main battle tanks
- 253 ASLAV combat reconnaissance vehicles
- 431 M113 armoured personnel carriers

Littoral manoeuvre

- 1 amphibious landing force (battalion)
- 15 LCM8 medium landing craft
- 9 LARC V amphibious vehicles
- 3 beach landing teams

Long range fires and effects

- Electronic warfare regiment
- Defensive cyber squadron
- 20 teams very short range ground based air defence
- 48 155mm towed howitzer guns
- 22 Tiger armed reconnaissance helicopters
- 9 man portable counter uncrewed aerial systems

Battlefield command and situational awareness

- 1 intelligence, surveillance, reconnaissance and electronic warfare brigade
- 1 land intelligence regiment
- 1 deployable two star joint force headquarters
- Deployable and domestic battle management system
- Integrated fires network

Land force sustainment

- 1 sustainment brigade
- 47 MRH90 multi role helicopters
- 10 CH-47F Chinook medium lift cargo helicopters
- Deployable health capability

Approved enhancements

Close combat

- Enhanced protected mobility including 1,098 light vehicles (Hawkei) (\$0.9 - \$2.3 billion)
- Enhanced armoured fighting capability (\$1.5 - \$7.3 billion)
 - 211 combat reconnaissance vehicles
 - Up to 75 modernised main battle tanks
 - 46 new armoured engineering vehicles

Littoral manoeuvre

- s33(a)(i), s33(a)(ii)
-

Long range fires and effects

- s33(a)(i), s33(a)
- 2 short range ground based air defence batteries (enhanced systems) (\$1.2 billion)
- Protected mobile fires (30 self-propelled howitzers) (\$0.9 - \$1.3 billion)
- 29 AH64E Apache armed reconnaissance helicopter (\$3.4 - \$5.1 billion)
- Enhanced electronic warfare systems (\$0.1 billion)

Battlefield command and situational awareness

- s33(a)(i), s33(a)(ii)
-
-
-
- 6 enhanced tactical uncrewed aerial systems (\$0.4 - \$0.7 billion)

Land force sustainment

- 1 health brigade (\$0.4 billion)
- 3,751 enhanced protected sustainment vehicles (\$1.3 - \$2 billion)
- 4 additional Chinook (\$0.1 billion)
- s33(a)(i), s33(a)(ii)
- Enhanced horizontal construction equipment (\$0.3 billion)
- Modern deployable infrastructure (\$0.4 billion)

s33(a)(i), s33(a)(ii), s47C

Note: Brigade ~ 3,000 people, Regiment/Battalion ~ 500-700 people, Squadron/Company ~ 100-150 people, Team ~ 5-15 people

2.3 Air domain

Key points

- The air domain is critical to situational awareness during peacetime operations and rapid response in times of disaster or conflict.
- Throughout our region, countries are acquiring advanced aerial capabilities including networked fifth-generation combat aircraft and high-speed, long range weapons. The Royal Australian Air Force is continuing its transition to a modern, potent and networked force including remotely piloted and autonomous systems, with greater range, lethality and survivability.
- The *2020 Defence Strategic Update* and *2020 Force Structure Plan* outline continued investment in Australia's air combat capability to ensure it remains capable of delivering lethal and potent effects and Defence's commitment to developing high-speed long-range strike capabilities for a more capable and agile ADF.
- The *2020 Force Structure Plan* also sets out the plan for enhancements and investment in new systems, including un-crewed and autonomous teaming air vehicles. Defence will also enhance its intelligence, surveillance and reconnaissance capabilities, and will expand the Jindalee Operational Radar Network to provide wide area surveillance of Australia's northern approaches.
- s33(a)(i), s33(a)(ii), s33(a)(iii)

Key priorities

2.3.1 The recruitment, training and retention of an expanding skilled workforce underpins the ability of the Air Force to deliver capability options to government. The highly technical nature of air domain capabilities means that Air Force faces significant competition with other sectors of the economy to attract and retain people with high level STEM skills.

s33(a)(i), s33(a)(ii), s33(a)(iii)

2.3.3 The Integrated Air and Missile Defence Program will provide a layered integrated air and missile defence system capable of protecting task forces and selected national infrastructure against air and missile attacks. Priorities include the introduction of a persistent ground based integrated air and missile defence capability through procurement of sensing systems, enhanced command and control elements, and missile systems including:

s33(a)(i), s33(a)(ii), s33(a)(iii)



2.3.7 The Air Mobility Program enables the joint force to move personnel and equipment quickly and effectively. In a vast region with poor infrastructure, a reliable, suitably sized, air mobility force is a key enabler of the government's options ranging from humanitarian assistance and disaster relief through to high intensity warfare. Key priorities include:

- continuing to develop and implement upgrades to the air mobility fleets; and
- replacing and expanding the current medium air mobility fleet of C-130J Hercules aircraft.

2.3.8 The Combat Air Support Program enables air operations, including air base operations, air traffic management, the Woomera range complex and aircrew training. The continued enhancement of these capabilities is critical to ensuring the ability of all other air domain programs to generate capability is critical. Key priorities include:

- enhancing air bases; and
- delivering the replacement fixed and deployable Defence air traffic management systems.

Key upcoming government decisions

s33(a)(i), s33(a)(ii), s47C



s33(a)(i), s33(a)(ii), s47C



Key contacts

Air Marshal Mel Hupfeld, AO, DSC
Chief of Air Force
s11C
s47F
s11C

Air Vice-Marshal Robert Denney, AM
Head of Air Force Capability
s11C
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s11C

Special Purpose Aircraft

Key points

- The Special Purpose Aircraft fleet consists of aircraft from No.34 Squadron based at Defence establishment Fairbairn in Canberra.
- The fleet operates three small capacity Dassault Falcon 7X executive jets and two medium capacity Boeing business jets. The Special Purpose Aircraft fleet is supplemented by one large capacity government transport and communications modified KC-30A Multi-Role Tanker Transport aircraft operated by No. 33 Squadron from RAAF Amberley.
- Travel using Special Purpose Aircraft is available to the Governor-General, Parliamentarians, senior Defence Officials and international dignitaries. The purpose of this travel should be in support of their official responsibilities. In addition, it may be provided for other persons in particular circumstances or emergencies where you or the Prime Minister consider it appropriate.

Guidelines for use of Special Purpose Aircraft

2.3.10 Special Purpose Aircraft use is governed by the *Guidelines for the Use of Special Purpose Aircraft 2013*. The guidelines state the aircraft may be used when commercial travel arrangements are not suitable for official commitments due to location, timing, transit times, or health and security considerations. The schedule of special purpose flights is tabled in Parliament biannually and details use of the Special Purpose Aircraft by the Government.

2.3.11 A dedicated officer will be the liaison and point of contact for your office. We will seek an early briefing with your office on the use and/or approval of Special Purpose Aircraft.

Key contacts

Air Marshal Mel Hupfeld, AO, DSC
Chief of Air Force
s11C

s47F
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Air Vice-Marshal Stephen Meredith, AM, DSM
Deputy Chief of Air Force
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s47F
s11C

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The **Air Domain** delivers combat power, situational awareness, force mobility and is the primary contributor to integrated air and missile defence

\$70 billion will be invested over the decade to 2032



Today's key capabilities

Air combat

- 48 F-35A Joint Strike Fighter aircraft
- 24 F/A-18F Super Hornet fighter/strike aircraft
- 33 Hawk 127 lead in fighter trainer

Intelligence, surveillance, reconnaissance and electronic warfare

- 11 EA-18G Growler electronic attack aircraft
- 2 AP-3C(EW) Orion electronic warfare aircraft

Maritime patrol and response

- 12 P-8A Poseidon maritime patrol aircraft

Integrated air and missile defence

- 6 E-7A Wedgetail airborne early warning and control aircraft
- Jindalee Operational Radar Network

Air mobility

- 8 C-17A Globemaster heavy airlift aircraft
- 12 C-130J Hercules medium airlift aircraft
- 7 KC-30A multi role tanker transport aircraft
- 10 C-27J Spartan tactical airlift aircraft
- 2 Boeing business jet VIP aircraft (leased)
- 3 Falcon 7X VIP aircraft (leased)

Combat air support

- 49 PC-21 pilot training aircraft
- 12 KA350 King Air, air mission training aircraft (leased)
- Air traffic control systems
- Air base operations systems

Approved enhancements

Air combat

- 24 additional F-35A Joint Strike Fighter aircraft (\$9.9 - \$17 billion for all 72 F-35A)
- 10 MQ-28A Ghostbat teaming air vehicle (uncrewed) (around \$0.5 billion)
- Joint air to surface stand off missiles – extended range, for Super Hornet (around \$0.5 billion)
- SCIFIRE (hypersonic development) (around \$0.5 billion)

