

AUKUS (Advanced Capabilities) Webinar

Well good morning, and for those I haven't met before, my name is David Nockels, and I'm the First Assistant Secretary Defence Trade, Regulation and AUKUS Advanced Capabilities Division. And I'd like to begin by acknowledging the traditional custodians of the land on which I join you from today, the Ngunnawal people, and pay my respects to elders past and present. I'd also like to recognise First Nations people who have served in the ADF and continue to do so, and I want to say thank you for their service to our nation.

My team and I lead the implementation of AUKUS Pillar II in the Australian system. And for those who aren't familiar, AUKUS Pillar II is focused on the near-term delivery of advanced capabilities to the warfighter. AUKUS will large contribute to Australia's strategy of deterrence by denial in the Indo-Pacific. And the mission for AUKUS Pillar II is to accelerate advanced capabilities and deliver operational advantage to our warfighters.

Late last month, in May of this year, the Deputy Prime Minister, Minister Marles, Secretary Healey, and Secretary Hegseth, reaffirmed the critical importance of accelerating the delivery of advanced capabilities under Pillar II. This is what AUKUS Pillar II focuses on: near-term capability delivery for the warfighter.

I want to say thank you all for joining this briefing today. And I'd like to use the opportunity of this briefing to provide an update on AUKUS Pillar II achievements over the past 12 months, to share some information on the recently announced AUKUS Pillar II signature project, which focuses on cutting edge payloads and enabling systems for AUKUS partners' Uncrewed Undersea Vehicles, or UUVs, and I'll also talk about pathways for industry involvement in Pillar II here in Australia, as well as the AUKUS industrial enabling environment and the work that we're doing around that.

So as I said, I'm going to start with a focus on what we have done over the last 12 months in the context of Pillar II. My colleagues and I often get asked, what is Pillar II delivering? And a common critique of AUKUS Pillar II is that we haven't delivered anything or made any progress in the last five years, since AUKUS was conceived and announced. This could not be further from the truth. The challenge for us in the Pillar II space is that much of the work we do is classified. Given that, I'd like to share with

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you some of the recent unclassified aspects of Pillar II that we have worked on and achieved over the last 12 months. So this is a bit of a list that I'll run through with you.

- But in July of last year, under the Hypersonic Flight Test and Experimentation Project Arrangement, or HyFliTE, AUKUS partners conducted joint flight tests of hypersonic vehicles and related technologies, accelerating the development and testing of hypersonic concepts and enabling technologies.
- In March of last year, the partners within AUKUS developed and deployed, autonomous and remotely-operated Uncrewed Underwater Vehicles, or UUVs, to conduct intelligence, surveillance, and reconnaissance missions, protecting our critical underwater infrastructure.
- And in June and July of last year, quantum clocks were tested by AUKUS partners under various environmental conditions to evaluate their performance and potential for further applications, including communication and navigation systems. And an Australian company, QuantX Labs, and the University of Adelaide, each contributed two quantum clocks to the testing process.
- And we continue to deliver AUKUS Maritime Big Play, which I'm sure quite a number of you will be aware of, and participate in, in fact. And that's a multi-year experimentation and exercise series to improve our interoperability and increase the scale and sophistication of AUKUS partners' autonomous systems. In 2025, AUKUS partners conducted exercises around the globe to accelerate advanced capabilities and our ability to work together.
- At Exercise Talisman Sabre, in July of last year, AUKUS partners deployed artificial intelligence algorithms on an Australian P-8 maritime patrol aircraft for the first time. The algorithm assisted processing of large volumes of anti-submarine warfare data from AUKUS partners' sonobuoys, and supported enhanced decision making.
- AUKUS partners and Japan worked together to enhance the use of underwater acoustic communications to task an underwater uncrewed vehicle to conduct activities at sea without the need to surface. And the partners demonstrated the ability for a UK extra-large UUV, their Excalibur UUV, which was operating in UK waters, and it was controlled from an operating centre here in Australia.

