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## **Submission to the Foreign Affairs, Defence and Trade Committee**

### **Inquiry into the Management of Defence Estate Assets**

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This submission does not reflect a single Australian Strategic Policy Institute perspective; it is the opinion of the author.

#### **Executive Summary**

The primary purpose of the Defence estate is to support the preparedness of the ADF and its ability to meet Australia's needs, positioning the estate as a core component in supporting and generating Defence capability.

As stressed in the *2023 Defence Strategic Review*, foundational infrastructure cannot be treated as a secondary consideration. In a more contested and rapidly evolving strategic environment, the estate must function as an integrated system that supports deterrence, resilience and sustained operations.

There are clear signs that Defence is moving in this direction. Investment in resilient northern bases, naval shipbuilding and AUKUS-related infrastructure reflects a shift toward aligning the estate with capability requirements and strategic priorities.

However, this alignment remains partial and uneven. The estate has evolved incrementally over decades and continues to be managed through fragmented processes across planning, delivery, sustainment and disposal.

The central finding of this submission is that the issue is not simply whether the Defence estate is aligned with Australia's defence requirements, but whether that alignment can be clearly demonstrated, measured and assured.

This submission does not assess the historical or cultural value of Defence estate sites but instead focuses on the extent to which the estate supports preparedness and the generation of Defence capability.

Current reporting frameworks do not provide a clear line of sight from strategy to estate requirement, to budget, to delivery, to operational outcome. Governance arrangements are increasingly complex, with responsibilities distributed across Defence, the Australian Submarine Agency and the proposed Defence Delivery Agency.

At the same time, there has been no recent whole-of-system external assurance of estate management.



This creates a risk that visible investment in priority programs masks deeper system-level gaps across logistics, workforce distribution, sustainment, training, fuel infrastructure and long-term resilience. It also risks misalignment between long-lived infrastructure decisions and evolving strategic requirements, particularly as Defence prepares for the release of the *2026 National Defence Strategy*.

Estate reform, including divestment and consolidation, further heightens these risks.

While there is a clear need to rationalise underutilised or inefficient assets, financial assumptions underpinning divestment are uncertain, and the long-term strategic consequences of disposal decisions are often underexamined.

Similarly, heritage and community considerations, while recognised in policy, are not consistently embedded early in decision-making processes.

This Inquiry is therefore an important opportunity to shift Defence estate management from a fragmented, functionally segmented model to an integrated, transparent and capability-driven system.

Without such reform, there is a risk that short-term efficiency gains are achieved at the expense of long-term capability, workforce accessibility and national resilience.

## Key Recommendations

- **Establish an integrated and transparent estate system** - create a whole-of-enterprise planning and reporting framework that aligns strategy, capability, workforce and infrastructure, with clear visibility of all estate and enabling infrastructure investment across Defence and related entities.
- **Strengthen independent assurance and decision-making** - commission a whole-of-system audit and implement a standardised, transparent and independently overseen evaluation framework to ensure estate decisions are evidence-based, balanced and aligned with strategic, economic, environmental, heritage and social considerations.
- **Align estate reform with capability, workforce and future strategy** - ensure estate decisions support force posture, workforce requirements and community outcomes, while applying full lifecycle costing and testing all reforms against the *2026 National Defence Strategy* and evolving allied infrastructure needs.

## Background

The Foreign Affairs, Defence and Trade Committee Inquiry into the *Management of Defence Estate Assets* was referred by the Senate on 11 March 2026 for reporting by 3 June 2026. This submission responds formally to that invitation.

The terms of reference examine the planning, management, utilisation and disposal of Defence estate assets, with a focus on how estate planning aligns with Australia's defence requirements and how acquisition, development, upgrade and disposal processes are conducted.



The Inquiry will consider how the needs of permanent forces, reserves and cadets are incorporated, and assess the financial assumptions underpinning divestment, including remediation costs, projected returns and governance arrangements between Defence and Finance.

The Inquiry will also address the protection of heritage values and community and veteran connections, evaluates the conduct and validity of the Defence estate audit, and explores policy options for the use of surplus land, including prioritising public use over private development, alongside any related matters.

