

AUSTRALIA'S FUTURE ROLE IN THE INDO-PACIFIC NATIONAL SECURITY DYNAMICS AND STRATEGIC SCENARIOS

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Abstract

This article examines how Australia is repositioning itself as a security actor in the Indo-Pacific amid sharpening strategic competition between the United States and China. It combines a mapping of Australia's evolving national security architecture with a dual analytical lens drawing on middle-power theory and (neo)realist international relations theory. Empirically, the study traces recent reforms in intelligence coordination, defense spending, cybersecurity and counter-terrorism, and situates them within a wider Five Eyes and Indo-Pacific alliance context. Analytically, it conceptualises Australia's strategy as a hybrid posture in which middle-power activism – diplomatic coalition-building, norm promotion and regional engagement – operates under the structural constraints of realist balancing against China. The article further develops four scenario pathways – Taiwan contingency, US strategic retrenchment, an AUKUS setback, and an AI-quantum arms race – to assess how this hybrid logic shapes Australia's future room for manoeuvre. The contribution lies in synthesising fragmented policy developments into a coherent national security narrative and in showing how Australia's middle-power agency is both enabled and bounded by Indo-Pacific power shifts.

Keywords: *Australia, Indo-Pacific region, national security; strategic scenarios*

Introduction

In recent decades, the Indo-Pacific has emerged as one of the most strategically consequential regions in world politics, shaped by China's economic assertiveness, military expansion, and influence over maritime and technological domains. These dynamics have accelerated geopolitical competition, notably between the United States and China, thereby reshaping the regional security architecture and elevating the role of proximate allies such as Australia.

Australia's strategic posture has shifted in response: the country is deepening defense ties, investing in deterrence capabilities, and broadening regional engagements through multilaterals. To interpret this evolution, the present study applies a dual theoretical framework: middle power theory and realist international relations theory. The middle power perspective emphasizes Australia's tradition of diplomatic activism, norm promotion, and coalition-building with like-minded states – an identity institutionalized since the 1990s (Ungerer, 2007:539-540). Realism, by contrast, explains Australia's strategic behavior as a rational response to systemic power imbalances and growing external threats, especially from an increasingly assertive China (Waltz, 1979: 118).

In this dual lens, Australia's Indo-Pacific strategy is not merely reactive or derivative, but reflects a hybrid role: one that seeks both to influence the regional order and to navigate the structural constraints of an emerging bipolarity. The aim of this study is to present the structure and functioning of Australia's national security system and to explore the measures the country has taken in recent years in response to the changing security environment. Specific attention is paid to how developments in the South China Sea and the broader Indo-Pacific maritime domain feed into Australia's evolving threat perceptions and alliance choices, without attempting an exhaustive treatment of all regional disputes. Against this backdrop, the article asks a twofold research question: how does Australia's evolving national security architecture and alliance strategy embody a hybrid middle-power or realist posture, and how does this hybrid logic condition its options in key Indo-Pacific contingencies? The central argument is that Australia's Indo-Pacific role cannot be understood solely as either middle-power activism or structural balancing: rather, it reflects a hybrid strategic configuration in which diplomatic agency and alliance entrepreneurship are increasingly channeled through, and constrained by, emerging bipolar power dynamics.

In terms of methodology, this study adopts a qualitative research approach. It primarily relies on qualitative document analysis, along with institutional and policy analysis, to examine Australia's national security frameworks. Additionally, a comparative contextualization is employed: key security strategies and institutional responses are analyzed in relation to the United Kingdom and the broader Five Eyes alliance context. This qualitative framework enables an in-depth understanding of Australia's security strategy by situating it within a wider allied perspective, while maintaining a narrative and analytical style consistent with the rest of the study. The analysis focuses on publicly available official documents, policy papers, and institutional reports; consequently, classified materials and operational intelligence assessments fall outside their analytical scope; therefore, the findings reflect strategic and institutional dynamics at the policy level rather than operational effectiveness.

This paper is based on a targeted qualitative content analysis of key Australian security and policy documents published between 2021 and 2025, complemented

by case-based contextualization of recent security incidents and institutional responses.