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- The partners also deployed trilateral-developed artificial intelligence models onto robotic and autonomous systems to demonstrate how they could disrupt amphibious landings.
- And in late 2025, Australia, the US and the UK came together off the east coast of Australia to conduct the most complex AUKUS Pillar II Maritime Big Play exercise to date. And during that exercise, AUKUS partners demonstrated seamless integration of cutting-edge autonomous capabilities, testing their ability to conduct complex missions in demanding conditions. And the partners tested and employed approximately 30 leading-edge industry capabilities in a realistic tactical environment, working with industry in real time to address capability vulnerabilities. And the Australian companies involved in that, were selected through the standing contracting arrangements that we have with ASCA, and the ASCA opportunities that ASCA puts out, or previously established service innovation, industry engagement activities. And notable Australian-developed capabilities tested included Innovaero's OWL-B one-way attack munition, and C2 Robotics' Speartooth large underwater uncrewed vehicle, which was used as a test bed for trialling best in class payloads from across AUKUS partners.

So the conclusion I draw from these examples is that by working together, the AUKUS partners are developing advanced capabilities faster than any nation could do so alone. And I would suggest that these recent achievements also highlight the integral role industry plays in the delivery of advanced capabilities to the warfighter. And in my mind, it goes without saying that industry and government are working closely together on each of these achievements.

So having covered what we've been doing over the last 12 months that I can talk about publicly, i.e. the unclassified aspects of what we've been doing, I'd like to pivot now and talk about AUKUS Pillar II and the first signature projects, and the announcement of that.

So as I mentioned earlier, in late May, the 30th of May, the DPM, and Secretary Healey and Secretary Hegseth, met in Shangri-La in Singapore, and together they announced the first AUKUS Pillar II signature project, which is focused on developing cutting-edge

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payloads and enabling systems for AUKUS partners' UUVs, or Uncrewed Undersea Vehicles, with a delivery starting in 2027.

So this project is intended to significantly enhance AUKUS partners' ability to protect critical national seabed infrastructure, deploy cutting-edge surveillance, reconnaissance and strike capabilities, conduct logistics operations, and bolster superiority in anti-submarine warfare, electronic warfare, and contested littoral manoeuvre.

So the first AUKUS Pillar II signature project furthers AUKUS partners' long standing and deep collaboration on advanced capabilities in the maritime domain. And the undersea maritime domain is increasingly contested, with growing risks to critical infrastructure and the security of global trade. This project demonstrates how AUKUS partners deliver advanced capabilities at pace to operate effectively in this environment.

Undersea warfare capabilities allow AUKUS partners to undertake a broad range of missions to project force, hold a potential adversary at risk, and maintain persistent situational awareness. UUVs are a force multiplier. They enable crewed platforms, including submarines, to operate with greater reach, persistence and discretion. Autonomous systems are shaping the future of undersea operations and are being developed to operate alongside crewed platforms above and below the surface.

And like all AUKUS Pillar II activities, this signature project will be funded through the Defence Integrated Investment Program, the IIP. So it will be integrated into existing defence processes, and contracting mechanisms, by design. And this is important, as it ensures that the technologies and capabilities delivered under this project has a pathway, a direct pathway, to the warfighter.

And this project, like all Pillar II projects, is focused on the near-term delivery of warfighter objectives. So in other words, getting the kit into the hands of the warfighters as quickly as possible.

So I'm going to turn now and talk a little bit about how we're thinking about delivery of the signature projects here in Australia. So each of the partners within AUKUS are taking a phased approach to signature project delivery. So the opportunities for industry to engage will look different in each system.

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Firstly, the trilateral partners will develop national payloads and enabling systems through their respective national systems that will be interchangeable and integrated by each partner nation. And that concept of interchangeable and integrated is absolutely crucial, and the crux of what we're seeking to do around AUKUS Pillar II. Each nation's efforts will focus on a different type of effect, and the payloads or enabling systems developed to achieve that effect will be made available for procurement by each partner nation. And delivery of these interchangeable payloads will start in 2027.

As I said before, the need for speed in this context is crucial. The final lists of payloads and enabling systems is being finalised between AUKUS partners at the moment, and for Australia, our focus will be on payloads and enabling systems that are already under consideration for our national program. And so we'll be utilising existing relationships with industry partners to deliver in line with the signature project's ambitious timeframes. And this will also position Australia to confidently meet the ambitious delivery timeline I mentioned.

So the following stages of the project will see AUKUS partners jointly developing and producing trilateral payloads and enabling systems, as well as next-generation payloads. In Australia, we anticipate there will be new opportunities for industry participation in this stage, and we expect that opportunities would be advertised on AusTender and including through the ASCA or other service innovation programs. And obviously, we will keep you updated as the details mature and we are ready to put out to market what we'll need.