## Introduction

‘Government cannot afford to lose sight of the importance of foundational estates and infrastructure for Defence’ - 2023 Defence Strategic Review

Australia’s Defence estate is one of the most significant yet least visible enablers of national security. It is a complex and diverse portfolio that has largely evolved incrementally in response to changing strategic circumstances, legacy decisions and sunk costs, rather than through a single, integrated design aligned to contemporary defence requirements.

As a result, the estate reflects layers of past priorities, not always the demands of the current strategic environment.

The estate underpins Defence’s ability to raise, train and sustain the force, protect personnel and assets, and maintain operational readiness. In an increasingly contested Indo-Pacific, its role is expanding.

A resilient estate must be able to withstand, adapt to and recover from disruption, enabling Defence to sustain operations, project force, respond to crises and support allies. It is therefore not simply infrastructure - it is a strategic system that supports deterrence, resilience and national preparedness.

However, the current state of the Defence estate reveals mounting pressures.

Longstanding issues - including fragmented planning, maintenance backlogs, underutilisation in some areas and emerging shortfalls in others - are now intersecting with a rapidly deteriorating strategic environment and increasing demands from major capability programs such as AUKUS and naval shipbuilding. This creates a growing risk that the estate may not be configured, funded or delivered at the scale and pace required.

This Inquiry is therefore critically important. It provides an opportunity to assess whether Defence’s estate is aligned with Australia’s defence requirements, whether current reform settings are sufficient, and whether governance, funding and delivery models are fit for purpose.

The following response draws on a consolidated body of written and verbal analysis, including contributions from ASPI’s body of work - such as Special Reports, Strategic Insights and commentary published in *The Strategist* - to identify key strengths, gaps



and risks across the Defence estate system, and to propose practical recommendations.

## **Alignment of estate planning with capability requirements**

*The alignment of Defence estate planning with Australia's defence requirements.*

There are credible signs that Defence estate planning is moving closer to capability requirements, particularly through increased investment in 'resilient northern bases, naval shipbuilding and AUKUS-related infrastructure'. This reflects a shift toward treating the estate as a core enabler of force posture, sustainment and preparedness in a more contested strategic environment.

However, alignment cannot be assessed by headline investments alone. The estate must function as an integrated system supporting logistics, workforce, training, fuel, munitions, base services and long-term resilience - not just a series of priority projects.

The current weakness is that public reporting and governance arrangements do not provide a clear, consolidated view of this system.

Estate investment is increasingly distributed across Defence, the Australian Submarine Agency and emerging delivery structures, while budget and performance reporting remain fragmented. This makes it difficult to trace how estate decisions align with capability requirements across the full lifecycle, or to understand how trade-offs are being made between competing priorities. In effect, the problem is not only whether alignment exists, but whether it can be demonstrated.

While the direction of investment suggests improving alignment, public reporting remains too fragmented to determine with confidence whether the Defence estate as a whole is aligned with Australia's defence requirements.

Visible investment in a small number of priority programs does not by itself demonstrate system-wide alignment across logistics, workforce, sustainment, training, fuel, base services and long-term estate resilience.

In the absence of clearer reporting, estate-specific performance measures and updated whole-of-system external assurance, government can observe the direction of travel but cannot yet fully verify the extent of alignment in practice.

The impending release of the *2026 National Defence Strategy* will be critical in clarifying how estate planning is expected to support an increasingly contested and fast-moving strategic environment. It provides an opportunity to more explicitly link estate investment to force posture, preparedness and integrated deterrence outcomes.

This is particularly important in the context of evolving alliance requirements. The *2025 United States Defense Strategy* settings place strong emphasis on forward posture, distributed operations and allied infrastructure, reinforcing the importance of joint facilities and shared basing arrangements in Australia. Northern and western Australian bases, ports and training areas are therefore not only national assets but part of a broader allied operating system.



This further elevates the need for coordinated estate planning, clear investment prioritisation and transparent reporting to ensure that Australian and allied infrastructure requirements are aligned and mutually reinforcing.

### **Alignment of estate planning with workforce requirements**

*How the requirements of the permanent forces, reserve forces and cadet units are captured and incorporated into the planning and management of the Defence estate.*

Defence estate planning has long been intended to align with workforce requirements, but that alignment has been inconsistent in practice and is now under renewed strain.