The article's contribution is twofold. First, it synthesizes recent, yet often separately treated developments in Australian defense policy, intelligence reform, cyber strategy and counter-terrorism into a coherent account of the country's evolving national security architecture. Second, it advances an analytically explicit hybrid middle-power/realist framework and applies it to a structured set of Indo-Pacific security scenarios, thereby moving beyond predominantly descriptive or single-theory analyses of Australia's role.

National security organizations and strategies

Australia's national security system is most comparable to that of the United Kingdom: it is based on an extremely complex and diverse institutional structure. One of the key elements of the system is the National Intelligence Community (NIC), which coordinates the work of 16 different intelligence and law enforcement agencies. The NIC's goal is to identify and address internal and external threats in a timely manner, as well as to develop security strategies and forecasts that are essential for political decision-making. It has extensive powers and a significant budget to carry out these tasks. The combined annual budget of the Australian intelligence agencies is not public information, but it is estimated to be in the billions of Australian dollars, and if we look at the estimated staffing levels of the various agencies individually, there are between 7,000 and 8,000 people working in the various national security and intelligence institutions (Australian Government, 2023).

The National Security Community is coordinated by the Office of National Intelligence (ONI), which reports directly to the Prime Minister. The ONI is responsible for collecting and analyzing intelligence data and supporting the government's strategic decisions. The Australian intelligence and security apparatus is divided into three main sectors: internal security, foreign intelligence, and law enforcement agencies (Béres, 2018).

Table 1. Australia’s projected defense spending through 2028

Australia's planned defense spending (in billions of Australian dollars)			
Year	Defense Strategy Enhancement	National Defense Strategy (NDS)	2024–25 defense budget
2024–25	55,5	55,5	55,6
2025–26	58,1	58,4	58,4
2026–27	61,2	61,2	61
2027–28	64,6	67,9	67,46

Source: author's own editing. Data source: Australian Parliament, Parliamentary Joint Committee on Intelligence and Security (PJCIS). (2024). Committee oversight of intelligence and security agencies. Parliament of Australia. Online: [https://www.aph.gov.au/Parliamentary Business/Committees/Joint/Intelligence and Security](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Intelligence_and_Security), 14. March 2025.

The Australian Security Intelligence Organization (ASIO) is responsible for Australia's internal security, dealing with terrorism, foreign influence, and activities that threaten national security. The Australian Security Intelligence Organization Act 1979 sets out the framework for its operations. In 2023, ASIO had a staff of approximately 2,000 and an annual budget of AUD 700 million (Australian Government, 2023). The organization is overseen by the National Security Committee (NSC) and the independent Inspector-General of Intelligence and Security (IGIS), which also monitors the lawful operation of intelligence agencies (Inspector-General of Intelligence and Security, 2024). ASIO reports regularly to the Parliamentary Joint Committee on Intelligence and Security (PJCIS), which exercises legal oversight over the organization (PJCIS, 2024).

The central agency for Australian foreign intelligence is the Australian Secret Intelligence Service (ASIS), which conducts foreign intelligence operations and collects strategic information in the interests of protecting Australia's international security. Its operations are regulated by the Intelligence Services Act 2001 (Intelligence Services Act, 2001). The number of ASIS personnel is not public, but estimates put it at between 1,200 and 1,500, with an annual budget of approximately AUD 600 million (ASIS, 2022). ASIS operates mainly in the Indo-Pacific region, the Middle East, and Southeast Asia, with a particular focus on the Five Eyes Alliance, in which Australia cooperates with the United States, the United Kingdom, Canada, and New Zealand (Sáfrán & Bokodi, 2022). As a member of the Five Eyes alliance, Australia is pursuing greater intelligence interoperability with its allies. Five Eyes officials have floated creating a shared Top Secret cloud environment accessible

by all five nations to enable seamless classified data-sharing among partners. Australia is already developing a national “*Top Secret*” intelligence cloud that can interconnect with U.S. and UK systems (Mehta, 2024). In parallel, a 2024 U.S. initiative called for a joint Five Eyes AI effort to accelerate adoption of AI tools across their intelligence communities. These moves show Australia’s commitment to deepening intelligence cooperation through shared technology and innovation (U.S. Congress, 2024). Taken together, these institutional developments position Australia as both a deeply embedded alliance partner and a regional intelligence hub, reflecting a hybrid strategic posture in which middle-power coalition-building is tightly interwoven with realist alignment and capability aggregation within the Five Eyes framework.

