The Parliament of the Commonwealth of Australia

Australia's Maritime Strategy

Joint Standing Committee on Foreign Affairs, Defence and Trade

June 2004
Canberra

Chairman's Foreword

The rise of non-state actors, failing states, terrorism and the threat of weapons of mass destruction have caused nations to review their national security objectives and strategies. Australia is not alone in this challenge. At the same time, Australia must plan and prepare against conventional threats to its security. It is essential, therefore, that Australia's defence and national security strategies are modern and flexible enough to deal with all contingencies.

The inquiry into Australia's maritime strategy has provided an opportunity to examine the relevance and effectiveness of our defence objectives and strategies. Maritime strategies are significant in military planning because they provide the means to apply power flexibly over a range of contingencies and areas. Modern maritime strategy involves air, sea and land forces operating jointly to influence events in the littoral together with traditional blue water maritime concepts of sea denial and sea control. The role and influence of maritime strategies are therefore a significant feature of credible military strategies.

The inquiry found that there was the need for a comprehensive national security strategy (NSS) which would articulate all the elements that the Australian Government has at its disposal to address issues of national security. A national security strategy would address more than just issues of defence. It would address Australia's key interests such as economic, business, diplomatic, trade and environmental. The NSS should indicate where our military strategy fits within this 'grand strategy.'

Australia's interests are not just limited to our territory but stretch throughout the region and globally. Our defence objectives and strategy must, therefore, reflect the need to defend Australia and its direct approaches together with a greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests.

The committee has recommended that the Government develop a new Defence White Paper for issue during 2005-06. The new White Paper should take into account the findings of the committee and, in particular, the need for flexible joint forces capable of littoral manoeuvre. In addition, a new Defence White Paper should be developed every four years through a rolling four year program. This will ensure that Australia's defence strategy will remain current and can meet developments in the global strategic environment.

The proposed new White Paper should ensure that the Australian Defence Force can implement the key features of a modern maritime strategy, including sea denial, sea control and power projection ashore for the purpose of peace keeping and regional assistance missions.

The committee, through this inquiry, is convinced that an effective maritime strategy will be the foundation of Australia's military strategy, and serve Australia well, into the 21st Century.

In conclusion, and on behalf of the committee, I would like to thank all those who have contributed to this inquiry.

Hon Bruce Scott, MP
Chairman
Defence Sub-Committee

Contents

THE REPORT

APPENDICES

TABLES

LIST OF FIGURES

Membership of the Committee

Chair	Senator A B Ferguson
Deputy Chair	Hon L J Brereton, MP

Members

Senator A Bartlett (from 1/7/02)
Senator M Bishop (from 1/7/02; to 19/8/02)
Senator the Hon N Bolkus (from 1/7/02)
Senator V W Bourne (to 30/6/02)
Senator P H Calvert (to 19/8/02)
Senator H G P Chapman (to 30/6/02)
Senator the Hon P Cook
Senator A Eggleston (from 1/7/02)
Senator C Evans
Senator B Gibbs (to 30/6/02)
Senator B Harradine
Senator S Hutchins (to 30/6/02; from 19/8/02)
Senator D Johnston (from 22/8/02)
Senator J A L Macdonald
Senator K O'Brien (from 1/7/02)
Senator M A Payne
Senator the Hon C Schacht (to 30/6/02)
Hon B G Baird, MP
Mr R C Baldwin, MP

Hon K C Beazley, MP
Hon A R Bevis, MP
Hon G J Edwards, MP
Mr L D T Ferguson, MP
Mrs J Gash, MP
Mr D P M Hawker, MP
Hon D F Jull, MP
Mr P J Lindsay, MP
Hon Dr S P Martin, MP (to 16/8/02)
Hon J E Moylan, MP
Mr G R Nairn, MP
Hon L R S Price, MP