The *2016-36 Defence Estate Strategy* and current *Integrated Investment Program* explicitly recognised that estate decisions should support force generation, including the role of Reserves and cadets in recruitment, retention and community linkage.

However, the *2026 Defence Estate Audit Report* reframes the task primarily through the lens of the *2023 Defence Strategic Review* and the *2024 National Defence Strategy*, focusing on efficiency, consolidation and alignment with capability priorities. In doing so, it does not appear to explicitly carry forward the earlier estate - workforce integration model as a central organising principle.

This creates a growing disconnect between strategy, workforce and infrastructure.

The *2024 National Defence Strategy* emphasises an integrated, focused force and prioritises Australia's northern approaches, yet workforce patterns have not shifted accordingly. National growth in the permanent force has not translated into a meaningful uplift in northern postings.

Estate planning, therefore, cannot be assessed solely on rationalisation or cost efficiency. It must be judged on whether it supports the distribution, accessibility and sustainment of the workforce required to deliver the strategy.

The *2026 Defence Estate Audit* acknowledges Reserve and cadet requirements, particularly in relation to ageing infrastructure, duplication and underutilisation. However, these are treated predominantly as estate management challenges rather than as core inputs to force generation and mobilisation depth.

Facilities that enable Reserve participation and cadet engagement are not simply legacy assets - they underpin recruitment pipelines, local presence and surge capacity. Decisions to consolidate or divest such sites, if not carefully aligned to workforce needs, risk eroding accessibility, retention and community connection.

A further complication is timing. The *2026 National Defence Strategy* is expected to be released after submissions to this inquiry have closed. This creates a material risk that the current estate audit and associated reform program are being assessed against a strategic framework that is already evolving.

Since the release of the *2024 National Defence Strategy*, the geopolitical environment has continued to deteriorate, including escalation in the Middle East affecting global energy and supply chains, increased contestation in maritime domains, and growing



pressure on logistics and sustainment networks. These developments reinforce the importance of resilience, surge capacity and northern operating depth - all of which are directly linked to workforce distribution and supporting infrastructure.

If estate decisions are locked in ahead of the updated strategy, there is a risk of misalignment between long-lived infrastructure choices and emerging strategic requirements.

Estate reform is inherently difficult to reverse; once sites are divested or consolidated, reacquisition is costly and often impractical. This underscores the need for a more dynamic and explicitly workforce-linked planning model, where estate decisions are stress-tested against multiple future scenarios, including increased operational tempo, domestic crisis response and mobilisation demands.

In this context, the Inquiry should consider whether Defence has sufficiently integrated workforce requirements - across permanent forces, Reserves and cadets - into estate planning, and whether current reform settings remain fit for purpose in a rapidly changing strategic environment.

Without that alignment, there is a real risk that estate rationalisation delivers efficiency gains in the short term while weakening the human and structural foundations required for future force generation and national resilience.

### **Estate lifecycle management – Planning, acquisition, delivery and disposal**

*The processes for planning and conducting acquisition, management, development, upgrade and disposal of Defence estate assets.*

The current approach to Defence estate lifecycle management is characterised by fragmentation across planning, acquisition, sustainment and disposal, with limited visibility of how these functions operate as an integrated system.

This is reflected in the disconnect between *Portfolio Budget Statements* and *Defence Annual Reports*. While the 2023–24 budget outlined substantial investment - approximately \$4.166 billion in estate works under the capability acquisition program and \$2.956 billion in sustainment - subsequent reporting provides limited insight into actual delivery against these allocations or alignment with *2023 Defence Strategic Review* and *2024 National Defence Strategy* priorities. Defence annual reporting tends to rely on high-level descriptors such as “commenced,” with little evidence of completion, commissioning or operational handover, undermining transparency, accountability and industry confidence.

Historically, the Australian National Audit Office (ANAO) performance audits have played a critical role in providing independent assurance to government on whether Defence is managing one of its largest and most complex asset bases effectively.

However, for the Defence estate, there has not been a recent comprehensive performance audit examining its management. The most recent audit focused on estate management functions, *Maintenance of the Defence Estate*, was released in May



2011, with subsequent audits addressing related elements such as base services and contract management rather than the estate system in its entirety. This gap in recent system-wide scrutiny reinforces the need for updated, integrated assurance of how Defence plans, funds and delivers estate outcomes across the full lifecycle.