Intelligence, surveillance, reconnaissance and electronic warfare

- 4 MC-55A Peregrine electronic warfare aircraft (\$1.1 - \$1.7 billion)
- 1 EA-18G Growler electronic attack aircraft, attrition replacement (\$0.2 billion)

Maritime patrol and response

- 3 MQ-4C Triton remotely piloted aircraft system (\$1.8 - \$2.7 billion)
- 2 additional P-8A Poseidon maritime patrol aircraft s33(a)(i), s33(a)

Integrated air and missile defence

- Joint air battle management systems (\$1.8 - \$2.8 billion)
- E-7A Wedgetail airborne early warning and control aircraft interoperability compliance upgrade s33(a)(i),
- Jindalee Operational Radar Network Upgrade (\$0.7 - \$1 billion)

Air mobility

- 2 replacement Boeing business jet VIP aircraft (leased)

Combat air support

- Civil military air traffic system (\$0.6 billion)

s33(a)(i), s33(a)(ii), s47C

2.4 Cyber domain

Key points

- The cyber domain includes cyberspace and the electro-magnetic spectrum. Defence capabilities operating across the maritime, air, land, cyber and space domains rely on cyberspace and the electro-magnetic spectrum for their operations.
- Advances in technology are driving rapid changes in Defence's operating environment. This is increasing reliance on cyberspace and the electro-magnetic spectrum, both of which are critical considerations to Defence operations and are areas of intense competition during shape, deter and respond activities.
- Malicious cyber activity continues to grow in sophistication and scale. Defence's cyber security capability is critical to managing the evolving cyber threat to our people, capabilities, operations and ultimately to our nation.
- Defence's approach to cyber involves working closely with the Australian Signals Directorate (ASD), other government agencies, industry, allied partners, to ensure the ADF can fight in and through cyberspace.

Defence resilience in the cyber domain

2.4.1 Defence utilises strong governance, risk management and cyber security controls to provide a resilient information environment. s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

2.4.4 The Defence Cyber Security Strategy will guide Defence's cyber activities over the next decade to ensure Defence is protected from the evolving cyber threat environment. This is Defence's first cyber security strategy. It is aligned with *Australia's Cyber Security Strategy 2020*.

Key priorities and capabilities

2.4.5 Defence has a range of capabilities to address the full spectrum of cyber operations.

- Defence employs capabilities to assure the confidentiality, integrity and availability of information. Cyber security operations span ADF platforms, ICT and operational technology across the Defence enterprise. Defence proactively monitors cyber threat activity for the Defence enterprise through the Defence Security Operations Centre located at HMAS Harman in Canberra.

- Defence employs threat-specific, mission oriented capabilities to enable assurance of Defence systems during operations. The ADF has Defensive Cyber Operations units based in Adelaide, Canberra, Melbourne and Sydney.

s33(a)(i), s33(a)(ii)

- s33(a)(i), s33(a)(ii)

- Defence provides proactive monitoring services to detect insider threats that pose a significant risk to ADF operations and Defence business. This includes investigative support to address both malicious and inappropriate use of Defence ICT that threatens the security of Defence systems.

- Defence provides capabilities that s33(a)(i), s33(a)(ii)

Future capabilities and key decisions

2.4.6 Defence has comprehensive plans to remain resilient against emergent cyber threats.

- The ICT Security Program is strengthening Defence's cyber security capability through projects that enhance system identity and access management, ICT security accreditation and system vulnerability management.

s33(a)(i), s33(a)(ii)

The Defensive Cyber

Operations for the Deployed Environment Program is delivering facilities, mission tools and training systems for ADF cyber personnel. s33(a)(i), s33(a)(ii)

- s33(a)(i), s33(a)(ii)
[Redacted]
- s33(a)(i), s33(a)(ii), s47C
[Redacted]
- The Hardening Government IT Cyber Hubs Program will have Defence, the Department of Home Affairs, Services Australia and the Australian Taxation Office as lead agencies. Working closely with the Digital Transformation Agency and the Australian Cyber Security Centre, this program aims to progressively uplift cyber security across smaller Australian Commonwealth government agencies.
- To address a potential risk to data security as a result of a change of ownership to the Global Switch Ultimo data centre, Defence completed migration of all of its most sensitive data to an alternative data centre in May 2020. Defence is taking a rigorous, risk-based approach to migrate the remaining less sensitive data assets from Global Switch Ultimo to alternative data centres. Defence has comprehensive technical and physical security controls in place at Global Switch Ultimo to prevent data compromise.
- Defence is enhancing its information warfare capability s33(a)(i), s33(a)(ii)
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
- From late 2022, Defence will introduce the Defence Cyberworthiness Governance System to provide information and tools to better manage cyber risk and achieve mission assurance for operations in cyberspace.

- s33(a)(i), s33(a)(ii)
- 

Key contacts

Rear Admiral Ian Murray
Acting Chief of Joint Capabilities
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Mr Jonathan Dean
Defence Chief Information Security Officer
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The Cyber Domain delivers cyber security, cyberspace warfare and electronic warfare effects in a global and ubiquitous environment, to all domains and warfighting functions
\$15 billion will be invested over the decade to 2032

Today's key capabilities

Cyber security

- s33(a)(i), s33(a)(ii) - 24/7 computer network defence
s33(a)(i), s33(a)(ii)
- Insider threat and investigative support - proactive monitoring services of Defence ICT networks to detect insider threats that pose a significant threat to ADF operations and Defence business
- Integrated risk management - certification of Defence ICT systems, allowing for the accreditation authority to make a sound decision to process, store or communicate operational information

Cyberspace warfare

- Specialist military units to complement and extend functions and capacity of the Defence Security Operations Centre, and support military operations
s33(a)(i), s33(a)(ii)

Electronic warfare

- Electronic warfare encompasses operations in the electro-magnetic spectrum
s33(a)(i), s33(a)(ii)
- Deployable electronic warfare capabilities sit within Navy, Army and Air Force

Approved enhancements

Cyber security

- Improve the maturity of Defence's cyber security capability year-on-year to 2026 s33(a)(i), s33(a)(ii)
- Migration of all Defence data to hosting centres in line with whole-of-government hosting strategy by October 2025

Defence cyber security strategy

- Seek to uplift cyber security of the entire Defence ecosystems including Defence, Defence portfolio agencies and industry partners

Cyberspace warfare

s33(a)(i), s33(a)(ii)

- Defence Cyber College opening in May 2023 (Canberra)

Electronic warfare

s33(a)(i), s33(a)(ii)

Defence electro-magnetic spectrum strategy

- Assuring Defence electro-magnetic spectrum access and use
- Coordination of operations and actions across the electro-magnetic spectrum
- Assuring electro-magnetic spectrum ready capability investment and interoperability

s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii), s47C

2.5 Space domain

Key points

- Space is critical to Defence operations. The ADF relies on access to space systems and information, as does the Australian public.
- Defence Space Command was formally announced on 22 March 2022. Defence Space Command is the lead organisation for assisting to assure Australia's access to space.
- The government has committed to significantly increasing investment in Defence's space capabilities by planning to invest \$7 billion over the next decade to transition the ADF from a consumer to a sovereign controlled contributor in space.

Space domain overview

2.5.1 Space is becoming more congested, contested and competitive with over 7,500 satellites orbiting the Earth, and thousands more being launched every year. The *2020 Defence Strategic Update* and *2020 Force Structure Plan* recognises the importance of space as an operational domain, alongside the existing domains of air, maritime, land and cyber. Defence capabilities and operating concepts rely heavily on access to space systems and information delivered by two space programs: Space Control and Space Services; and select space projects from the geospatial-intelligence program.

Space domain review

2.5.2 As the space domain lead, the Chief of Air Force has been conducting a Space Domain Review since July 2020 to inform how Defence can more efficiently and effectively utilise the space domain to support ADF operations. The Review has so far produced a *2022 Defence Space Strategy* and established Defence Space Command. The Review continues to investigate reshaping the Defence space enterprise to more effectively and efficiently manage Defence space equities in support of the joint force and national security. A Defence Space Strategic Workforce Plan has been produced to ensure the future Defence space enterprise is supported by an appropriately trained and managed space workforce, complemented by collaboration with the United States, the Australian Space Agency and Australian industry.

2.5.3 The Australian Space Agency's Civil Space Strategy outlines the government's goal to triple the size of Australia's space sector and grow an additional 20,000 jobs by 2030. Defence will leverage off this growth to support the development of a sustainable sovereign space enterprise.