Hon G D Prosser, MP
Hon B C Scott, MP
Hon W E Snowdon, MP
Hon A M Somlyay, MP
Mr C P Thompson, MP

Secretary

Dr Margot Kerley
Mr Grant Harrison (until January 2003)

Membership of the Defence Sub-Committee

Chair	Hon B C Scott, MP	
Deputy Chair	Hon L R S Price, MP	
Members	Senator C Evans	Mr R C Baldwin, MP
	Senator A B Ferguson	Hon K C Beazley, MP
	Senator S Hutchins (to 30/6/02; from 19/8/02)	Hon A R Bevis, MP
	Senator D Johnston (from 22/8/02)	Hon L J Brereton, MP
	Senator J A L Macdonald	Mr AM Byrne, MP
	Senator M A Payne	Hon G J Edwards, MP
		Mrs J Gash, MP
		Mr D P M Hawker, MP
		Mr P J Lindsay, MP
		Mr G R Nairn, MP
		Hon W E Snowdon, MP
		Hon A M Somlyay, MP
		Mr C P Thompson, MP

Secretary	Mr Stephen Boyd
Defence Officers	Commander Craig Pritchard, RAN (from January 2004)
	Wing Commander Rob Scrivener, AM, CSM (until December 2003)
	Lieutenant Colonel Roger Noble (until December 2002)
Administrative Officer	Mrs Emma Martin

Terms of reference

The primary priority for the Australian Defence Force (ADF), identified in the White Paper *Defence 2000,* is 'to defend Australia from any credible attack, without relying on help from the combat forces of any other country'.

The key to defending Australia is 'to control the air and sea approaches to our continent, so as to deny them to hostile ships and aircraft, and provide maximum freedom of action for our forces'. For this purpose Australia relies on a 'fundamentally maritime strategy'. To successfully apply a maritime strategy the Australian Defence Organisation (ADO) will 'maintain and further develop an integrated and balanced joint force'.

This inquiry aims to develop a comprehensive understanding of Maritime Strategy and its place within Australia's broader military strategy and defence policy. It is **not limited** to an examination of Australia's naval or maritime forces nor is it focused only on the Defence of Australia.

The inquiry also seeks to understand the implications of a Maritime Strategy for the other tasks set out in the White Paper, namely: contributing to the security of our immediate neighbourhood; contributing effectively to international coalitions beyond our immediate neighbourhood; and support of peacetime national tasks.

Terms of Reference

The Joint Standing Committee on Foreign Affairs, Defence and Trade shall inquire into and report on the ADO ability to deliver the necessary capabilities to meet Australia's strategic interests and objectives as defined in Defence 2000, with specific reference to the:

- ADO capability to apply the maritime strategy outlined in Defence 2000 in the current strategic environment;
- primary roles in Australia's maritime strategy of the key components of the ADO, including the three services, Defence Intelligence Organisation and ADF Command and Control structure;
- impact of Australia's maritime strategy on ADF capacity to participate in combined, multi-national regional and global coalition military operations;
- integration of maritime strategy with the other elements of Australian national power to achieve specified national strategic interests and objectives;
- impact of the evolving strategic environment on Australia's maritime strategy; and
- integration of Australian Defence Industry into capability development to support a maritime strategy.

List of abbreviations

AAR	Air-to-Air Refuelling Aircraft
ADA	Australian Defence Association
ADF	Australian Defence Force
AEW&C	Airborne Early Warning and Control Aircraft
AIGDC	Australian Industry Group Defence Council
AMDC	Australian Maritime Defence Council
ANAO	Australian National Audit Office
ASA	Australian Shipowners Association
ASPI	Australian Strategic Policy Institute
ASR	Annual Strategic Review
BVR	Beyond Visual Range
CDF	Chief of Defence Force
CISA	Centre for International Strategic Analysis
CMP	Centre for Maritime Policy, University of Wollongong
CUC	Capital Use Charge
CVPs	Continuous Voyage Permits
DCP	Defence Capability Plan
DCR	Defence Capability Review
DOA	Defence of Australia
EEZ	Economic Exclusion Zone
IRAS	Independent Review of Australian Shipping