The Australian Federal Police (AFP) plays a key role in law enforcement and national security, fulfilling a dual role: on the one hand, it performs traditional law enforcement tasks, and on the other, it cooperates with national security agencies. The AFP is responsible for combating organized crime, drug trafficking, human smuggling, and cybercrime (AFP, 2023). The AFP has an annual budget of AUD 1.5 billion, and its work is governed by the Australian Federal Police Act 1979. The organization’s counterterrorism unit, the Australian Counter Terrorism Command, carries out rapid response operations both domestically and abroad (Australian Federal Police Act, 1979).

Due to the growing significance of digital threats, the Australian government established the Australian Cyber Security Centre (ACSC), which operates within the framework of the 2023–2030 National Cyber Security Strategy (Australian Cyber Security Strategy 2023-2030). The ACSC aims to protect critical infrastructure, promote cooperation between government agencies and the private sector, and ensure a rapid response to cyber-attacks. The ACSC has an annual budget of over AUD 400 million. The organization is part of the Australian Signals Directorate (ASD), which is the country’s primary cyber intelligence and cybersecurity agency. The ASD and ACSC pay particular attention to international cyber threats, especially state-sponsored attacks, which originate primarily from China, Russia, and North Korea (DFAT, 2021). A new cyber security strategy sets out Australia’s roadmap against escalating digital threats. The Australian Cyber Security Strategy 2023–2030 lays out an ambitious goal to make Australia “*the most cyber secure nation*” by 2030, backed by six “*Cyber Shields*” ranging from stronger domestic cyber standards and safe technology to enhanced threat sharing and regional cyber cooperation. The strategy is implemented in phases through 2030, focusing first on foundational resilience and public-private collaboration, and later scaling up to world-leading capabilities. This marks an emerging cybersecurity effort involving industry and international partners in protecting critical infrastructure and networks (Australian Cyber Security Strategy 2023-2030).

By 2021, it had become clear that Australia's role in the Indo-Pacific region would gradually increase and that the national security challenges facing the country would undergo significant changes. It had long been recognized that Australian intelligence and national security institutions needed comprehensive reforms in order to respond adequately to increasingly complex threats (CRS, 2024). Although Australia has always thought in terms of a federal system, the need for comprehensive national cooperation is becoming increasingly important in the field of national security, as emphasized by Andrew Shearer, Director-General of National Intelligence. Shearer stressed that a government-only approach is not sufficient to address current global security challenges, but rather a whole-of-nation approach is needed. This includes closer partnerships with the private sector and building trust with business communities and international partners (Shearer, 2024). The Australian government is currently working on a new, comprehensive National Security Strategy that aims to integrate the country's defense, economic, and diplomatic tools in a changing geopolitical environment. According to the latest analyses, economic security and national security are becoming increasingly intertwined, particularly in terms of the protection of critical supply chains and energy infrastructure (ONI, 2024).

Over the past decade, Australia's national security structure has been expanded through significant investment and legislative reform, and the country's intelligence network has become one of the most advanced in the world. At the same time, parliamentary and ministerial oversight systems have changed surprisingly little, placing serious constraints on the Australian government's ability to monitor and control the activities of its security agencies. To address this situation, a proposal was made to add a separate minister responsible for intelligence matters to the Australian cabinet, who would oversee the coordination of national security investments and the development of intelligence capabilities. There have also been significant changes in the area of strategic planning. As mentioned earlier, since the establishment of the National Intelligence Community in 2017, the Australian intelligence community has comprised more than 16 organizations and ministerial units, many of which fall under the Defense Portfolio and the Home Affairs Portfolio. This expansion has significantly increased the decision-making challenges facing the government, as overlaps have arisen between intelligence and national security agencies that have had to be managed centrally (ONI, 2017). However, according to decision-makers, the oversight capacity of the Parliamentary Joint Standing Committee on Intelligence and Security is insufficient to effectively monitor the activities of intelligence agencies. The recommendations suggest that the Inspector-General for Intelligence and Security should have its powers increased so that it can carry out more in-depth checks on national security agencies. The Independent National Security Legislation Monitor (INSLM) could also play an important role in helping members of