Defence Space Strategy and Defence Space Command


2.5.4 The *Defence Space Strategy* sets the trajectory for Defence space efforts to 2040, building on the *2020 Defence Strategic Update*, *2020 Force Structure Plan* and *Defence Transformation Strategy*. The *Defence Space Strategy* describes the strategic context in the space environment, articulates the vision and mission for the space domain and explores the underpinning objectives to assure Australian civil and military access to space, integrated across government, and in concert with our allies, international partners and industry. The *Defence Space Strategy* also details the significant workforce growth and upskilling required to build the necessary workforce capacity and capability to exercise all space functions within the strategic workforce plan. The *Defence Space Strategy* identifies five lines of effort to:

- enhance Defence's space capability to assure joint force access in a congested and contested space environment;
- deliver military effects integrated across whole-of-government and with allies and partners in support of Australia's national security;
- increase the national understanding of the criticality of space;
- advance Australia's sovereign space capability to support the development of a sustainable national space enterprise; and
- evolve the Defence Space Enterprise to ensure a coherent, efficient and effective use of the space domain.

2.5.5 Defence Space Command will require significant workforce growth over the next two decades. The Command is planning to grow the full-time, joint workforce to around 900 by 2030, from a current figure of around 130 employed in the Command. This workforce will continue to be drawn from the three Services and the APS. Planned growth areas identified are: Australian Space Operations Centre, dedicated space units, independent Space Regulator and new space capability projects. The desired workforce growth of 60-65 average per year for the next twenty years is ambitious, but cognisant of the increasing demands in the civil space sector. Defence Space Command will need to regularly refine and adapt its workforce strategies to attract and retain key skills to support the space domain.

s33(a)(i), s33(a)(ii), s47C

s33(a)(i), s33(a)(ii)



s33(a)(i), s33(a)(ii), s33(a)(iii), s47C



Key contacts

Air Vice-Marshal Catherine Roberts, AO, CSC
Commander

s11C

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Air Commodore Nicholas Hogan, CSC
Director General Defence Space Capability

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The **Space Domain** delivers combat power through situational awareness, global communications, and intelligence, surveillance and reconnaissance

Over \$7 billion will be invested over the decade to 2032

Today's key capabilities

Space awareness and control

- Space domain awareness C-Band radar

Global communications

- Defence-owned regional satellite communication, IS-22 (Tactical) and Optus C1 (Wideband)
- Australian owned ground station and satellite operations centre, HMAS *Harman*, Geraldton and Kapooka
- Joint allied global satellite communication wideband global system
- Joint allied protected satellite communication

Intelligence, surveillance and reconnaissance

- Geospatial intelligence satellite capability (enhanced commercial access) with the Australian Geospatial-Intelligence Organisation

Approved enhancements

Space awareness and control

- Space surveillance telescope s33(a)(i), s33(a)(ii)

Global communications

- Satellite communications ground stations, satellite communications integrated network architecture and military payloads on allied military and commercial satellites s33(a)(i), s33(a)(ii)

Intelligence, surveillance and reconnaissance

- Geospatial intelligence space based sensors with the Australian Geospatial-Intelligence Organisation

s33(a)(i), s33(a)(ii), s47C

Chapter 3: Force readiness and operations

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3.1 Defence preparedness and mobilisation challenges

Key points

- Defence can respond to a wide range of contingencies when requested by government from high-end warfighting to civil support tasks.
- Resource limitations apply. The CDF manages organisational capacity to accomplish government directed tasks through preparedness direction and assurance reporting, including risk management of specific capabilities.
- Defence preparedness is a measure of the ADF's capacity to sustainably conduct operations, exercises and engagements as directed by government.

Concurrency pressures

3.1.1 Decisions to undertake new operations require careful management of the impact on current operations and the maintenance of capacity to meet different future contingencies. The Defence preparedness management system enables Defence to actively manage these risks and communicate them to government to inform prioritisation.

3.1.2 Defence has recently been able to support an increase in civil support tasks in Australia and overseas by managing the risk to its preparedness. Examples include Operations COVID-19 ASSIST, TONGA ASSIST and FLOOD ASSIST.

3.1.3 Similarly, Australia has committed to provide lethal military assistance to support the defence of Ukraine including missiles, vehicles and weapons. The assistance to Ukraine has not impacted Defence preparedness.

Preparedness management

3.1.4 Through preparedness direction and assurance reporting, the CDF ensures the sustainable capacity of Defence to apply capabilities to accomplish government directed tasks. Preparedness documents are classified SECRET. Preparedness status will be formally reported to you as the Minister for Defence.

3.1.5 A Defence Strategic Mobilisation Plan is being developed to identify ways to further strengthen Defence’s ability to respond to a range of contingencies including large-scale domestic natural disasters and national emergencies.

Key contacts

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Vice Chief Of The Defence Force
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Commodore Mick Turner, CSM & Bar
Director General Force Exploration
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3.2 Current operations

Key points

- The Government deploys Defence personnel to operations overseas and within Australia to protect Australia and advance its strategic interests.
- Defence operations contribute to national security in a whole-of-government context requiring Defence to work with other security agencies, both across government and internationally, to ensure strategic objectives are achieved.
- The Government expects Defence to be able to defend Australia, play an active role in contributing to homeland and regional security and stability, and contribute to coalition operations around the world where our interests are engaged.
- The *2020 Defence Strategic Update* directed Australia's defence planning to focus on our immediate region within the Indo-Pacific. This has resulted in changes to Defence's operational commitments in the Middle East region. Notwithstanding, the *2020 Defence Strategic Update* highlights the requirement for Defence to remain prepared to make military contributions outside our immediate region, including on-going operations in the Middle East.
- s33(a)(i), s33(a)(ii)
- The ADF is supporting the Department of Foreign Affairs and Trade and the Australian Electoral Commission led whole-of-government support to Papua New Guinea's national election in July 2022 under Operation KIMBA. s33(a)(i), s33(a)(ii)
- The ADF's contribution to the whole-of-government response to the COVID-19 pandemic is scheduled to cease as follows:
 - Supply Chain Task Force on 27 May 2022;
 - s33(a)(i), s33(a)(ii)
 - Ambulance Victoria on 30 June 2022;
 - Howard Springs quarantine compliance management support on 30 June 2022; and

- We will provide you with an early briefing on ADF operations.

Key contacts

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Air Vice-Marshal Robert Chipman, AM, CSC
Head Military Strategic Commitments
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Chapter 4: Key challenges and frameworks for potential solutions

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4.1 Optimising sovereign Defence industry

Key points

- Australia's geo-strategic environment underscores the need for a strong, sovereign and internationally competitive defence industry base. A genuine, long-term partnership with defence industry, both locally and internationally, is critical.
- Defence industry policies and programs must work in concert to develop our industrial base. Given the size of our economy, increasing our self-reliance means we must make hard choices about developing the areas most critical to defence capability.
- Australia's areas of relative strength in research and development provide opportunities to build niche sovereign industry.

Increased focus on our strategic priorities

4.1.1 Defence has identified and publicly articulated industrial areas of greatest criticality through the Sovereign Industrial Capability Priorities. They are:

- combat clothing survivability and signature reduction technologies;
- munitions and small arms research, design, development and manufacture;
- land combat and protected vehicles and technology upgrades;
- aerospace platform deeper maintenance and structural integrity;

s33(a)(i), s33(a)(ii), s47C

- enhanced active phased array and passive radar capability;
- advanced signal processing capability;
- surveillance and intelligence;
- test, evaluation, certification and systems assurance;
- robotics, autonomous systems, and artificial intelligence;
- precision guided munitions, hypersonic weapons, and integrated air and missile defence systems;

- space; and
- information warfare and cyber capabilities.

4.1.2 The Sovereign Industrial Capability Priorities are those parts of industry most critical to Defence that must be sustained and grown. The Sovereign Industrial Capability Priorities signal to industry where we seek to deepen and broaden the Australian defence industrial base by attracting new and non-traditional suppliers, and where innovation is required.

4.1.3 Defence measures industrial sovereignty by the level of access to, or control we have over essential skills, technology, intellectual property, financial resources and infrastructure. This does not mean something needs to be entirely Australian to be sovereign. s33(a)(i), s33(a)(ii), s33(a)(iii)

However, where required, sovereignty will assure supply both onshore and offshore through a range of methods.

4.1.4 Due to the size and dynamics of our industrial base, Australia will never be fully self-reliant, but we will develop niche sovereign industry, including in areas of relative strength such as research and development. We will always depend on key international partners and companies for certain high-end platforms, systems and components. The Sovereign Industrial Capability Priorities provide a focus to where we are working to reduce this dependence, increasing our industrial capability and capacity in the areas of greatest criticality.