Across the ANAO audits that do exist - including maintenance, facilities operations and project delivery, a consistent pattern emerges: “weak long-term planning frameworks, insufficient asset condition data, underfunded maintenance, variable contract performance, and inefficiencies in project delivery and cost control”.

These findings highlight systemic challenges in managing the estate at the functional level. However, they also expose a deeper limitation - audits assess estate functions in isolation rather than as part of an integrated lifecycle. As a result, critical interdependencies are not fully examined, including how maintenance backlogs affect project prioritisation, how delivery delays influence capability outcomes, or how divestment and consolidation decisions shape long-term cost and resilience.

This creates several risks across the estate lifecycle:

- Strategic alignment is not comprehensively tested, particularly in the context of northern posture and evolving force design.
- Lifecycle trade-offs are not assessed holistically, meaning decisions on acquisition, sustainment and disposal may optimise individual components while degrading overall system performance.
- Capability and workforce impacts - including Reserve access, mobilisation and geographic distribution - are not consistently incorporated into estate decision-making.
- Most significantly, there is no single framework that aligns strategy, infrastructure, workforce, funding and delivery into a coherent estate management model.

Addressing these issues requires a shift from functionally segmented processes to an “integrated lifecycle management approach”, supported by improved transparency and system-level oversight. This should include clearer alignment between budget planning and delivery reporting, the introduction of measurable lifecycle performance indicators, and a more comprehensive audit and assurance framework that assesses the estate as a whole.

Without this, there is a risk that reforms continue to address symptoms - maintenance shortfalls, delivery inefficiencies and cost pressures - while leaving the underlying structural issues in estate management unresolved.

### **Estate divestment financial management**

*The financial assumptions underpinning estate divestment, including estimated remediation costs, net return projections, previous Defence property disposal programs and the transfer of responsibility from the Department of Defence to the Department of Finance.*



The financial assumptions underpinning Defence estate divestment require careful scrutiny, as they sit at the intersection of budget management, capability delivery and long-term strategic risk.

While the audit presents divestment as a mechanism to unlock capital and reduce sustainment burdens, the underlying assumptions around remediation costs, net returns and timing of the proceeds have historically proven optimistic and, in most cases, unreliable.

At the core of the current audit is an estimated net return of approximately \$1.8 billion, derived from gross proceeds of around \$3 billion offset by roughly \$1.2 billion in relocation, remediation and transition costs. These figures are highly sensitive to escalation risks, particularly in relation to environmental remediation, heritage compliance and the relocation of personnel and functions.

Evidence from previous Defence divestment programs demonstrates that these costs are often underestimated at the outset and accumulate over extended timeframes, materially eroding net returns.

Historical experience reinforces this concern. Defence property disposals routinely span up to a decade, with complex planning, regulatory approvals, contamination remediation and stakeholder consultation processes delaying sales and increasing holding costs.

In many cases, the full lifecycle cost of divestment - including due diligence, site preparation and relocation - is not transparently offset against final sale proceeds. As a result, headline sale values can overstate the financial benefit to Defence, with net returns significantly lower once all associated costs are accounted for.

This raises a fundamental issue - divestment is often treated as a source of budget relief - but in practice it delivers modest and delayed financial returns relative to Defence's broader funding requirements.

Even where divestments are successful, proceeds are unlikely to materially contribute to large-scale capability investments or infrastructure uplift, particularly in northern Australia where requirements are substantial. There is therefore a risk that financial expectations attached to divestment exceed what the process can realistically deliver.

Transparency in financial management further complicates this picture.

Recent budget reporting has reduced visibility of estate-specific proceeds, with revenues from land sales increasingly aggregated with other asset disposals. This makes it difficult to assess whether estate divestments are delivering projected efficiencies, how proceeds are being allocated, and whether they are being reinvested in estate modernisation or absorbed into broader Defence expenditure.