parliament to better understand the complex system of intelligence laws (PJCIS, 2024).

The expected increase in Australia's terror threat level was already predicted in 2021. The Australian government was aware that instability in the Indo-Pacific region, growing geopolitical tensions, and the global spread of extremism would increase the risk of terrorist attacks against the country in the long term. ASIO's 2021 threat assessment report specifically highlighted that the spread of extremist ideologies and online radicalization pose a serious threat to the country's internal security (ASIO, 2021). Recent developments have confirmed this: the attack on the Adass Israel synagogue in Melbourne in 2024 proved that the country remains a potential target for violent acts and terrorist attacks.

Also starting in 2021, the Australian leadership has recognized that security and economic prosperity are closely linked. Andrew Shearer emphasized that intelligence and defense investments not only serve to strengthen military capabilities, but also help maintain the stability of the national economy and the security of supply chains. Economic security and national security are becoming increasingly intertwined, particularly in areas such as energy, supply chain protection, and critical infrastructure security (ONI, 2024).

In light of the current situation, it is clear that the Australian government has been consciously preparing for widening security risks for years. The further development of ASIS, AFP, and ASD, the strengthening of cybersecurity strategies, and the modernization of parliamentary control mechanisms all indicate that Australia intends to become one of the region's leading "*national security powers*". The country's strategic role is becoming increasingly important not only regionally but also globally, which must be taken into account in future political and military decisions. We can conclude that Australia's role in the Indo-Pacific region will progressively increase and that the national security challenges facing the country will undergo significant changes.

The cumulative effect of these institutional reforms is to consolidate Australia's standing as a pivotal node in the regional security architecture, one that combines robust alliance integration with an increasingly autonomous national intelligence capacity, all in service of a broader hybrid strategic ambition.

Australia's national security situation in its region

The government's strategic plan for 2024-2025 clearly shows that the administration is increasingly recognizing the country's geopolitical role and the responsibilities that come with it. The strategy emphasizes that, as a result of increasingly intense strategic competition in the Indo-Pacific region, Australia must not only become a factor for regional stability, but also respond to global security challenges (PM&C, 2024). To boost its involvement in the region, the Australian government is building

on alliances like the East Asia Summit, the Pacific Islands Forum, Asia-Pacific Economic Cooperation (APEC), and the G20. These partnerships are important not only for diplomatic relations but also for the Australian defense and economic interests mentioned earlier.

The government also treats strengthening national defense and the AUKUS partnership as a top priority. The AUKUS program, which strengthens defense cooperation with the United States and the United Kingdom, provides Australia with the opportunity to increase its military capabilities and represent a more effective deterrent force in the Indo-Pacific region by acquiring state-of-the-art nuclear-powered submarines (PM&C, 2024). The new strategic approach also enhances cooperation between the public and private sectors, as closer integration of defense, technological development, and economic security is essential to maintaining the country's stability (Shearer, 2024).

Australia's national security situation in the Indo-Pacific region is becoming increasingly complex, as geopolitical tensions, terrorist threats, cybersecurity challenges, and border security issues demand more and more attention from the government. Changes in the region have a direct impact on Australia's strategic decisions, as the country tries to balance the development of its own defense capabilities with the maintenance of international alliances.