Working with our international partners

4.1.5 Strong and effective engagement with international partners, including governments and global primes, must remain a key focus. This includes support for businesses seeking export opportunities and facilitating the transfer of critical technology into the Australian industrial base.

s33(a)(i), s33(a)(ii), s33(a)(iii)

Articulating our strategic vision

4.1.7 Building a sustainable sovereign defence industrial base is a long-term agenda. Significant progress has been made, but there is more work to be done.

s33(a)(i), s33(a)(ii)



Key contact

Mr Steve Moore
First Assistant Secretary Defence Industry Policy
s11C

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4.2 Balancing swift capability delivery and developing the sovereign industrial base

Key points

- Australia needs to build and sustain a sovereign defence industrial base.
- Australian industrial participation within our projects is essential to developing the sovereign industrial base.
- s33(a)(i), s33(a)(ii)
- Ultimately our defence industry policy settings need to support ADF capability requirements.

Balancing urgent Defence capability requirements and optimising Australian industrial participation

4.2.1 s33(a)(i), s33(a)(ii). Tensions are rising in our immediate region, and state and non-state actors are adapting emerging technologies to suit their purposes. Australia must therefore have access to world-leading capabilities in the shortest possible time. Equally, supply chain constraints and vulnerabilities underscore the need for Australia to develop and sustain a sovereign defence industrial base, to bolster our self-reliance and offer expanded support options to our allies.

4.2.2 We remain committed to optimising Australian industrial participation within our capability acquisition and sustainment projects. This is essential to developing the sovereign industrial base to provide the ADF the capabilities it needs, in the areas of greatest criticality, when it needs it.

4.2.3 Australia's relatively small industrial base, and by extension our defence industry sector, means we will never be fully self-reliant. We will always be dependent on trusted international partners for certain high-end platforms, systems and components. The Australian defence industry sector is highly capable, and we should seek to draw Australian businesses into our capability acquisition program supply chains wherever possible. However, many Australian businesses require additional time to upgrade their facilities and systems to meet the challenging certification requirements that the supply chains of high-end defence capabilities demand.

4.2.4 There will be occasions when, due to operational timing or capability requirements, Defence will acquire existing, off-the-shelf capability from international partners. There may be times when there will be limits to Australian industry participation. This is a delicate balance, which requires a case-by-case approach.

4.2.5 There are pathways for the development of Australian defence industry, and opportunities for Australian industry, that exist beyond capability acquisition. For example, Australian industry participation in capability sustainment will provide stable and long-term opportunities for Australian businesses. Further, opportunities will

open as we work to complement trusted international partners' industrial bases s33(a)(i), s33(a)(ii)
Australian businesses face when trying to work with key international partners, s33(a)(i), s33(a)(ii), s33(a)(iii) .

s33(a)(i), s33(a)(ii)



Key contacts

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Mr Steve Moore
First Assistant Secretary Defence Industry Policy
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4.3 Capability acquisition and sustainment performance

Key points

- The Portfolio Budget Statements, Portfolio Additional Estimates Statements, the Defence Annual Report, and the Australian National Audit Office's Defence Major Projects Report provide public performance information on key Defence projects and sustainment activities.
- For those projects or products that warrant additional oversight and resources, Defence has a Projects/Products of Concern regime.
- Defence manages a rolling program of Assurance Reviews conducted independently of project/product line management that play an important role in identifying performance issues, including whether a project should be a project of interest or concern.
- In September 2021, the Attack class submarine program was terminated as a consequence of establishing the AUKUS enhanced security partnership which will deliver nuclear-powered submarines for Australia. The termination of a program of this scale and complexity is unprecedented and has required active and sensitive management. Agreement to the final settlement with Naval Group will be an early priority for government decision.

Performance reporting and assurance

4.3.1 Defence publicly reports on key acquisition and sustainment projects in the Portfolio Budget Statements, Portfolio Additional Estimates Statements, and the Defence Annual Report.

4.3.2 Defence regularly provides project and sustainment information to the Senate Standing Committee on Foreign Affairs, Defence and Trade, including private briefings to protect national security and commercially sensitive matters. Defence is also supporting a number of inquiries into major Defence acquisition programs being conducted under the auspices of the Senate Economics References Committee.

4.3.3 For national security reasons detailed performance reports are not publicly released as they contain information on Australia's military preparedness. There are also commercially sensitive aspects regarding the performance and/or contracting arrangements with Defence industry.

4.3.4 In addition to security considerations, particularly for aggregated information, it is important that Defence is able to protect commercially sensitive industry information and support a culture internal of reporting transparency.

4.3.5 Monthly performance reporting in Defence internal systems and assurance processes provides oversight of projects and sustainment activities with emerging risks and issues escalated for attention as required.

Managing performance issues

4.3.6 The removal of projects/products is recommended based on either project remediation or project/contract cancellation. Of over 170 major acquisition projects, Defence currently has two Projects of Concern – Multi Role Helicopter and Deployable Defence Air Traffic Management and Control System.

4.3.7 s33(a)

Projects of Interest:

s33(a)(i), s33(a)(ii)

Products of Interest:

s33(a)(i), s33(a)(ii)

4.3.8 The list of Projects/Products of Concern is publicly available in Defence's Annual Report. A statement on the status of each project/product is provided to the Senate Standing Committee on Foreign Affairs Defence and Trade at a private briefing.

4.3.9 Projects/products with issues and risks raised against schedule cost and/or capability performance and availability that warrant heightened internal senior management attention become Projects or Products of Interest. This designation is a decision that rests with the Deputy Secretary Capability Acquisition and Sustainment Group.

Major Projects Report

4.3.10 The Major Projects Report is a limited assurance review of selected major Defence equipment acquisition projects that is tabled annually in Parliament by the Auditor-General. This report is developed jointly by Defence and the Australian National Audit Office and is a requirement of the Joint Committee of Public Accounts and Audit.

4.3.11 The first report was developed in 2007-08 with the objective of improving the accountability and transparency of Defence major acquisitions for the benefit of Parliament and other stakeholders.

4.3.12 The Major Projects Report contains extensive individual and collective project information, particularly compared with some other countries. Increasingly Defence will need to work with the Australian National Audit Office to manage the security implications of such detailed public information.

4.3.13 The Australian National Audit Office and Defence assessed the cost to prepare the Major Projects Report is approximately \$4 million per year.

4.3.14 The most recent Major Projects Report (2020-21) was tabled on 13 December 2021.

4.3.15 The Joint Committee of Public Accounts and Audit holds an annual hearing into the most recently tabled report typically in February or March each year.

Independent Assurance Reviews

4.3.16 Independent Assurance Reviews assess the ongoing viability of capability investment decisions and the health and outlook of programs, acquisition projects and sustainment products. They play an important assurance role in the Projects/Products of Concern and Interest process.

4.3.17 In 2020-21, 143 Independent Assurance Reviews were completed, up from 125 in 2019-20. A similar number is expected to be completed this financial year.

4.3.18 Independent Assurance Reviews are an internal process managed by Defence’s Capability Acquisition and Sustainment Group. They involve regular review of acquisition projects and sustainment products typically before key milestones or government decision points. Independent Assurance Reviews can also be held to examine specific matters such as where there is a complaint regarding a tender process.

4.3.19 Independent Assurance Reviews are conducted by a pool of around 45 independent reviewers with extensive senior management experience gained in Defence industry or academia who have a very sound understanding of Defence processes.

Attack Class Submarine Termination

s33(a)(i), s33(a)(ii)



Key contacts

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Mr Tony Dalton
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4.4 Climate and environmental management

Key points

- Defence recognises the impacts of climate change and is committed to both sustaining the estate and implementing measures to mitigate the impact of our operations.
- Climate and disaster resilience are considered in our strategic guidance and planning, force structure, preparedness, estate and infrastructure planning, and capability development.
- Defence, in cooperation with the Office of National Intelligence, will conduct a risk assessment of the implications of climate change for national security, s33(a)(i), s33(a)(ii)

Environmental management

4.4.1 Defence has a mature and effective environmental policy and management system to manage the impacts of our activities and maintain a sustainable and resilient estate. Comprehensive environmental management seeks to avoid or mitigate environmental risks and meet our obligations under legislation including the *Environment Protection and Biodiversity Conservations Act 1999* (Cth).

s33(a)(i), s33(a)(ii)

Planning for climate resilience

4.4.3 The *2020 Defence Strategic Update* acknowledges climate change as a threat to human security and the role it plays – alongside pandemics, water and food scarcity, population growth and urbanisation – in increasing instability and reshaping our security environment. It also notes measures to enhance ADF support to civil authorities in response to natural disasters, as well as the higher priority accorded to disaster response and resilience measures in defence planning.

4.4.4 Defence incorporates climate risk and mitigation considerations into its estate and capability lifecycles and ensures base plans, infrastructure design and facility operations appropriately consider climate and disaster risk.

s33(a)(i), s33(a)(ii), s47C

4.4.6 Defence will continue to provide domestic and international support to disaster response within the context of climate risk. Defence will engage with the s33(a)(i), s33(a)(ii), s33(a)(iii) to manage concurrency pressures and maximise the capability available to respond, as natural disasters increase in frequency and strength.