So again, let me pivot a little bit further and talk about pathways for industry into AUKUS Pillar II. So we know and hear that industry continues to have a strong interest in participating in Pillar II here in Australia, and we want to thank you for that. And in fact, the number of people who have registered for this, this presentation and Q&A session is, I think, a strong indication of that level of interest.

But I'm often asked the question, where are the Pillar II contracts? And having worked in private sector myself, I absolutely understand where that question is coming from. So from the Government perspective, Pillar II is integrated into existing defence processes and contracting mechanisms, and that is done by design. It's not a mistake

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and it's not by accident. Too many innovation programs have struggled because they've operated in silos.

And so for Pillar II, it is going to be primarily delivered through the IIP, the Integrated Investment Program, and the AUKUS innovation challenges. This will be true of the signature projects, obviously. And while there may be contracts that relate to AUKUS Pillar II signature projects, it's unlikely that the contract will focus on these efforts exclusively. And so my team and I, we work very closely with stakeholders across defence to ensure that there are strong AUKUS Pillar II linkages to defence capability projects, because those links to the IIP are crucial both in terms of funding, but also having an owner at the end and somebody who wants the capability and will put it into the hands of the warfighter.

So we're building on Australian industry's advanced defence capabilities through programs such as ASCA to get to outcomes in the Pillar II program. And this is because aligning Pillar II efforts with programs in the IIP ensures the capabilities we develop provide a direct advantage to our warfighter, to defence, and that we build upon identified pathways to pull those capabilities through for operational use.

Now, I've talked a little bit about ASCA and also the AUKUS Innovation Challenge, and I just want to double down on that a little bit. And so I think many of you will be familiar with the AUKUS Innovation Challenge. I mean, these challenges have been identified as opportunities to harness commercial technologies to accelerate the delivery of AUKUS Pillar II priority capabilities. And so the Innovation Challenge is another way AUKUS Pillar II creates opportunities for Australian industry and academia to respond to new trilateral innovation requirements. Through the Innovation Challenge, successful partners have the opportunity to work with capability managers within defence to demonstrate and further develop cutting-edge capabilities for the ADF.

The Advanced Strategic Capabilities Accelerator, ASCA, is delivering the AUKUS innovation challenges for Australia in collaboration with UK Defence Innovation and the US Defense Innovation Unit, or DIU. And through the Innovation Challenge, successful industry partners have had the opportunity to work with capability managers within defence to demonstrate and further develop cutting-edge capabilities for the ADF.

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And in March 2024, ASCA launched the AUKUS Electronic Warfare Innovation Challenge. And in February of last year, ASCA announced two AUKUS Innovation Challenge winners, Advanced Design Technology and PentenAmio, and they were awarded contracts with a combined value of over 8 million dollars.

The AUKUS Maritime Innovation Challenge was launched in March of 2025, and I think you'll recall that it focused on undersea communications and control of autonomous systems. We had over 275 submissions received trilaterally, so across all three countries, and that, in my mind, signals the depth of innovation and capability across our three nations. Three Australian companies have received contracts with over \$6 million to develop and demonstrate their technologies later this year. And these enabling capabilities will support interoperability between AUKUS partners and their Uncrewed Undersea Vehicles as part of the AUKUS Pillar II signature project. This initiative continues to demonstrate how AUKUS partners harness the strength of our collective innovation ecosystems to deliver best-of-breed technologies for our militaries. And AUKUS partners are working together to identify innovation pathway opportunities for industry going forward.

I now want to turn and talk a little bit about the enabling environment that allows Pillar II to operate well. And this enabling environment has an impact on industry, so I want to run you through what we've done and where we're heading in terms of creating the ecosystem that allows industry to operate well in the AUKUS space.

So obviously what's critical to success in terms of the AUKUS partnership are some of these proactive steps that we've taken to break down administrative barriers and create a trilateral enabling framework that reflects our shared advanced capability ambitions. So we created the AUKUS licence-free environment a couple of years ago now, and that's delivered unprecedented levels of supply chain integration and industrial collaboration on cutting-edge defence technologies. These reforms are generational, they promote innovation, they open doors to new commercial opportunities, and they reflect Australia's commitment to creating an environment that facilitates collaboration with the UK and the US. And in more practical terms, the reforms have enabled industry and the higher ed and research sectors in Australia, the UK and the US, to export most military and dual use goods, technologies and

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services between the AUKUS partners without requiring a permit in the Australian parlance or licences in the US system.