IRR	Incident Response Regiment
IRS	Parliamentary Library Information Research Service
ISPS	International Ship and Port Facility Code
JCPAA	Joint Committee of Public Accounts and Audit
JORN	Jindalee Operational Radar Network
JSF	Joint Strike Fighter
MOLE	Manoeuvre Operations in the Littoral Environment
MUA	Maritime Union of Australia
NSCC	National Security Committee of Cabinet
NSR	Australian Naval Shipbuilding and Repair Sector Strategic Plan
NSS	National Security Strategy
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
RSL	Returned and Services League
RUSI	Royal United Services Institute of Australia
SCNS	Secretaries Committee on National Security
SDD	System Design and Development
SLOCs	Sea Lines of Communication
STOVL	Short take-off and vertical landing
SVPs	Short Voyage Permits
TAG	Tactical Assault Group
UAV	Uninhabited Air Vehicles
UCAV	Uninhabited Combat Air Vehicles
2000 White Paper	*Defence 2000: Our Future Defence Force*
WMD	Weapons of Mass Destruction

List of recommendations

Recommendation 1

The committee recommends that the Government develop a national security strategy (NSS) which addresses Australia's key interests such as, but not limited to:

- economic;

- business;

- leisure/tourism;

- diplomatic and trade;

- social and cultural;

- transnational crime;

- illegal migration;

- population policy;

- the protection of critical infrastructure such as water, power, transport and information communications;

- environmental; and

- defence and security.

The NSS should clearly articulate and demonstrate that there is a coherent and coordinated approach by Government to securing our national interests. (paragraph 3.28)

Recommendation 2

The committee recommends that the Defence Minister develop a new Defence *White Paper* for issue during 2005-06. From the introduction of this *White Paper*, a new Defence White Paper should be developed every four years through a rolling four year program.

The proposed new *White Paper* should re-emphasise the point that Australia's defence policy is ultimately defensive. The committee would envisage that 'power projection ashore' would relate to instances where Australian forces, as part of coalitions, have been requested to assist with the affairs in other nations.

The Government, in developing the new *White Paper*, should take into account the conclusions made by the committee including:

- Australia's strategic objectives be the defence of Australia and its direct approaches together with greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests;

- clear articulation of why Australia's security is interrelated with regional and global security;

- the continuation of the commitment to 'self-reliance' in those situations where Australia has least discretion to act;

- focusing on measures that will enhance interoperability with Australia's allies such as the US; and

- developing and implementing a maritime strategy which includes the elements of sea denial, sea control and power projection ashore. (paragraph 4.124)

Recommendation 3

The Department of Defence should make a statement, subject to security requirements, outlining the Army sustainment model and providing the Parliament with reassurances that the model will be effective and will meet contingencies consistent with guidance provided in the 2000 Defence White Paper. (paragraph 5.46)

Recommendation 4

The Minister for Defence should make a statement outlining Army Reserves policy focusing on Reserve:

- ■ training;

- ■ effectiveness;

- ■ equipment and capabilities;

- ■ readiness;

- ■ transition to new functions;

- ■ blending with regular units; and

- ■ detailed cost data. (paragraph 5.47)

Recommendation 5

The committee recommends that the Department of Defence review the number of air-to-air refuelling (AAR) aircraft that it will need to mount effective operations. The committee is of the view that Defence may require more AARs than has currently been planned. (paragraph 5.72)

Recommendation 6

The committee recommends that the Department of Defence continues to examine air combat capabilities in the region and the cost of ongoing upgrades to the F/A-18A versus its fatigue and ageing. If the F-35 will not be available by 2012 then the Government should give cost details of prolonging the lifespan of the F/A-18A, and provide details on the range of options to maintain air superiority in the region. (paragraph 5.73)

Recommendation 7

The committee recommends that the Minister for Defence by 2006 make a statement clarifying Australia's strike capability in the light of its decision to retire early the F-111. (paragraph 5.74)

Recommendation 8

The Government's decision to purchase three air warfare destroyers for delivery by about 2013 is supported.