Key initiatives

4.4.7 Defence has initiated a range of investments to drive a 43 per cent reduction in Greenhouse Gas Emissions by 2030 and achieve net zero by 2040. The Defence Renewable Energy and Energy Security Program is delivering renewable energy and associated technologies, leading high-level feasibility assessments of low-emission technologies including hydrogen, battery energy storage, micro-grids and alternative liquid fuels.

4.4.8 Defence generated approximately 2.18 gigawatt hours of renewable energy in 2020-21 through renewable energy systems at Australian Defence Satellite Communications Station, Geraldton, Western Australia; Fleet base West, Garden Island, Western Australia; Victoria Barracks, Victoria; and Yampi Sound Training Area, Western Australia.

4.4.9 The Government has committed to, the Director-General of the Office of National Intelligence and the Secretary for Defence, with the involvement of intelligence agencies and an independent panel, will undertake a risk assessment of the implications of climate change for national security. s33(a)(i), s33(a)(ii)

s33(a)(i), s33(a)(ii)

Further projects will be accelerated for:

- Robertson Barracks (10.5 megawatts);
- RAAF Base Darwin (3.5. megawatts);
- Harts Range Over the Horizon Radar, Northern Territory;
- Beecroft Air Weapons Range, New South Wales;
- RAAF Base Edinburgh, South Australia;
- RAAF Base Tindal, Northern Territory;
- Mulwala Munitions Factory, New South Wales;
- Woomera Range Complex, South Australia; and
- Larrakeyah Barracks, Northern Territory.

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4.5 Advancing capability through research and innovation

Key points

- Demand for future innovation, science and technology (IS&T) capability is growing.
- Defence Science and Technology Group is the government's lead agency dedicated to providing Defence IS&T support for the country's defence and security needs, under the leadership of the Chief Defence Scientist.
- The step-change to catalyse the nation's IS&T to deliver Defence's highest priority missions continues the transition from providing technical advice supporting acquisition of foreign capability, to being a key enabler for development of sovereign capability.
- Defence has identified opportunities to streamline and improve the efficiency of the Defence innovation program to facilitate accelerated development of Defence capability, and would welcome the opportunity to discuss these with you.

Mission-directed research and innovation programs delivering capability impact

4.5.1 There is an increasingly critical role for IS&T in ensuring that Australia can quickly respond to our dynamic environment and increase our capability edge by growing scale and delivering impact through technologies ranging from hypersonics to quantum computing.

4.5.2 Mission-directed research programs, such as the Science, Technology and Research (STaR) Shots sponsored by Service Chiefs, are designed to focus the national IS&T enterprise on developing new, leap-ahead capability for Defence. These research and innovation programs work with the ADF on priority problems, often with domestic or international partners.

4.5.3 Defence conducts the sensitive and secure IS&T required to support operations and capability development and harnesses the research and innovation ecosystem to create solutions that confer strategic advantage and generate opportunities for developing sovereign industry capabilities. This is achieved by mobilising interdisciplinary teams through mechanisms such as the state-based Australian Defence Science and University Networks.

Activating strategic industry, research, education and government partnerships

4.5.4 Enduring bilateral and multilateral international Defence research partnerships enable access to classified government and compartmented technologies not otherwise available to government, publicly funded research agencies, academia and industry, and Defence IS&T underpins key AUKUS initiatives.

4.5.5 Defence IS&T provides a range of contributions to whole-of-government priorities, including via the:

- University Foreign Interference Taskforce. Ensuring Australian universities are protected from foreign interference while maintaining the ability of universities to collaborate globally;
- National Security Science and Technology Centre, which resides within DSTG, and works closely with national security and intelligence agencies to coordinate and deliver IS&T; and
- DSTG technology foresighting capabilities that underpin the Critical Technologies Policy Coordination Office within the Department of the Prime Minister and Cabinet.

4.5.6 Recent examples of accelerating capability development through research and innovation partnerships between Defence and Industry include successful flight trials of Australian hypersonic test vehicles with Northrop Grumman, the MQ-28A 'Ghost Bat' program with Boeing Defence Australia, and the rapid prototyping of Extra Large Autonomous Undersea Vehicles by Defence and Anduril Australia.

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Chapter 5: Risks to achieving defence objectives

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5.1 Budget allocation and management: short and longer-term planning

Key points

- Defence has a 10 year funding model that provides the long term funding certainty necessary to deliver on the *2020 Defence Strategic Update* and *2020 Force Structure Plan*. This funding certainty provides a sound foundation for defence industry to plan and invest over the decade and beyond.
- Defence funding was decoupled from Gross Domestic Product (GDP) in the *2016 Defence White Paper* to avoid the need to regularly adjust Defence's plans in response to GDP fluctuations and to provide long-term stability for Defence and Defence industry.
- In 2021-22, Defence expects to achieve a balanced budget outcome, with some risk of a minor overspend primarily driven by assistance to Ukraine and classified acquisition projects. s33(a)(i), s33(a)(ii)
- The 2022-23 Budget represents a continuation of the Defence funding model. The key change to Defence funding in 2022-23 and across the Forward Estimates is due to the transfer of funding to ASD for measures relating to REDSPICE and foreign exchange adjustments.

2021-22 financial position

5.1.1 The 2021-22 Defence appropriation is \$44.1 billion.

5.1.2 Despite the impacts of COVID-19, Defence achieved a record level of acquisition expenditure of \$12.8 billion in 2020-21 and expects to achieve \$14.9 billion in 2021-22.

5.1.3 As at 1 May 2022, the forecast end of year position for Defence is for a close to balanced budget outcome. This result may be impacted by the end result for some of Defence's large projects including the contract termination costs associated with the Attack class submarine program. The forecasted result assumes the Attack class submarine program is settled this financial year. We will seek to brief you quickly on negotiations with Naval Group, which remain commercially sensitive.

5.1.4 The forecast balanced budget outcome in 2021-22 continues Defence's record of disciplined budget management. Since 2017-18, Defence has delivered minor surpluses of less than one per cent of its budget every year.

Budget

5.1.5 As at the Portfolio Budget Statements 2022-23, Defence's appropriation in 2022-23 is \$47.0 billion and \$200.9 billion over the forward estimates.

5.1.6 Defence and ASD's combined appropriation in 2022-23 is \$48.6 billion for 2022-23 and \$209.2 billion over the forward estimates. Table 1 provides Defence and ASD funding over the forward estimates.

Table 1: Defence and ASD Funding over the forward estimates.

| | 2021-22 estimated actual | 2022-23 budget estimate | 2023-24 forward estimate | 2024-25 forward estimate | 2025-26 forward estimate |
|------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Defence Funding (\$m) | 44,086.4 | 46,951.0 | 49,327.6 | 51,174.0 | 53,463.9 |
| ASD Funding (\$m) | 1,165.2 | 1,664.0 | 2,277.5 | 2,284.7 | 2,061.9 |
| Combined Funding (\$m) | 45,251.6 | 48,615.0 | 51,605.1 | 53,458.7 | 55,525.8 |

Defence 2022-23 budget summary

5.1.7 In 2022-23, Defence planned expenditure includes:

- \$16.3 billion (34 per cent of the Defence budget) for capability acquisition, which is an increase of \$1.4 billion or nine per cent on the 2021-22 estimated actual of \$14.9 billion;
- \$14.2 billion (30 per cent of the Defence Budget) for employees;
- \$15.0 billion (31 per cent of the Defence Budget) for sustainment, which is an increase of \$1.3 billion or 10 per cent on the 2021-22 estimated actual;
- \$2.4 billion (five per cent of the Defence budget) for operating activities and services; and
- \$193.2 million on Operations.

2022-23 Commonwealth Budget measures and adjustments

5.1.8 Budget measures and adjustments that impact Defence's departmental funding are outlined below.

New funding includes:

- an increase to Defence funding of \$126.4 million in 2021-22 for the net additional cost of Operation FLOOD ASSIST to support the New South Wales and Queensland governments with search and rescue, clean-up, and recovery tasks relating to the recent floods;
- an increase to Defence funding of \$70 million for assistance to Ukraine in 2021-22. Defence will absorb an additional \$121.4 million as part of the assistance to Ukraine; and
- an increase to Defence funding of \$0.8 million for Cyber Hubs sustainment in 2022-23 to extend the pilot of the Cyber Hub in Defence.