So as I said, nearly two years on since we set up the license-free environment, we've seen in Australia significant uptake. And so, at the moment there are approximately 620 Australian entities, companies, that are registered to access the exemptions that we've created to export to the US and the UK, and they are all members of the AUKUS authorised user community. That license-free environment has seen nearly 2,500 notifications of intent to export to transfer technologies to the UK and the US. That tells me that people are using the system and are able to transfer technology betwixt and between the AUKUS countries without having to jump through the regulatory hoops.

We know for a fact that the licence-free environment has facilitated over \$460 million in licence-free exports from Australia to the UK and the US. So it's working, and that's fantastic to hear and to see, and certainly when I engage with industry, the anecdotal stories that I hear about the benefits of the licence-free environment are fantastic. So I'd urge you, if you're not signed up, that you do so, to get access to that arrangement.

But we're continuing to engage with our AUKUS partners to ensure our respective export control frameworks keep pace with our strategic needs. And this was highlighted during the recent AUKUS Defence Ministers' Meeting I mentioned earlier in Singapore.

And we're working with the UK and the US to narrow the Excluded Technology List, or the ETL. So most of the technology flows license free, but there are some technologies on the ETL that don't, and that remains a barrier to streamline technology transfer under the licence-free environment. So we're getting after that trilaterally. The National Defense Authorization Act in the US system for fiscal year 2027 is representing an opportunity for us to unlock the full economic and capability benefits of the AUKUS licence-free environment. We're currently running an advocacy program into the US system, I've met with US Congress staffers, we've got a full court press there to progress reforms that would enable the appropriate treatment of items controlled by the Missile Technology Control Regime, the MTCR, and push that through the licence-free environment, in alignment with our strong non-proliferation commitments within the MTCR guidelines.

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And while the licence-free environment has been a noticeable achievement and a notable achievement, we're committed to continuing to work with industry partners to facilitate greater trilateral, industrial-based collaboration. So we have set up the AUKUS Advanced Capabilities Industry Forum, or the ACIF, and that was established in 2024. And we think that demonstrates the commitment of AUKUS partners to work closely with industry.

Now the ACIF is the primary interface between AUKUS governments and industry representatives to inform policy, and technical and commercial frameworks. ACIF membership is composed of senior government representatives from each of the AUKUS partner nations, and within the Australian context, the Australian member associations are the Australian Industry and Defense Network, AIDN, Australian Industry Group, AIG, Business Council of Australia, the BCA, and the Tech Council of Australia, TCA.

So these trade associations are working to understand barriers, identify potential solutions and develop proposals to inform potential policy and reform efforts on trilateral industrial collaboration and trade. And in February of this year, the Minister for Defence Industry, Pat Conroy, and his UK counterpart, the UK Minister for Defense in Readiness and Industry, Luke Pollard, they reaffirmed the importance of resilient, secure and integrated defence industrial bases. And those Ministers also agreed that Australia and the United Kingdom will work together to improve frictionless defence trade between both nations, including accelerating efforts to address barriers to collaboration such as mobility, security clearances, cybersecurity standards, all focused around how we can do AUKUS better.

So in consultations with industry and partner nation colleagues, cyber security has consistently been identified as one of the more pressing barriers, and so we're adopting a campaign approach through the ACIF to identify and implement solutions to this issue. We recently held a joint workshop with the British High Commission here in Australia on cyber security accreditation, and our UK and US colleagues have also recently held their own workshops on this issue. And when the ACIF meets next month in the UK, in London, we will work to identify practical, implementable suggestions for the three systems to get after by the end of this year, focused obviously around cyber security accreditation.

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So I've talked at you for a while. I just want to make a few final remarks, and then I want to throw it open to some questions for those online. I guess in concluding, I want to really highlight, I think, that in 2026, Pillar II will focus on the work we've delivered to date, but also provide near-term advance capabilities into the hands of the warfighter.

The launch of the signature projects and the timelines that we're working on getting that capability into the hands of the warfighter means that we're working at pace. And we think that this will unlock, through strong enabling environments and deep industry partnerships, the opportunities to get after what AUKUS is about. And we're seeing tangible results in the form of cutting-edge technologies born from strong trilateral engagement designed for strategic deterrence.

The announcement of the first Pillar II signature project demonstrates the maturity and momentum of AUKUS. And alongside Pillar I, it reflects the shared commitment of all three nations to deepen long term capability cooperation and interoperability. And we look forward to continuing to share information on the signature projects as we go forward into the future and other Pillar II activities in the coming months.

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