The Department of Defence, however, should explain how adequate air protection will be provided to land and naval forces before the air warfare destroyers are delivered in 2013. (paragraph 5.90)

Recommendation 9

If in 2006 the Government confirms that it will purchase the Joint Strike Fighter (F-35) then it should consider purchasing some short take-off and vertical landing (STOVL) F-35 variants for the provision of organic air cover as part of regional operations. (paragraph 5.91)

Recommendation 10

The committee recommends that the Government outline its progress with joint operations and regional cooperation initiatives which seek to enhance the security and protection of vessels using sea lines of communication (SLOCs). (paragraph 6.37)

Recommendation 11

The committee recommends that when the Department of Defence develops a new Defence *White Paper*, it should ensure that the maritime strategy includes clear and explicit reference to Australia's *Oceans Policy* and explains its interrelationship with Defence policy. (paragraph 6.38)

Recommendation 12

The committee recommends that the Government provide a report to Parliament outlining its progress with helping to develop a regional *Oceans Policy*. (paragraph 6.39)

Recommendation 13

The committee recommends that the Government, as a matter of urgency, respond to the measures proposed by the Independent Review of Australian Shipping, and state whether or not it intends to introduce an Australian Shipping policy. (paragraph 6.75)

Recommendation 14

The committee recommends that, as part of the next Defence *White Paper*, the Department of Defence outline the role of merchant shipping and its support for defence objectives. (paragraph 6.76)

1

Introduction

Background

1.1   Australia's maritime strategy is a key part of the overall defence strategy as set out in the Defence *White Paper, Defence 2000: Our Future Defence Force* (*2000 White Paper*). The *2000 White Paper* states that the 'key to defending Australia is to control the air and sea approaches to our continent, so as to deny them to hostile ships and aircraft, and provide maximum freedom of action for our forces.' The *2000 White Paper* concludes that this means 'we need a fundamentally maritime strategy.' The maritime strategy objectives, in turn, influence Australia's defence capabilities because it is the capabilities that bring effect to the strategy.

1.2   In recent years, there has been an ongoing debate about the validity of Australia's defence strategy and whether it is effective in fulfilling our military and geopolitical aims. Critics of the current defence strategy suggest that there is an over emphasis on the key strategic objective of ensuring the defence of Australia and its direct approaches. These critics suggest that the 'defence of Australian territory' results in a disconnect between strategy and practice. That is, the Australian Defence Force (ADF) is, in practice, engaged in a variety of tasks which require it to be engaged regionally and globally. Therefore, Australia's defence strategy should be revised to ensure that it reflects what the ADF does in practice. Consequently, this would have an impact on the ADF's capability plan.

1.3   The criticisms about Australia's defence strategy are significant. They have budgetary implications and question the choices made in Australia's defence capability plan. Those groups which defend the current defence strategy argue that central to any proper defence policy is the capacity to

defend Australia and its direct approaches. Second, in order to secure that objective Australia should maintain good relationships with regional neighbours. Third, given that Australia's area of direct strategic interests cover 25% of the world, forces developed to secure this objective would inherently be capable of contributions abroad. These groups point out that while the threat of direct attack on Australian territory is low, this cannot be assumed 15 to 20 years out.

Objectives, scope and focus

1.4   The inquiry has a range of objectives which begin with developing an understanding of maritime strategy. In brief, maritime strategies involve the integration of sea, air and land forces operating jointly. Therefore, the examination of maritime strategy is broad. It is important not to confuse maritime strategy with naval power or naval strategies which are a subset of a maritime strategy. Chapter two examines some of the key concepts of a maritime strategy.