Absorbed by Defence are:

- \$151.6 million for a Defence Industry Package from 2021-22 to the end of the forward estimates. It includes funding for the following programs: School Pathways, Skilling Australia's Defence Industry Grants, Defence Industry Internships, and Sovereign Industrial Capability Priority Grants;
- \$0.3 million for Honiara High Commission Second Stage Approval over the 2022-23 Budget and forward estimates period to 2025-26. This provides for Defence's office space in the new Honiara High Commission building;
- \$2.1 million for providing financial counselling services to veterans, the Bravery Trust, over the 2022-23 Budget and forward estimates period to 2025-26; and
- s33(a)(i), s33(a) for enhancing our regional presence and sharing intelligence with India, over the 2022-23 Budget and forward estimates period to 2025-26.

Transferred to other agencies:

- \$3.6 billion to ASD for Enhanced Cyber and Intelligence Capability over the 2022-23 Budget and forward estimates period to 2025-26. This provides funding for REDSPICE;
- s33(a)(i), s33(a) the Australian Space Agency for National Space Mission for Earth Observation over the 2022-23 Budget and forward estimates period to 2025-26; and
- \$6.7 million to the Attorney-General's Department and Commonwealth Director of Public Prosecutions for costs related to the work of the Office of the Special Investigator in 2022-23.

Other budget adjustments and estimates variations include:

- an increase to Defence funding of \$4.2 million in 2021-22 for the net additional cost of Operation COVID-19 ASSIST which has been expanded to include support to aged care facilities;
- a decrease in Defence funding of \$122.0 million in 2021-22, and \$1.1 billion over the 2022-23 Budget and forward estimates period to 2025-26 due to a change in foreign exchange parameters;
- an increase to Defence funding of \$74.7 million in 2022-23 for the increased net additional cost of Operation RESOLUTE;
- an increase to Defence funding of \$68.2 million in 2022-23 for the increased net additional cost of Operation ACCORDION;
- the return of \$58.0 million of Defence funding in 2022-23 to reflect unused Defence offsets provided for the Office of the Special Investigator; and
- s33(a)(i), s33(a)(ii)

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5.2 Workforce dynamics and employment challenges

Key points

- Paradoxically, Defence is not a competitive employer. When competing for a limited pool of experienced staff we often lose out.
- Defence requires people with the skills, training and experience to deliver its new capabilities in an integrated workforce.
- The last year has seen lower recruiting achievement and higher separation rates, which have resulted in the ADF and APS workforce size being below approved levels.
- Defence is taking action to stabilise the current workforce through targeted retention initiatives that are focused on critical categories and occupations along with a number of long term ADF growth strategies.
- Defence APS remuneration has dropped from the top quartile to the second bottom quartile (and to the bottom quartile for some classifications) of Public Service agencies. Stronger remuneration outcomes are required in addition to the other measures being pursued. A new Average Staffing Level (ASL) and Senior Executive Service (SES) cap is required, representative of the scale and pace of what the Defence enterprise must deliver.
- Further reform to ensure an inclusive culture in Defence is critical to capability, including strengthening programs to prevent sexual misconduct.

Narrative

5.2.1 The Defence integrated workforce is central to meeting our strategic challenges and will grow by 18,500 personnel out to 2040.

5.2.2 The Defence workforce continues to respond to national security challenges delivering a broad range of outcomes through the pandemic including: overseas and domestic operations, regional engagement, enhancing traditional alliances and establishing the AUKUS partnership, establishing the Nuclear-Powered Submarine Taskforce, Space Command and the Guided Weapons and Explosive Ordnance enterprise, delivering projects for the Integrated Investment Program, working with Industry and supporting the development of sovereign capabilities, and reform and transformation of business operations.

5.2.3 The nature of Defence's work is complex. Delivering national security capability requires reliance on high-end technologies such as the development of a nuclear-powered submarine capability. Defence requires people with the skills, training and experience to deliver these capabilities in an integrated workforce. Over the last three years Defence's integrated workforce has increased its reliance on contractors and outsourced service providers (OSPs) to deliver this complexity. Outsourced service providers have increased seven per cent in the last 12 months alone.

Table 1: Breakdown of the External Workforce Census results from March 2020 to March 2022.

| | March 2020 | March 2021 | March 2022 | March 2020 v March 2022 |
|--------------|---------------|---------------|---------------|-------------------------|
| Workforce | FTE | FTE | FTE | per cent Change |
| OSP | 23,017 | 25,363 | 26,199 | 14 per cent |
| Contractor | 5,361 | 6,810 | 8,311 | 55 per cent |
| Consultant | 255 | 314 | 370 | 45 per cent |
| Total | 28,632 | 32,487 | 34,880 | 22 per cent |

5.2.4 Defence workforce pressures grow as the wider labour market responds to significant shock, with forecast historic low unemployment rates changing employee expectations and skill shortages persisting in emerging technologies and specialist skill areas.

5.2.5 The last year has seen lower recruiting achievement and higher separation rates resulting in the ADF and APS workforce size being below guidance. These workforce shortages are being felt more directly in key workforce segments across the enterprise such as engineering, intelligence, communications and cyber.

5.2.6 Of note is the workforce growth required across a range of new capabilities such as nuclear-powered submarines, AUKUS advanced capabilities, Space Command, guided weapons and national naval shipbuilding. As the understanding of the workforce requirement for each of these areas matures and the demand is quantified it will increase pressure on Defence's personnel requirements particularly in skills areas that are highly sought after in the Australian labour market. This growth will be guided by the *Defence Strategic Workforce Plan*. Defence will provide an annual report to government on progress of this workforce growth; the first report is due in Q4 of 2022.

5.2.7 In support of long-term growth requirements Defence is:

- negotiating a new ADF Recruiting Services Contract that will be in place in 2023;
- modernising ADF remuneration and housing policy settings through the ADF Employment Offer Modernisation Program; and
- undertaking a comprehensive review of policy and other measures to identify opportunities to improve recruiting and retention outcomes.

5.2.8 These key initiatives will be briefed to you as soon as practicable. In addition to the current measures, stronger remuneration outcomes are required for the Defence APS workforce to address workforce shortfalls.

Workforce growth

5.2.9 Defence's total permanent workforce is planned to grow by approximately 18,500 to around 100,000 by 2040. Analysis has determined that initial growth of 12,500 comprising 10,449 ADF and 2,051 APS, at a cost of \$38 billion from within the existing Defence Budget, is required to deliver and operate the capabilities detailed in the *2020 Force Structure Plan*.

5.2.10 Defence's next review of force structure will consider new and enhanced capabilities, including those associated with AUKUS, and will detail the composition of the additional workforce growth of around 6,000 bringing the total to 18,500.

5.2.11 The *Defence Strategic Workforce Plan 2021-40* released in early 2022 articulates the system reforms required to meet the workforce required by the *2020 Force Structure Plan*, including a more strategic focus on retention related issues.

5.2.12 The successful delivery of the AUKUS partnership cannot come at the expense of other critical capability investments that are equally vital to responding to our rapidly changing strategic environment. Defence requires expert personnel and some of the most talented leaders Australia has to offer to manage these programs.

Workforce achievement

5.2.13 The recently approved increase to the size of the Defence APS workforce helps to meet new capability demands and those set out in the *2020 Force Structure Plan*. However, given the capabilities required of Defence post this plan, the ASL cap continues to restrict Defence's ability to manage workforce requirements. Since 2019, Defence SES cap has been insufficient to meet the increasing scale of Defence activities and is now significantly short of what is required. A new ASL and SES cap are required, representative of the scale, pace and complexity of what the Defence enterprise must deliver.

5.2.14 The competitiveness of Defence APS remuneration has declined over time. When comparing baseline salaries in enterprise agreements, Defence APS remuneration sits in the bottom quartile for most of the salaries on offer and below the median for all salaries that can be advertised. This diminishes the attractiveness of Defence's employment offer. Nearly half of the APS employees leaving Defence move to other Commonwealth Agencies where remuneration is higher than in Defence. The Defence remuneration framework needs to be lifted in line with other agencies in the National Security community.

5.2.15 Defence is relying on other elements of the employee value proposition to attract new recruits or employees and remain competitive. The employee value proposition consists of 16 elements which Defence assesses and adjusts to influence the likelihood of joining and subsequently remaining in Defence. Examples of employee value proposition elements include career path and opportunities, mobility, education and training. These efforts are not overcoming the accelerated labour market trends for the APS where strong remuneration outcomes are required.

5.2.16 In regard to the ADF, Defence is working to modernise the entire recruitment approach to meet the current and future capability demands. The current Defence Force Recruiting Services Contract with Manpower Group expires on 30 June 2023. s33(a)(i), s33(a)(ii)

. The procurement process commenced in early 2020 and is currently in the tender evaluation phase.

5.2.17 ADF members are provided with an employment package which consists of housing (including the Defence Home Ownership Assistance Scheme), remuneration (including superannuation), medical and dental care, and professional development opportunities. The employment package also supports families who are an important factor in enabling our members to undertake their unique roles.