The threat of terrorism remains a key security issue in Australia. Australia's terrorism posture moved up over 2024-2025. In early 2024 the national threat level stood at "Possible". On 5 August 2024 the government raised it to "Probable," which remains current; under the National Terrorism Threat Advisory System this denotes a greater than 50% likelihood of an onshore attack or attack planning within the next 12 months. (Australian National Security, 2024). The reassessment reflects converging risk indicators Australian authorities emphasize: a persistent lone-actor profile using low-cost, easily improvised methods against crowded or symbolic targets; faster grievance-driven radicalization flows amplified by online ecosystems; and the domestic resonance of overseas conflicts that can catalyze ideologically diverse violent extremism. These dynamics are embedded in the government's current counter-terrorism and violent-extremism strategy settings, which highlight both onshore mobilization risks and offshore inspiration or enablement (Australia's counter-terrorism and violent extremism strategy, 2025). Terrorist networks active in Southeast Asia, such as Jemaah Islamiyah and Abu Sayyaf, pose a constant threat to the stability of the region. Australian security agencies therefore pay close attention to regional counterterrorism initiatives such as the ASEAN Counter Terrorism Agreement and the Australia-Indonesia Counter Terrorism Partnership (U.S. Department of State, 2023). In his 2023 annual threat assessment, ASIO Director-General Mike Burgess warned that Australia's terrorism threat has become more diffuse and ideologically diverse. The national threat level was raised from "Possible" to "Probable" in August 2024 due to rising indicators of violent extremism. Even

under a “Possible” alert, deadly incidents like the late 2022 Wieambilla shootings showed that the danger persists. On 14 December 2025, a terrorist mass shooting at Sydney’s Bondi Beach underscored the enduring reality of Australia’s terrorist threat environment. The attack – in which two Islamic State-inspired gunmen killed fifteen people at a Hanukkah celebration – was the deadliest terrorist incident in Australia’s modern history. Occurring despite decades of strengthened counterterrorism measures, these events underscored the continued relevance of maintaining the national threat level at “Probable”. These trends have driven a refined counterterrorism approach emphasizing early disruption of lone-actor plots, while cautioning against conflating extremist beliefs with actual violence (Coyne, 2023).

The security of the region is also significantly affected by China’s military and economic expansion. The militarization of the South China Sea and the growing presence of the Chinese navy are causing tensions in relations with ASEAN countries and in Australian defense strategies (PM&C, 2024). Chinese foreign policy also attempts to influence the region through economic pressure, as evidenced by trade sanctions imposed on Australian exports. To counterbalance this, Australia has actively strengthened its federal ties through the QUAD partnership (Japan, India, USA, Australia) and through the AUKUS agreement, under which, as I mentioned earlier, it will acquire nuclear-powered submarines from the United States and the United Kingdom (Department of Defence, 2024). In August 2025, Australia and the Philippines announced that they would sign a new bilateral defense agreement (which Canada would also join) in 2026, alongside the largest ALON military exercise ever held in the South China Sea. The aim is to strengthen deterrence and joint operational capabilities amid increasing Chinese maritime coercion (Flores, 2025). This behavior is consistent with realist balancing logic, where Australia enhances its strategic deterrence posture by deepening military alliances and acquiring advanced capabilities to counteract China’s expanding influence. This tension illustrates how middle-power norm entrepreneurship is structurally constrained by realist imperatives: while Australia seeks to promote rules-based order and economic resilience, its capacity to impose sustained economic costs on China remains limited by asymmetric interdependence and systemic power disparities.

Cybersecurity threats also pose a rising challenge to Australian national security. In recent years, there has been a significant increase in the number of state-sponsored cyberattacks, particularly from China, Russia, and North Korea. These attacks target Australian critical infrastructure, including energy networks, financial systems, and government agencies (ACSC, 2023). In response, the Australian government designated 46 new critical infrastructure facilities in 2024, which are protected by enhanced cybersecurity measures (Industrial Cyber, 2024). The government also established a National Artificial Intelligence Centre (NAIC) to coordinate the country’s AI ecosystem and drive responsible AI adoption. Allies are taking similar steps – for example, the U.S. intelligence community is instituting governance

policies and ethical frameworks for intelligence-related AI uses. Australia is also investing in quantum technology. The country launched a National Quantum Strategy in 2023 to become a global leader in quantum by 2030. This strategy emphasizes responsible innovation and safeguarding national interests as quantum computing and communications mature. By integrating advancements in AI and quantum into defense planning, Australia aims to future-proof its security capabilities – it is an ambition driven in no small part by the accelerating pace of quantum innovation in China’s strategic technology sector (National Quantum Strategy, 2023).

