

ESTIMATES BRIEF – Hot Issue

Supplementary Budget Estimates – October 2025

DEFENCE**Defence Funding****Subject**

The Government has committed **\$262.6 billion** over four years from 2025-26 (Table 1 refers) for the Defence portfolio including to support planned capabilities within the Defence Integrated Investment Program, military operations, the Australian Submarine Agency, Australian Signals Directorate, Defence Veterans' Suicide Commission and Australian Naval Nuclear Power Safety Regulator.

Key facts and figures

- At the 2025-26 Budget, total departmental funding for Defence is **\$59.0 billion in 2025-26** and **\$262.6 billion over four years from 2025-26** (Table 1 refers).
 - In the 2024-25 Budget, the Government released the 2024 National Defence Strategy and 2024 Integrated Investment Program and committed an additional **\$50.3 billion over ten years** from 2024-25, and \$7.7 billion per year ongoing.
 - Total Defence funding will grow at an average of 7.5 per cent over the period 2025–26 to 2028–29.
 - Defence funding is projected to grow by **over 25 per cent** from 2025-26 to 2028–29.
 - Funding over the forward estimates is projected to be an average of 2.1 per cent of GDP, reaching 2.2 per cent of GDP in 2028-29.

Table 1 – Defence funding (departmental) at 2025-26 Budget

Funding (\$b)	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Department of Defence	53.5*	56.1	58.8	65.0	71.5	305.0
Australian Signals Directorate	2.7	2.5	2.5	2.2	2.3	12.2
Australian Submarine Agency	0.4	0.4	0.5	0.4	0.4	2.1
Total	56.6	59.0	61.8	67.6	74.2	319.2
						Average
Percentage of GDP (%)	2.0	2.0	2.1	2.2	2.2	2.1
Year-on-year nominal growth (%)	-	5.7	5.3	9.4	9.6	7.5
Year-on-year real growth (%)	-	2.4	2.6	6.8	7.0	4.7

Source: Budget 2025-26 Portfolio Budget Statements (p. 18)

* Includes \$1.0 billion made available from prior year appropriations.

Figures may not sum due to rounding. Excludes external revenue.

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Key points

- New initiatives in the 2025-26 Budget, which were primarily met through reprioritisation of existing resources, include:
 - \$61.7 million in 2025-26 to continue to provide regulatory, safety and policy advice in support of Australia's acquisition of conventionally-armed, nuclear-powered submarines (BP 2 – page 35-36)
 - \$61.7 million over three years from 2024-25 in new funding, including \$17.0 million provisioned in the Contingency Reserve, to support expansion of the Royal Solomon Islands Police Force (BP2 - page 44)¹;
 - \$24.2 million over two years from 2024-25 for the development of industrial initiatives to support the 2024 Naval Shipbuilding and Sustainment Plan and Australia's ability to build, sustain and operate maritime capability (BP2 - page 34);
 - \$17.0 million over two years from 2024-25 to provide additional military assistance to the Government of Ukraine (BP2 – page 33); and
 - \$2.8 million over five years from 2024-25 in new funding for Defence activities relating to the re-opening of the Australian Embassy in Kyiv, Ukraine² (BP2 – page 43).
- Additionally, \$41.9 million in 2025-26 has been transferred from the Department of Defence to the Office of the Special Investigator, the Attorney General's Department, and Commonwealth Director of Public Prosecutions to continue the investigation and prosecution of war crimes alleged to have been committed by the Australian Defence Force in Afghanistan (BP2 – pages 21-22).
- On 14 September 2025, the Government announced a commitment of \$12 billion as a down payment towards delivering a Defence Precinct at Henderson to deliver continuous naval shipbuilding and support AUKUS in Western Australia. The Defence Precinct is expected to cost in the order of \$25 billion over the decade.
 - The financial implications of the Henderson announcement will be included in the 2025-26 MYEFO.
- Other new initiatives announced since the 2025-26 Budget include:
 - \$10.0 billion in drone capabilities, including:
 - \$5.2 billion - \$7.2 billion on subsea warfare and uncrewed maritime systems (page 29 of publicly released IIP), including \$1.7 billion for the acquisition of the Ghost Shark Extra-Large Autonomous Undersea Vehicle (XL-AUV);

¹ Defence component only.

² Defence component only.

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- \$4.3 billion - \$5.3 billion in uncrewed aerial systems (page 63 of publicly released IIP);
- \$690 million - \$890 million in uncrewed tactical systems (page 59 of publicly released IIP).
- \$1.0 billion investment for the MQ-28A Ghost Bat platform.
- The gifting of a Guardian-class Patrol Boat to the Maldives. Australia will develop a maintenance and sustainment package with the Maldives.
- A new Defence Treaty with Papua New Guinea (PNG) akin to the ANZUS Treaty. On 6 October 2025, the Prime Minister announced the signing of the PNG – Australia Mutual Defence Treaty, which follows a Joint Communique released by both Prime Ministers on the 50th anniversary of PNG’s independence.
 - As at 7 October 2025, funding for the Treaty remains unconfirmed.