5.2.18 The current ADF employment offer is comprehensive, however it has over time become overly complex and outdated making it difficult for members and their families to understand and for Defence to maintain and administer. Following a consultation period with ADF members, led by CDF, Defence is progressing options to:

- provide more flexible housing solutions to better meet contemporary needs and offer greater choice;
- contemporise the categorisation system that determines member benefits and allowances; and
- modernise and simplify the complex ADF allowances framework.

5.2.19 Given the severity of the labour market and internal workforce trends, a comprehensive review of policy and other measures has commenced to identify further opportunities to enhance or accelerate ADF recruitment and retention initiatives. Options for new accelerated or enhanced initiatives will be prepared by August 2022.

Cultural reforms

5.2.20 Since 2012, Defence's cultural reform has been guided by the Pathway to Change program. Notable reforms have included the establishment of the Sexual Misconduct and Prevention Response Office and the Restorative Engagement Program. In 2020, one set of values and behaviours was implemented for all Defence personnel.

5.2.21 The proportion of women in Defence has increased over time, including the number who are in leadership positions. At the start of 2012, 13.8 per cent of permanent ADF members and 6.6 per cent of ADF senior officers were women. Female representation has since increased to 20.1 per cent of the permanent ADF workforce and 16.9 per cent of ADF senior officer positions in 2022.

5.2.22 A key area of focus continues to be preventing sexual assault. Reports of ADF sexual assault increased in 2020-21. The 2021 IGADF inquiry report into the implementation of military justice arrangements for dealing with sexual misconduct found that the prevalence of sexual misconduct (sex discrimination, sexual harassment and sexual offences) is 5.7 per cent in the ADF compared to 20 per cent for sexual harassment alone in Australia's civilian workplaces. Defence is focused on prevention, response and ensuring victims feel safe to report sexual misconduct and have access to support services.

Workforce health

5.2.23 With all these efforts, the health and welfare of the ADF and Defence APS workforce is paramount. Defence invests in work health and safety to protect our people and capability and provides a variety of education programs and support mechanisms for the workforce including mental health training and support. A comprehensive health and welfare support system is in place to care for and support ADF members ensuring that members are ready throughout their careers.

5.2.24 When transitioning to civilian life, Defence offers a range of needs-based programs to assist ADF members and their families. These programs are enabled by transition coaching and are designed to ensure a tailored approach based on the transition circumstances and post-transition goals of each member and their family.

5.2.25 Following a recommendation in the Productivity Commission's July 2019 report A Better Way to Support Veterans, the government established the Joint Transition Authority within Defence in October 2020.

5.2.26 The Joint Transition Authority was established to better prepare and support ADF personnel and their families as they transition from military to civilian life. The Joint Transition Authority is presently in an implementation phase, identifying how services could be better connected and improved across the transition system.

5.2.27 The Defence welfare system also extends to ADF members' families, acknowledging the unique demands military service places on families. Key family support programs include mobility and absence from home support, critical incident management, command support and transition support.

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Chapter 6: Ministerial authorities and responsibilities

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6.1 Defence functions and powers

Key point

- The *Defence Act 1903* and the Administrative Arrangements Order outline your responsibilities as Minister for Defence and those of the Defence portfolio.

Overview

6.1.1 Section 8 of the *Defence Act 1903* provides that you, as Minister for Defence, have general control and administration of the ADF.

6.1.2 Section 9 vests CDF with command of the ADF subject to your power of general control and administration.

6.1.3 Section 10 vests the administration of the ADF jointly with the Secretary and the CDF except with respect to matters falling within the command of the ADF or any other matter specified by you.

6.1.4 The Administrative Arrangements Order specifies the general functions of Defence, including:

- International defence relations and defence cooperation;
- Defence scientific research and development;
- Defence procurement and purchasing; and
- Defence industry development and co-operation.

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6.2 Call out of the ADF and ADF Reserves

Key points

- Part IIIAAA of the *Defence Act 1903* sets out the statutory process for the 'call out' of the ADF to protect Commonwealth interests or states and territories against domestic violence.
- s47E(d)
- Section 28 of the *Defence Act 1903* provides a mechanism for the Governor-General to call out some or all of the ADF Reserves to render service in response to a number of situations including war, civil aid, humanitarian assistance, medical or civil emergency or disaster relief.
- As the Minister for Defence you are an Authorising Minister. Your role is to consult the Prime Minister and advise the Governor-General.

Overview

6.2.1 The states and territories hold primary responsibility for the protection of life and property in their jurisdictions and may seek Commonwealth assistance where necessary. If the ADF is called out, the civilian power remains paramount. However, ADF members remain under military command and can only use force that is reasonable and necessary. A call out of the ADF in this context is also known as 'Defence Force Aid to the Civil Authority' as distinct from 'Defence Assistance to the Civil Community', see Section 6.4.

6.2.2 Part IIIAAA of the *Defence Act 1903* call out to protect a state or territory from domestic violence can only be initiated by the affected state or territory. The Commonwealth can initiate a call out under Part IIIAAA of the *Defence Act 1903* for reasons including domestic violence affecting Commonwealth interests or for threats to those interests in the Australian offshore area.

Call out of the ADF Reserves

6.2.3 An ADF Reserves call out imposes an obligation on members of the ADF Reserves to render service, even though they have not volunteered. State and territory governments are the primary responders for disaster relief within Australia. A call out of the ADF Reserves should seek to enhance the capacity of state and territory governments and support civil agencies.

6.2.4 The *Defence Legislation Amendment (Enhancement of Defence Force Response to Emergencies) Bill 2020* commenced on 18 December 2020. This Bill amended *the Defence Act 1903* and streamlines the ADF Reserves call out process to be more flexible and agile. It allows the Governor-General to act on the advice of the Minister for Defence and decouples ADF Reserves call outs from the requirement to render continuous full-time service.

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6.3 Nature and obligations of service

Key points

- All operational deployments and third country deployments involving ADF personnel must have a nature of service classification to enable access to appropriate conditions of service and veteran benefits.
- The nature of service classification expresses the extent to which personnel deployed on an operation are exposed to the risk of harm from hostile forces and as a consequence of executing the approved mission and tasks.
- Military operations are classified in three categories: warlike, non-warlike and peacetime.
- As the Minister for Defence, you are the authority for declaring a warlike or non-warlike classification service based on advice from the CDF.

Past service

6.1.1 Defence also undertakes reviews into past operations following representations from members of Parliament on behalf constituents, or as requested by the CDF, the Vice Chief of the Defence Force or Service Chiefs. In most instances these representations seek a reclassification of service to qualify as warlike service to enable access to enhanced veteran benefits, including a service pension at age 60 and the Department of Veterans' Affairs Gold Card at age 70. All requests require a comprehensive search and examination of available records located in Defence Archives, the National Archives of Australia and other information repositories.

Nature of service definitions

Peacetime

6.3.2 A peacetime classification acknowledges that an element of hazard and risk is inherent to ADF service and that personnel are appropriately trained and compensated for their specific military occupation. Service on peacetime operations is not the same as serving overseas on a posting or short-term duty.

6.3.3 A peacetime operation is a government authorised military operation or activity that does not expose ADF personnel to a Defence assessed threat from hostile forces. Therefore, there is no expectation of casualties as a result of engagement with hostile forces. There may be an increased risk of harm from environmental factors consistent with the expectation that from time to time ADF personnel will perform hazardous duties.

Non-warlike

6.3.4 Non-warlike service exposes ADF personnel to an indirect risk of harm from hostile forces.

6.3.5 A non-warlike operation is a government authorised military operation which exposes ADF personnel to the risk of harm from designated forces or groups that have been assessed by Defence as having the capability to employ violence to achieve their objectives, but without specific threat or assessed intent to target ADF personnel. The use of force by ADF personnel is limited to self-defence and there is no expectation of ADF casualties as a result of engagement of those designated forces or groups.

Warlike

6.3.6 Warlike service exposes ADF personnel to a direct risk of harm from hostile forces.

6.3.7 A warlike operation is a government authorised military operation where ADF personnel are exposed to the risk of harm from hostile forces that have been assessed by Defence as having the capability and an identified intent to directly target ADF personnel. ADF personnel are authorised to use force to pursue specific military objectives and there is an expectation of ADF casualties as a result.