Australia's national security strategy is constantly evolving to meet widening challenges and threats - there is political will for this, and decision-makers are constantly responding to the changing situation. The integration of economic and defense policies, the strengthening of international alliances, and the development of technological advances and cybersecurity all indicate that Australia intends to become one of the leading national security players in the region.

Australia's future opportunities and challenges

Australia's national security situation is increasingly intertwined with the development of the country's defense capabilities, the strengthening of regional and global partnerships, and sustainable economic and technological transformation. The report by the Returned & Services League of Australia (RSL), which calls for a rethinking of Australia's national security strategy, clearly points out that the country faces complex challenges and that national security is no longer exclusively a military issue, but a key element of social, economic, and political stability (RSL, 2024).

As noted above, reports confirm it, that current defense spending is insufficient to address intensifying security threats, and Australia needs to significantly increase its defense budget to meet increasingly complex challenges. The country currently spends approximately AUD 55.6 billion annually on defense, which is about 2.1% of its GDP, but with global and regional tensions rising, further increases may be necessary (Defence Budget Review, 2024-25). According to the RSL, the government should not only focus on developing its navy and air force, but also significantly increase its land forces and cyber defense capabilities, including the use of space warfare and artificial intelligence in the modern warfare environment.

Among the challenges facing the country is strengthening cooperation with ASEAN countries, with particular regard to Indonesia and the Southeast Asian region, which can play a key role in ensuring regional stability (PM&C, 2024). The Australian government has recognized that the economic and security dynamics of the region require closer cooperation and, to this end, is promoting the development of multilateral agreements with ASEAN member states, with a strong focus on joint

counterterrorism strategies and information sharing (Jerrems, Christodoulou & Kronja, 2023). Australia has sought closer security ties with ASEAN members, which reflects middle-power activism: the proactive regional diplomacy underscores its commitment to shaping a stable regional order through coalition-building. These initiatives illustrate the middle-power dimension of Australia's strategy, in which coalition-building, development assistance and security partnerships are leveraged to project influence and stabilise the regional order without overtly confronting China.

Beyond Southeast Asia, Australia pays particular attention to cooperation with the Pacific Islands, as these countries are strategically important for Australian security. The "*federation-type alliance*" proposed in the RSL report with Pacific countries offers the Australian government an opportunity to develop stronger economic, cultural, and defense cooperation in the region (RSL, 2024). Such a partnership would not only encompass joint defense and security strategies, but also initiatives such as promoting common citizenship rights and labor mobility, which could contribute to increasing defense recruitment and strengthening economic development (CSIS, 2024).

At the same time, maintaining and strengthening strategic cooperation with the United States remains crucial for Australia. According to the RSL report, the Australian government wants to play a more active role in US decision-making processes, particularly in the development of military and economic strategies affecting the Pacific region. As part of its cooperation with the United States, Australia is poised for significant technological and defense capacity expansion, but the unpredictability of the current leadership raises questions about the direction this will take in the future (PM&C, 2024).

Australia's intelligence and security structure is evolving dynamically to meet the challenges of the 21st century. The country is committed to continuously developing and modernizing its national security apparatus, with a particular focus on addressing cyber threats and global geopolitical tensions.