1.5   The Minister's letter of referral noted that, in strict terms, the concept of a maritime strategy as set out in the *2000 White Paper* applies only to one of the ADF's four priority tasks, namely the Defence of Australia and its direct approaches. The Minister, however, did not want this fact to narrow the extent of the inquiry commenting that there 'will clearly often be a maritime dimension to the other tasks set out in the *2000 White Paper*: contributing to the security of our immediate neighbourhood; contributing effectively to international coalitions beyond our immediate neighbourhood; and support of peacetime national tasks.' These matters are addressed in Chapter four which examines Australia's maritime strategy against the priority task of Defence of Australia and the three additional tasks that have just been noted.

Strategy

1.6   Australia's maritime strategy is examined from the broader view of where it fits in to the overall strategic framework. For example, Australia does not have an explicit national security strategy but evidence to the inquiry suggested there was a need for this type of framework. These arguments are examined in Chapter three.

1.7   Australia's maritime strategy is examined in detail and the objective is to determine the extent to which Australia's maritime strategy fulfils the objectives of a modern maritime strategy. Evidence to the inquiry suggested that Australia has only one element of maritime strategy namely a 'sea denial' capability.

1.8   An examination of Australia's maritime strategy is not complete without discussing the influence of the defence budget, and emerging military capabilities. Finally, the validity of Australia's maritime strategy and some of the key strategic objectives as set out in the *2000 White Paper* will be examined. These discussions are part of Chapter four.

1.9   The inquiry does not seek to examine defence concepts below that of 'strategy.' That is, there is no examination of the operational or tactical level of military operations or of specific operations.

Capability

1.10   In the hierarchal structure of military planning, capability is subordinate to strategy. That is, when a strategy is determined, capability must be acquired or shaped which will bring effect to the strategy. The findings made in Chapter four on maritime strategy will influence debates about capability. Evidence to the inquiry suggested that while the maritime strategy should be reviewed, consideration should also be given to the impact these debates have on capability. For example, there were a series of arguments for enlarging Army capabilities and amphibious capabilities.

1.11   These discussions form part of Chapter five. Note that it is not an objective of the inquiry to develop a capability plan or examine and make findings or recommendations about specific defence 'platforms'. This does not, however, preclude the committee from noting or making observations about certain high profile platforms such as the Joint Strike Fighter or Air Warfare Destroyer.

Other issues

1.12   Outside of the examination of military issues, the inquiry considered a range of related issues which come under the broad umbrella of Australia's maritime strategy. These include examination of Australia's economic exclusion zone, and monitoring and security of sea lines of communication.

1.13   The role and capability of Australia's merchant fleet featured in the evidence. The status and capacity of Australia's merchant fleet is examined together with Defence's use of merchant shipping.

1.14   A further issue of discussion focuses on Australia's defence industry and its capacity to support Australia's defence objectives. These issues form part of Chapter six.

Conduct of the inquiry

1.15   On 27 August 2002 the Defence Minister referred to the committee the reference for the inquiry into Australia's maritime strategy. On 1 September 2002 the committee issued a press release outlining the objectives of the inquiry and encouraging public comment. Information about the inquiry was advertised in *The Australian* on 4 September 2002.

1.16   In addition, submissions were sought from a range of government agencies, non-government organisations and individuals. Information about the inquiry was also posted on the committee's internet homepage at:http://www.aph.gov.au/house/committee/jfadt/Maritime/MSIndex. htm

1.17   Over forty submissions were received which are listed at Appendix A. Almost 20 exhibits were received which are listed at Appendix B.

1.18   As part of the inquiry, the committee requested the Information and Research Service (IRS), Foreign Affairs, Defence and Trade Group, Department of the Parliamentary Library to prepare *A Foundation Paper on Australia's Maritime Strategy*. Representatives of the IRS, including Mr Alex Tewes and Ms Kelly Kavanaugh, briefed the committee on the key issues presented in the paper.