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6.4 Defence Assistance to the Civil Community

Key points

- Defence Assistance to the Civil Community provides the policy guidance for Defence support to the Australian community where use of force is not authorised. Where use of force is contemplated, Defence support is classified 'Defence Force Aid to the Civil Authority'.
- State and territory governments have primary responsibility for the protection of life, property and the environment and for coordinating and planning emergency responses and recovery actions in disaster-affected areas within their jurisdiction.
- The ADF is able to support the states and territories as part of a whole-of-government response, where a state or territory lacks the capacity or resources to respond effectively.
- Emergency Management Australia coordinates the Commonwealth's whole-of-government response, including Defence support, on request from the states and territories.
- The *2020 Defence Strategic Update* acknowledged Defence should enhance its ability to support civil authorities in response to national and regional crises and natural disasters like pandemics, bushfires, floods and cyclones.

Overview

6.4.1 Defence Assistance to the Civil Community is normally short-term, non-enduring support and does not grant any rights to the organisation or individual receiving assistance. It has six categories:

- s33(a)(i), s33(a)(ii)
-
-

s33(a)(i), s33(a)(ii)

Key contacts

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6.5 Ministerial Directive

Key point

- High level responsibilities of the Secretary and the CDF are set out under section 8 of the *Defence Act 1903*.

Overview

6.5.1 At your discretion as the Minister for Defence, you may choose to set out specific roles and responsibilities of the Secretary and the CDF in a Ministerial Directive.

6.5.2 The last directive was signed by the then Minister for Defence, Senator the Hon Linda Reynolds CSC on 27 January 2021 and is provided in [Annex 1](#) for your reference.

6.5.3 We will speak with you about whether you would like to issue a new directive.

Key contacts

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Annex 1 – Ministerial Directive



MINISTERIAL DIRECTIVE TO THE SECRETARY OF THE DEPARTMENT OF DEFENCE AND THE CHIEF OF THE DEFENCE FORCE

PREAMBLE

1. In accordance with my powers under section 8 of the *Defence Act 1903*, I hereby issue the following Directive to the Secretary of the Department of Defence and the Chief of the Defence Force.

ACCOUNTABILITY

2. You, the Secretary of the Department of Defence and the Chief of the Defence Force, are jointly and individually accountable to me for Defence's performance, having regard to your statutory responsibilities under the *Defence Act 1903*, the *Public Service Act 1999*, and the *Public Governance, Performance and Accountability Act 2013*.

RESULTS

3. I expect that you, the Secretary of the Department of Defence and the Chief of the Defence Force, will jointly lead Defence as a single strategy-led and centrally-directed organisation as envisaged in the *2020 Defence Strategic Update*. My expected outcomes are for Defence to be a fully integrated enterprise that continuously evolves its strategic posture, improves its ability to develop capability, and delivers on its mission for Government.

JOINT RESPONSIBILITIES

4. I expect you, the Secretary of the Department of Defence and the Chief of the Defence Force, to:

Strategy

- a. Provide integrated across policy and military, timely, and high-quality advice situated within the whole-of-government context to Government.
- b. Undertake continuous review of Australia's defence position in response to evolving geo-political and geo-economic changes in our strategic environment, and adjust strategy, capability, resources, and posture as necessary to meet Government objectives.
- c. Further integrate Defence as a tool of whole-of-government, complementing and advancing our national interests using our collective national power.
- d. Identify and communicate strategic risk, in line with the *Defence Strategy Framework*, and manage these risks through the bi-annual Strategic Risk Review process.

- e. Set organisation-wide direction and goals, including Group and Service accountability, through planning and the development of clear performance benchmarks and strategy-led alignment of capability and resources.
- f. Manage the Defence organisation within your reporting line, including design, structures, processes and policies, to enable a strong, unified and integrated One Defence.
- g. Manage Defence strategic messaging to contribute to whole-of-government strategic objectives, and build Defence's reputation as an agile organisation delivering outcomes for Australia.

Capability

- a. Ensure Defence strategic policy and capability planning are integrated and aligned to achieve Government defence objectives, including delivery of the Integrated Investment Program through the associated capability programs, on time and on budget.
- b. Oversee continuous improvement of capability management processes and workforce to ensure that Capability Managers deliver capability as agreed with Government and in collaboration with corporate enabling and delivery groups.
- c. Strengthen and improve oversight and delivery of major capital investment projects, as envisioned in the *Defence Transformation Strategy*, to successfully deliver the scale, complexity, and tempo of capabilities outlined in the *2020 Force Structure Plan* and risks are proactively managed.
- d. Deliver required capability while maximising opportunities for Australian industry involvement in all acquisition and sustainment projects, recognising Australian industry involvement as a fundamental input to ensure a sovereign industrial base capable of meeting Australia's defence needs.
- e. Direct the Defence enterprise to maximise Australian industry innovation, strengthening Defence partnerships with industry, academia, and the national science and technology enterprise to achieve the delivery of capabilities.

Reform

- a. Implement and appropriately resource reform priorities identified in the *Defence Transformation Strategy*.
- b. Foster a Defence culture of continuous improvement, with clear accountabilities and empowered delegation of people to learn, evolve, align, and deliver opportunities for reform and innovation across the Defence enterprise.
- c. Unite the Department to build *Defence Values and Behaviours* across the organisation to build a strong, inclusive, flexible and respectful Defence culture that drives high performance and diversity.
- d. Manage enterprise planning, performance, and risk to ensure the strategic objectives of Shape, Deter, and Respond are achieved, including building greater enterprise resilience, to enable an agile and efficient One Defence to deliver on its commitments.
- e. Promote quality in our leadership culture through fostering gender equality and inclusive leadership and culture.
- f. Ensure Defence is fit for purpose in its COVID-19 recovery and beyond, retaining and building on business practice improvement seen during COVID-19 where possible.
- g. Force an innovation culture where healthy debate is encouraged to build a strong, resilient and more inclusive culture.

SECRETARY OF THE DEPARTMENT OF DEFENCE

5. I expect you, the Secretary of the Department of Defence to:

Policy and Intelligence Advice

- a. Coordinate the provision of well integrated, high-quality and timely policy advice to Government within a whole-of-government context.
- b. Provide intelligence outputs, including to the whole of government.
- c. Foster a strong strategic centre to drive forward Defence's contribution to pursuing Australia's national security interests.

Budget and Resource Allocation

- a. Manage the Defence budget, and ensure sound financial and resource management consistent with your obligations in accordance with the *Public Governance, Performance and Accountability Act 2013*.
- b. Continue efforts to improve workforce planning, learning and management, including transforming Defence business systems and service delivery to better support people.
- c. Empower the transformation of the enabling service system so that it is fully integrated across the enterprise and meets agreed service levels.
- d. Ensure that capability and capital investment options are appropriately contested for strategy, capability and resource alignment, including continued efforts to explore innovative funding approaches and robust prioritisation of resources to deliver capability.

Strategic Management and Stewardship of Defence APS

- a. Provide stewardship of the Australian Public Service workforce and set workforce conditions, consistent with the Australian Public Service employment framework.

THE CHIEF OF THE DEFENCE FORCE

6. I expect you, the Chief of the Defence Force, to:

Command

- a. Command the Australian Defence Force (section 9 of the *Defence Act 1903*).
- b. Advise Government on the deployment of the Australian Defence Force to achieve Government objectives (section 9(3) of the *Defence Act 1903*) well situated within the whole-of-government policy context.

Capability

- a. Ensure Defence has the force generation structure to achieve the Government's objectives within the allocated resources, and increase accountability of Capability Managers.
- b. Assure preparedness of the Australian Defence Force through development and sustainment of military capability, in a way that is strategy-led and consistent with Government requirements.
- c. Contribute to setting requirements for enabling functions that provide input to capability.

Strategic Management and Stewardship of Australian Defence Force

- a. Provide stewardship and set the workforce framework for the Australian Defence Force.
- b. Ensure the Australian Defence Force is developed, operates and is managed as a Joint force.

- c. Ensure proposals for promotion to Brigadier equivalent and above be made in consultation with the Secretary, Vice Chief of the Defence Force, and the Service Chiefs.

GUIDANCE

- 7. You, the Secretary of the Department of Defence and the Chief of Defence Force, are to pursue these results through effective leadership and management to ensure that:
 - a. Your actions are prudent, lawful and ethical, and consistent with Defence Values.
 - b. Your actions are consistent with Government policy and ministerial direction.
- 8. You will make decisions and offer advice, taking into account:
 - a. The relationships and views of your colleagues in the national security community, including Parliamentary and Defence industry stakeholders, as well as the views of your civilian and military counterparts of foreign defence organisations.
 - b. The statutory responsibilities of appointments within Defence.
 - c. The impact on resourcing and the risk to the sustainable delivery of Defence outcomes for the pursuit of a safe, secure and prosperous Australia.

PREVIOUS DIRECTIVES

- 9. This Directive replaces all previous Ministerial Directives to the Secretary of the Department of Defence and the Chief of the Defence Force.



Senator the Hon Linda Reynolds CSC
MINISTER FOR DEFENCE

27 January 2021