The transfer of responsibility for divestment from Defence to Finance introduces both opportunity and risk. On one hand, Finance brings specialised expertise in asset disposal and may improve commercial outcomes, streamline processes and maximise sale value. On the other, this shift creates a potential disconnect between disposal decisions and capability requirements. Without strong governance mechanisms, there



is a risk that financial optimisation objectives override strategic considerations, particularly where sites have latent or non-financial value in supporting workforce access, Reserve capability, or future flexibility.

Previous disposal programs highlight the consequences of this misalignment. Delays, cost overruns and contested outcomes have been common, while some sites have remained in prolonged divestment pipelines with ongoing holding costs. In other cases, once land has been divested, it has proven difficult or prohibitively expensive to reacquire comparable holdings, particularly in metropolitan areas where workforce access and retention are critical.

Accordingly, estate divestment should not be approached as a standalone financial exercise, but as a capability-linked reform process. This requires more conservative and transparent costing assumptions, full lifecycle accounting of divestment costs, and clear reinvestment pathways that demonstrate how proceeds strengthen Defence capability and resilience. It also requires governance arrangements that ensure Finance's role in disposal remains anchored to Defence's strategic requirements.

Without these safeguards, there is a material risk that estate divestment delivers limited financial benefit while imposing longer-term strategic costs, particularly in terms of workforce accessibility, mobilisation depth and infrastructure flexibility.

### **Estate audit management and outcomes**

*The Defence estate audit, including its planning, conduct and the potential of the period between its completion and public release to have degraded validity of the audit's findings.*

The *2026 Defence Estate Audit* was conceived as a strategic alignment exercise following the *2023 Defence Strategic Review*, testing whether Australia's estate supports force posture, readiness and sustainment in a more contested Indo-Pacific.

In design, it appropriately reframes the estate as an operational enabler, applying the principle that infrastructure should contribute to capability or be considered for divestment.

However, its delivery within a compressed six-month timeframe by a small team introduced risks to analytical depth and stakeholder engagement, particularly for Reserve and cadet communities whose access and participation are shaped by estate decisions.

A more significant issue arises from the delay between completion and public release. During this period, strategic, economic and workforce conditions continued to evolve, meaning key assumptions - particularly around divestment proceeds, remediation costs and relocation feasibility - risk being outdated at publication. This is material given the audit's reliance on projected net returns of approximately \$1.8 billion, which require current and robust inputs to maintain credibility.

The delay also affected trust and narrative. Without a clear strategic communication effort linking divestment to capability outcomes, the audit entered the public domain



framed by concerns around budget repair, heritage loss and reduced local presence. As a result, it has been judged as much on perceived intent as on technical merit.

Substantively, the audit identifies long-standing inefficiencies, including underutilised assets, high sustainment costs and fragmented disposal processes, and represents the most significant rationalisation effort in decades. However, outcomes remain contingent on implementation discipline. Risks persist that financial assumptions are optimistic, divestment may outpace consolidation, and capability dependencies - particularly those linked to Reserves, mobilisation and community integration - are not fully captured.

Evidence to the Senate <sup>Error! Bookmark not defined.</sup> indicates that further Defence analysis was required following the audit before implementation, suggesting key implications were not fully resolved. Combined with the absence of a transparent evaluation methodology balancing strategic, economic, environmental, heritage and social factors, alignment is largely asserted rather than independently verifiable.

Accordingly, the audit should be understood not as a completed reform product but as the starting point of an ongoing assurance process. Restoring confidence will require updated costings, clearer linkage between divestment and capability outcomes, and a more robust, transparent evaluation framework to ensure decisions are strategically aligned and durable over time.

## Surplus land

### *Consideration of an amended policy framework for the use of surplus Defence land that prioritises alternative public uses over private development*

A default policy that prioritises public use over private development risks replacing one blunt instrument with another. What is needed is not a new policy preference, but a robust, transparent evaluation framework applied consistently across all surplus Defence land.

That framework should recognise that Defence estate is not just a balance sheet asset. It carries layered value – strategic, environmental, heritage and social – that varies significantly by site. Treating all surplus land through a single policy lens risks sub-optimal outcomes, whether through premature divestment, missed public value or costly delays.

A more credible approach would be the establishment of an independent evaluation mechanism, such as a board of trustees or statutory advisory panel, with expertise spanning national security and force posture, infrastructure and land use planning, environmental management, heritage conservation, economics and public finance, and community and Indigenous engagement. This body would not replace Defence decision-making, but would provide independent, multidisciplinary assessment before any disposal pathway is locked in.