1.19   At the start of the inquiry, the committee received a private briefing from the Department of Defence.

1.20   Evidence was taken at public hearings in Canberra on 25 and 26 February, 24 March and 16 June 2003. In addition, public hearings were held in Sydney on 11 March and in Melbourne on 12 March 2003.

1.21   Copies of the transcripts of evidence from the public hearings and the volume of submissions are available from the committee's secretariat and for inspection at the National Library of Australia. In addition, the transcripts and submissions are available from the committee's website at: http://www.aph.gov.au/house/committee/jfadt/Maritime/MSIndex

Reader guide

1.22   The report has been kept as brief and concise as possible. Each section of the report presents the key evidence provided through public hearings and submissions. The conclusions provide a summary of the issues under consideration and most importantly provide the committee's views on a topic. In addition, when recommendations are made the conclusions will include reasons explaining the need for the recommendations.

1.23   Readers who do not have the time to read the report in full can read the conclusions separately. The conclusions have been prepared in a 'stand alone' format so that readers can quickly understand the key issues together with the committee's conclusions and reasons for the recommendations.

2

Maritime Strategy Concepts

Introduction

2.1   Maritime strategies are significant in military planning because they provide the means to apply power to areas of interest along coastlines and inland. This area is called the littoral. The littoral is defined 'as the areas to seaward of the coast which are susceptible to influence or support from the land and the areas inland from the coast which are susceptible to influence from the sea.' Defence operations in the littoral require the need for effective joint operations.

2.2   The Parliamentary Information Research Service (IRS) notes that at the turn of the 21st century, 'the littoral accommodates over three quarters of the world's population, hosts over 80% of the world's capital cities and nearly all of the marketplaces for international trade.'[1]

2.3   The role and influence of maritime strategies are therefore a significant feature of many credible military strategies. In appreciating this point it is essential to fully understand the key features of a maritime strategy. This chapter provides background information on the key elements of a maritime strategy and its potential field of influence.

2.4   In addition, a brief account is given of the key historical developments in Australian defence strategy since the Dibb Report of 1986.

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1   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 16.

Maritime strategy – a definition?

2.5   A modern maritime strategy involves air, sea and land forces operating jointly to influence events in the littoral together with traditional blue water maritime concepts of sea denial and sea control. A maritime strategy is not just about naval forces or naval strategy.

2.6   The key elements of a maritime strategy include sea denial, sea control and power projection:

-   ◾ *Sea Denial* has the 'aim of prevention of the use of the sea' by another force against us. This is 'defined as the condition that exists when an adversary is denied the ability to use an area of sea for its own purposes for a period of time.'[4] Sea *Denial* implies a more passive posture where the emphasis is on defence (although this does not preclude the employment of offensive capabilities), and where the initiative is likely to remain with the attacking power;

-   ◾ *Sea Control* is 'defined as that condition which exists when one has freedom of action to use an area for one's own purposes for a period of time and, if required, to deny its use to an opponent'; and

-   ◾ *Power Projection,* while not exclusively a maritime strategic concept, recognises that maritime forces, through Sea Control, can shape, influence and control the strategic environment, and can deliver combat force ashore if necessary'.[2]

2.7   Some of the modern technologies that underpin each of the key maritime strategy elements are shown in Table 2.1. It should be noted that the technologies listed in Table 2.1 are not in all cases relevant to Australia.

Table 2.1   Maritime strategy representative technologies

Maritime Strategy Element	Technology
Sea Denial	- mines, moored and bottom mines - submarines using mines, torpedoes or anti-ship missiles - Captor, a homing torpedo encapsulated in a moored mine case - fast patrol boat (PTFG) armed with anti-ship missiles (SSM) - surface ship armed with anti-ship missiles, gunfire and torpedoes - surface ship armed with ship-launched homing torpedoes including long range delivery by Ikara and Subroc - aircraft carriers with fixed and rotary wing aircraft - land based aircraft with bombs and anti-ship missiles
Sea assertion	aircraft carriers with Airborne Early Warning (AEW) aircraft and fighters armed with air to air missiles (eg Phoenix, AAMRAM,

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2   Centre for International Strategic Analysis, *Submission* 6, p. 4.