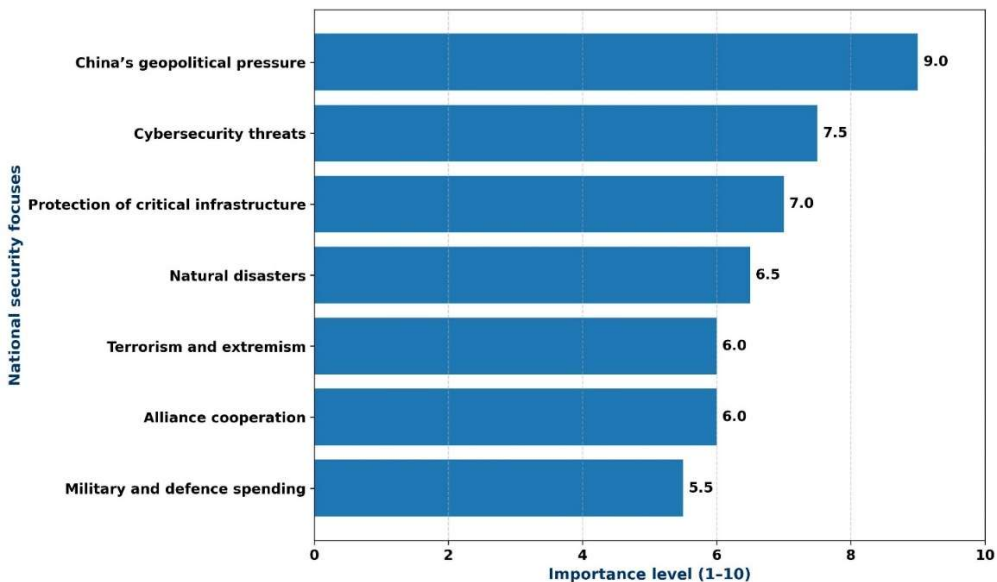
As Australia navigates an increasingly complex Indo-Pacific security environment, the next decade will test its resolve and capacity to translate strategy into influence, ultimately determining whether the nation can truly emerge as a decisive global security player. The coexistence of middle-power activism and realist balancing explains the dual nature of Australian strategy: regional norm-building is pursued in parallel with strategic hard-power alignment. This hybrid logic combines normative engagement with structural constraints. It reinforces that Australia's strategy is a hybrid: blending middle-power normative activism with realist imperatives.

Conclusion

Australia's national security situation has undergone significant transformation over the past decade, shaped by changing global and regional security dynamics, technological advances, and geopolitical challenges. The strategic importance of the Indo-Pacific region and the threats posed by China's military expansion have forced the Australian government to rethink its national security strategy and strengthen its defense and intelligence capabilities. This "rethinking" has already begun, as evidenced by the increase in security spending in recent years (Buzna, 2023).

In this study, I highlighted that Australian national security rests on several pillars: traditional military defense, strengthening regional and global partnerships, enhancing cybersecurity, and modernizing internal counterintelligence and counterterrorism strategies. One of the country's main challenges remains China's concerning influence, which not only poses a threat from a military and geopolitical perspective, but also attempts to influence Australian political decisions through economic and diplomatic means (PM&C, 2024).

Table 2. Australia's national security priorities: summary table



Source: Compiled by the author based on the sources and results of the study. The scores reflect the author's qualitative assessment of the relative emphasis and resourcing attached to each priority area in core Australian national security and defense documents issued between 2021 and 2025.

The government's response to these challenges is to strengthen the AUKUS and QUAD alliances and develop naval and air defense capabilities. The nuclear-

powered submarines acquired under the AUKUS agreement are a clear indication that Australia intends to build a long-term deterrence strategy that will ensure its regional dominance and strengthen its military capabilities (ACSC, 2023). American and British technological support not only provides military advantages, but also political stability, which aims to maintain a close alliance with the United States. In theoretical terms, AUKUS exemplifies a primarily realist balancing move that locks Australia more firmly into US-led extended deterrence architectures, whereas the QUAD and broader mini-lateral diplomacy allow Canberra to exercise middle-power agency by shaping regional security agendas and norms beyond a purely bilateral alliance frame.

Addressing cybersecurity threats has also become crucial. In recent years, the Australian government has taken significant steps to strengthen the protection of digital infrastructure and to counter cyberattacks on critical infrastructure. The Australian Cybersecurity Strategy 2023-2030 places particular emphasis on addressing state-sponsored attacks, which originate primarily from China, Russia, and North Korea (ACSC, 2023). The future of national security will be greatly influenced by advances in quantum technology and artificial intelligence, which will bring with them new cyber threats and new opportunities for defense.