At the core of this approach should be a standardised evaluation matrix, applied to every surplus site. This matrix should assess at a minimum, strategic value (including contingency and mobilisation roles), economic value, environmental considerations, heritage significance, and social and community value. Critically, this should not be a



qualitative checklist. It should include clear, publicly disclosed weightings across criteria to guide trade-offs and ensure consistency in decision-making.

Importantly, this assessment should occur before detailed site investigations, valuations and remediation work commence, to avoid unnecessary expenditure and align analysis with intent from the outset.

This approach does not pre-determine outcomes but ensures that decisions on surplus Defence land are transparent, evidence-based and aligned with long-term national priorities, rather than driven by short-term financial considerations alone.

## **Heritage protection**

*The heritage significance of Defence estate assets and the adequacy of measures to protect that significance during and following divestment, including the impact on veteran and community connections to sites of military service*

The heritage significance of Defence estate assets is not incidental to estate reform - it is central to public confidence in it.

Defence's own *2017 Heritage Strategy* recognises that the estate includes places significant for First Nations peoples, Defence history and Australia's wider cultural life, and requires heritage values to be identified, protected, conserved and presented under the *Environment Protection and Biodiversity Conservation Act 1999*.

Defence also maintains heritage registers and heritage management plans, and states that consultation on heritage matters should occur with communities and Indigenous stakeholders, including through site-based arrangements and the preparation of heritage management plans.

Those Commonwealth obligations do not operate in isolation. The Commonwealth disposal framework also recognises that *State and Territory governments have parallel responsibilities for recognising and protecting Indigenous, historic and built heritage*, and that disposal may require consultation, heritage assessment, notice to the Environment Minister and protective covenants in sale contracts.

The difficulty is that the *2026 Defence Estate Audit* frames heritage as both a genuine value and, at times, a constraint. The audit found that Defence is spending on legacy sites with no clear current or future capability role, questioned the merit of some "self-assessed" heritage obligations, and argued that some sites with high heritage value are not broadly accessible to the public.

The Audit noted that Defence maintains at least 130 museums, history rooms and displays with around 80 per cent not easily accessible to the public. Public commentary since the Audit's release shows how important this is with concern centred not only on the disposals, but on the risk that historically important sites could be reduced to standard development opportunities unless heritage, veterans' connections and community use are addressed upfront.

For that reason, heritage should be embedded in the evaluation framework proposed earlier in this submission and assessed before a disposal decision is made. The



framework should treat heritage as one of the core weighted criteria alongside strategic, environmental, economic and social considerations, rather than as an issue to be managed late in the divestment process.

For sites with especially high heritage, symbolic or community value, the framework should be overlaid with a site-specific consultation process involving veterans' organisations, Traditional Owners, local communities, state or territory heritage bodies and relevant museums or cultural institutions before a final pathway is locked in.

This would move heritage from being a reactive compliance exercise to an early decision variable, helping distinguish between sites where disposal is appropriate, sites where partial retention or adaptive reuse is preferable, and sites where continued Commonwealth control remains the better long-term option.

In practical terms, this points to different solutions for different classes of site. For major CBD heritage sites such as Victoria Barracks Sydney and Victoria Barracks Melbourne, which the audit identifies as predominantly office accommodation and historically significant places, best use should not be assumed to mean outright sale.

The audit also points to low utilisation in modern CBD office accommodation, including Defence Plaza Sydney, where swipe-pass data showed an average daily attendance rate of 29% in August 2023. In such cases, Defence should first test whether targeted capital upgrades to heritage barracks, combined with consolidation from leased accommodation, could produce a better long-term outcome by shifting expenditure from lease commitments into maintenance and stewardship of Commonwealth-owned assets.

By contrast, for smaller sites or partial divestments, disposal conditions should include mechanisms to preserve public value - such as retention of museums, heritage rooms or commemorative spaces, public-access easements, or adaptive reuse of suitable buildings for community, cultural or function purposes.

This approach would be more consistent with both the legal heritage framework and the Government's stated commitment to preserve and enhance public access to historically significant Defence places.