2024 National Defence Strategy and Integrated Investment Program

- The 2024 National Defence Strategy sets out the whole-of-government approach on defence, supported by an Integrated Investment Program (IIP) for the acquisition of next-generation capabilities.
- To support its implementation, the Government committed an additional **\$50.3 billion over 10 years from 2024-25, and \$7.7 billion per year ongoing**.
- The Government committed to several reforms to support the 2024 National Defence Strategy, which will accelerate the speed of capability delivery and increase oversight, assurance and governance.

Defence Integrated Investment Program funding

- Planned expenditure in the Defence Integrated Investment Program (IIP) is \$37.6 billion in 2025-26, or 65.5 per cent of the total Defence planned expenditure for the year ([Table 2](#) refers), comprising:
 - \$18.8 billion for the Defence capability acquisition program; and
 - \$18.8 billion for the Defence capability sustainment program.

Table 2 – Total Defence planned expenditure at 2025-26 Budget

Planned funding (\$ billion)	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Capability acquisition program	17.7	18.8	19.9	24.2	27.8	108.5
Capability sustainment program	17.2	18.8	19.5	21.1	22.4	99.0
Total IIP	34.9	37.6	39.5	45.3	50.2	207.5
Workforce	16.2	17.2	17.9	18.8	19.6	89.7
Operating	2.5	2.4	2.5	2.6	2.6	12.5

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Defence operations	0.3	0.3	0.7
Total Defence	54.0	57.4	59.9	66.7	72.4	310.4

Note: Figures are sourced from the 2025-26 Defence Portfolio Budget Statement (page 18). \$57.4b incl. own source revenue. Figures may not sum due to rounding.

Figures shown as '..' are amounts greater than \$0 but less than \$0.1 billion.

Defence funding as share of GDP

- Australia calculates Defence funding based on total departmental appropriations provided to Defence portfolio agencies (currently the Department of Defence, Australian Signals Directorate, Australian Submarine Agency).
 - This methodology has been applied consistently since 2001 and was formalised through the 2016 Defence White Paper.
- Using figures as at the 2025-26 Budget, Australia currently spends approximately **2 per cent of GDP** on Defence s33(a)(i), 33(a)(ii)
- Australia's methodology for Defence spending is not comparable with other countries, as methodologies differ and often include broader military-related expenditure.
- For example, the NATO methodology also includes transfers from Defence to other agencies outside the Defence portfolio, expenditure on intelligence functions, pension and other compensation payments administered by the Department of Veterans' Affairs, border enforcement and expenditure for defence housing which is not already funded by the Department of Defence (including contributions from members).
 - Using figures as at the 2025-26 Budget under the NATO methodology, Australia is expected to spend approximately **2.8 per cent of GDP** in 2025-26.

s33(a)(i), 33(a)(ii)

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Supporting information**Questions on Notice**

- No QoNs asked

Freedom of Information (FOI) Requests

- No FOIs asked

Recent Ministerial Comments

- Nil

Relevant Media Reporting

- [Australia and Papua New Guinea sign Mutual Defence Treaty | Prime Minister of Australia](#), The Hon Anthony Albanese MP, Prime Minister of Australia, 6 October 2025.
- [Joint communique - Papua New Guinea and Australia on a Mutual Defence Treaty | Prime Minister of Australia](#), The Hon Anthony Albanese MP and The Honourable James Marape MP, Prime Minister of Australia, 17 September 2025.
- [Joint Statement: Australia-Papua New Guinea Defence Ministers' Meeting | Defence Ministers](#), The Hon Richard Marles MP and Dr Billy Joseph, Department of Defence, 20 February 2025.
- [Joint Media Release: Maldives to receive Guardian-class Patrol Boat from Australia | Defence Ministers](#), The Hon Richard Marles MP and Mohamed Ghasan Maumoon, Department of Defence, 2 June 2025.
- [US demands Australia lifts defence spending by \\$40b a year 'as soon as possible' - ABC News](#), Jake Evans, ABC News, 2 June 2025.
- [Australia and PNG continue to strengthen defence cooperation | Defence Ministers](#), The Hon Richard Marles MP, Department of Defence, 12 August 2025.
- [Additional Defence funding to deliver the Henderson Defence Precinct | Defence Ministers](#), The Hon Anthony Albanese MP, The Hon Richard Marles MP, The Hon Pat Conroy MP, Department of Defence, 14 September 2025.

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