The fight against terrorism also remains a top priority, particularly in light of the threats posed by online radicalization and extremist groups operating in Southeast Asia (Country Reports on Terrorism, 2023). Australian authorities are paying particular attention to the threats posed by lone actors and are stepping up cooperation with international counterterrorism partners, particularly ASEAN countries and the United States (NEMA, 2024).

Although the analysis primarily focused on security-related issues, it is worth noting that Australia is increasingly implementing nature conservation measures in response to global warming and the ongoing degradation of the Great Barrier Reef, both of which have significant cross-sectoral impacts. While climate security falls outside our scope, it represents an increasingly relevant analytical dimension and should be considered in future research.

The biggest challenge facing Australia is the ongoing modernization of its national security structure and the flexible adaptation of its defense strategies to the rapidly changing geopolitical situation. The country's goal is to strengthen its security role not only at the regional level but also at the global level, while maintaining its economic stability and political autonomy. Key decisions in the coming years will determine how Australia fits into the changing security architecture of the world system. This hybrid strategy reflects the structural constraints identified by realist theory: despite Australia's diplomatic agency, the country's strategic posture is ultimately shaped by the systemic pressures of regional power competition. The analysis therefore suggests that Australia's Indo-Pacific posture is best understood as a hybrid configuration: middle-power activism in the form of regional norm

entrepreneurship, mini-lateral coalition-building and developmental engagement, nested within a realist balancing strategy that deepens alliance commitments, sharpens deterrence and accelerates high-end capability acquisition.

The qualitative methodological framework underpinning this research – grounded in document analysis, policy evaluation, and comparative context – has been instrumental in providing a nuanced interpretation of Australia’s evolving national security posture. Nevertheless, the limitations inherent in this methodology – such as the lack of access to classified or real-time operational data – mean that some findings reflect institutional intent rather than field effectiveness. Future research could supplement this with empirical interviews or security performance assessments.

Table 3. Strategic scenario forecast for Australia’s Indo-Pacific role

SCENARIO	TRIGGER	LIKELY RESPONSE	PROBABILITY ESTIMATES
Taiwan Crisis	Chinese invasion	AUKUS activation	High
US Retrenchment	Trump 2.0 / Isolationist shift	Strengthen QUAD	Medium
AUKUS Failure	Technical delays	Alternative partnerships	Low
AI-Quantum Arms Race	Chinese breakthrough	Strategic tech investments	High

Source: Compiled by the author based on the article’s qualitative findings and subjective probability estimates. The scenarios highlight the heightened need for agile strategic planning, with contingency frameworks calibrated for divergent great-power behaviors.

The scenario analysis further underscores that Australia’s strategic trajectory over the next decade will be shaped along three principal risk axes: the intensity of Chinese coercive behavior, the durability of U.S. regional commitment, and the pace of technological militarization in AI and quantum domains. While none of the four scenarios is mutually exclusive, their combined assessment highlights the structural uncertainty within which Australia must simultaneously hedge, align, and adapt. The scenario matrix developed in this study underscores that Australia’s room for manoeuvre narrows most visibly under two conditions: a prolonged US strategic retrenchment and a disruptive AI-quantum arms race that erodes existing capability balances. In both cases, the hybrid middle-power/realist posture would face acute stress tests, forcing Canberra to recalibrate the balance between alliance dependence, autonomous capability development and regional coalition-building.

Australia's evolving national security posture reflects more than defensive recalibration. It signals a broader strategic ambition to shape, not merely absorb, the contours of regional security. As strategic technologies, alliance dynamics, and multipolar tensions continue to interact, Australia's role may well shift from being a security beneficiary to a proactive shaper of Indo-Pacific stability. This shift warrants not only political will but also sustained policy innovation and adaptive institutional frameworks. Australia's Indo-Pacific strategy reflects a hybrid model in which middle-power activism is structurally constrained, but not overridden, by realist balancing imperatives.

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