### **Other matters**

The Defence estate audit reinforces an important principle: *Defence does not need to own every asset it uses to generate capability.*

Ownership has too often been treated as the default model, driving high capital expenditure, sustainment burdens and a sprawling estate footprint that is costly to maintain and slow to adapt.

A more effective approach is to shift from ownership to access - ensuring Defence can reliably use infrastructure when needed, without necessarily carrying the full lifecycle cost on its balance sheet.

This requires a deliberate transition to alternative financing and delivery models. Public-Private Partnerships (PPP), Build-Own-Operate-Transfer (BOOT)



arrangements and long-term access agreements can reduce upfront capital demands while accelerating infrastructure delivery. These models are already standard in other sectors and can be adapted to Defence needs, particularly where infrastructure serves both commercial and strategic purposes.

Leveraging financing mechanisms such as the Northern Australia Infrastructure Facility (NAIF) and the National Reconstruction Fund (NRF) can further enable investment in assets that deliver both economic and security outcomes, particularly in northern Australia where infrastructure gaps are most acute.

The opportunity lies in multi-user and dual-use infrastructure. As the evidence shows, northern Australia cannot sustain parallel, duplicative systems for Defence and civilian use - the geography and scale simply do not support it. Instead, shared infrastructure - ports, airfields, fuel storage, logistics hubs and industrial precincts - can deliver greater capacity at lower cost, while supporting multiple sectors including transport, agriculture, critical minerals and energy.

This approach also aligns with how Defence already operates in practice. Civilian infrastructure is routinely used for logistics, sustainment and operations, but often without being designed for those purposes from the outset. Embedding Defence requirements early in project planning - such as load-bearing specifications, fuel storage standards, security provisions and access arrangements - allows infrastructure to be activated rapidly in a crisis without compromising its commercial function. This is far more efficient than retrofitting capability or relying on ad hoc access arrangements.

Critically, this is not just about efficiency - it is about resilience. Dual-use infrastructure, designed to operate under stress and across multiple scenarios, strengthens national preparedness. International examples demonstrate the value of infrastructure that can shift function in a crisis, maintaining continuity of operations under degraded conditions.

Australia's current approach remains fragmented, with Defence and civilian systems planned in parallel rather than as an integrated network.

To realise this shift, governance and coordination need to change. Defence must be embedded early in infrastructure planning alongside departments responsible for infrastructure, transport, agriculture, energy and critical minerals, as well as state and territory governments and private investors. This enables alignment of standards, co-investment in enhancements that support Defence use, and clear access arrangements that balance commercial and strategic requirements.

Ultimately, reducing capital expenditure is not about divesting assets in isolation. It is about adopting a different model of capability delivery - one that prioritises access, integration and shared investment over ownership.

If done well, this approach can deliver a more capable, resilient and scalable infrastructure system, particularly in northern Australia, while easing the financial burden on Defence and aligning national infrastructure development with strategic objectives.



## Other points – Estate reporting and transparency

A consistent theme across ASPI's *Cost of Defence* analysis and submissions to the JSCDAFT has been the declining transparency of the Defence estate budget and performance reporting. This is evident in aggregated reporting within Annual Reports and PBS, the absence of disaggregated estate data, and the lack of recent ANAO performance audits in this area over more than a decade.

Given the scale of investment and the centrality of the estate to force posture, preparedness and national resilience, this level of opacity is increasingly at odds with the strategic importance of the estate as a core enabler of capability.

To address this, Defence should strengthen public reporting and accountability mechanisms through the following measures:

- **Separate infrastructure reporting in the PBS** - to better reflect the scale, complexity and strategic importance of the estate, particularly in the context of northern Australia and force posture priorities.
- **Introduce clear performance indicators** – via a structured performance framework incorporating both leading and lagging KPIs. Leading indicators, such as planned maintenance completion rates, infrastructure utilisation and environmental compliance, would support proactive risk management. Lagging indicators, such as total maintenance costs, asset downtime and project delivery performance, would improve accountability and enable continuous improvement.
- **Improve AUKUS infrastructure transparency** - Provide dedicated reporting on estate and infrastructure works supporting AUKUS and related initiatives to ensure visibility of progress against key strategic commitments.
- **Restore transparent divestment reporting** - Restore clear, disaggregated reporting on estate divestments, including gross proceeds, net returns and associated costs such as remediation and relocation, to enable meaningful assessment of financial and strategic outcomes.

Improving transparency in these areas would enhance accountability and support stronger alignment between strategy, investment and delivery, ensuring that estate decisions are clearly linked to Defence capability outcomes and national security priorities.

## Other Points – The proposed Defence Delivery Agency

Existing transparency challenges are likely to intensify under the proposed Defence Delivery Agency reform, which further distributes responsibility for infrastructure and estate delivery across multiple entities. Naval shipbuilding will sit within the new agency, AUKUS infrastructure within the Australian Submarine Agency, and broader estate functions within Defence.

This creates a structural risk that enabling infrastructure will be planned, funded and reported across separate systems, making it increasingly difficult to trace the full cost, scope and progress of investment across the enterprise.



In this context, the issue is no longer just insufficient transparency, but fragmented visibility across the estate system.

To mitigate this, Defence should move beyond improved reporting at the program level and establish a whole-of-enterprise reporting framework that:

- Consolidates estate and infrastructure expenditure across the Security and Estate Group, the Defence Delivery Agency and the Australian Submarine Agency.
- Provides clear attribution of delivery responsibility across entities.
- Integrates estate reporting with capability and force posture outcomes.

Without this integration, improvements in acquisition delivery risk being offset by continued opacity in how critical infrastructure is delivered across the system, limiting government's ability to assess whether estate investment is aligned with national defence requirements.

## Conclusion

There is clear evidence that Defence is shifting toward a more strategically aligned estate, particularly through investment in northern infrastructure, naval shipbuilding and AUKUS-related capability. However, this alignment is partial and uneven.

Visible investment in priority programs does not yet demonstrate a coherent, system-wide estate that integrates capability, workforce, logistics, sustainment and resilience.

The central issue is not simply whether the estate is aligned, but whether this alignment can be demonstrated, measured and assured. Fragmented governance arrangements, limited transparency in budget and performance reporting, and the absence of recent system-level ANAO scrutiny mean that Parliament can observe the direction of travel but cannot fully verify outcomes.

At the same time, estate reform - including divestment and consolidation - carries long-term strategic consequences. Without a more integrated planning model, robust evaluation frameworks and clearer reporting, there is a risk that short-term efficiency gains are achieved at the expense of future capability, workforce accessibility and national resilience.

## Key Recommendations

- **Establish an integrated estate planning, reporting and transparency framework** - Develop a whole-of-enterprise model that aligns strategy, capability, workforce, infrastructure, funding and delivery across Defence, the Australian Submarine Agency and the Defence Delivery Agency. This should include disaggregated reporting, clear performance metrics (leading and lagging KPIs), and a single line of sight for all estate and enabling infrastructure investment, including AUKUS and naval ship building programs.
- **Commission a whole-of-system ANAO audit of the Defence estate** - Undertake an independent performance audit of Defence estate management as



an integrated system, assessing lifecycle performance, implementation of past audit recommendations, and alignment with current and future strategic requirements.

- **Embed a standardised evaluation and decision-making framework with independent oversight** - Introduce a consistent, transparent and weighted evaluation matrix for all major estate decisions and divestments, incorporating strategic, economic, environmental, heritage and social criteria, and applied prior to site investigations and valuation processes. This framework should be overseen by an independent advisory body or board of trustees, with multidisciplinary expertise, to provide assurance that trade-offs are balanced, decisions are evidence-based, and outcomes align with long-term capability and public value.
- **Strengthen alignment between estate, workforce and community outcomes** - Ensure estate planning explicitly supports permanent, Reserve and cadet workforce requirements, including accessibility, mobilisation and retention, while embedding heritage protection, community engagement and adaptive reuse as core considerations rather than late-stage compliance.
- **Reform divestment, delivery and long-term planning settings** - Apply full lifecycle costing to all estate decisions, strengthen governance of divestment and reinvestment, and expand the use of multi-user, dual-use and partnership-based infrastructure models. All decisions should be stress-tested against the *2026 National Defence Strategy* and evolving allied requirements, including joint and shared facilities.