Maritime Strategy Element	Technology
(Sea Control)	Sidewinder), and guns
	• surface ships armed with area surface to air missiles (eg standard) guns, Close in Weapons Systems (CIWS), electronic warfare, and point defence missiles
	• surface ships for anti-submarine warfare (ASW) using sonar, depth charges and homing torpedoes
	• submarines to provide intelligence of enemy air, launched from land bases, and as SSK (Hunter-Killer submarines) to provide ASW defence
	• ship-borne ASW aircraft, both rotary and fixed wing
	• land-based aircraft – long range maritime patrol aircraft, maritime strike aircraft and land-based fighter if within range
	• minesweeping, mine hunters and clearance divers
Power projection	• aircraft carriers with ground attack aircraft and fighters
	• surface ships for naval gunfire support (NGFS)
	• amphibious warfare ships such as landing platform helicopters (LPH), assault ships
	• landing craft
	• ship launched land attack cruise missiles

Source   Robertson, A., Centre of the Ocean World, Australia and Maritime Strategy, Seaview Press, 2001, pp.42-43.

2.8   In addition to the power projection capabilities described in Table 2.1, significant power projection is provided through the capacity for submarines to launch land attack cruise missiles.

2.9   The Navy League of Australia highlights the advantages that derive from a modern maritime strategy:

> …A maritime strategy enables Australia to contribute in a meaningful way to containing any instability at a distance from our island continent. Such a strategy enables Australia to go to the aid of friendly states in our region, particularly those island countries whose geographic locations control the approaches to our island. Maritime strategy will enable Australia to control and develop its important offshore resources, including oil and gas. Australia must also have the capability to control fisheries, illegal immigration, smuggling, piracy and national security matters anywhere around our coasts or offshore islands. These capabilities will not always or only be exercised by the Australian Defence Force.[3]

2.10   The IRS and the majority of submissions to the inquiry, however, suggest that the *2000 White Paper* only articulates a strategy of sea denial for the sea air gap to the north of Australia as the focus of our defence effort. Sea Control is another step up from sea denial in that it provides for the elements of presence, reach and power to control an area of ocean in order

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3   Commodore Geoffrey Evans, Navy League of Australia, *Transcript*, p. 256.

to pursue strategic interests. Sea control is not continuous and is based on the achievement of objectives and the resources available to enforce sea control.

2.11   Power projection, in relation to maritime strategy, is about using maritime power to influence affairs on land. The IRS commented that 'the reach, poise, and flexibility of maritime forces enable them to strike at the land from unexpected and/or advantageous directions, making them, in the words of Liddell-Hart "the greatest strategic asset that a maritime nation can possess"'.[4] As part of evidence to the inquiry, the arguments for a shift in maritime strategy away from an initial focus on Australia's maritime approaches to a primary focus on littoral operations were examined. For example, Dr Michael Evans states:

> From the military perspective we are best served by developing a genuine joint maritime strategy as the centrepiece of future defence planning. A maritime strategy is flexible, it is multidimensional and, above all, has the best chance of integrating the special capabilities of all three services in an efficient manner. To create a national security system whose main military component is a maritime strategy, Australia will need to shift its strategic thinking away from prescriptive strategic analysis that is based solely on defending territory towards scenario based analysis that takes much greater account of the defence of non-territorial interests.[5]

2.12   Those who argue against this proposition, in support of long standing Government propositions, would argue that the ability to sustain operations in the littoral is sustained through current or planned force structure.

2.13   Up to this point the discussion of maritime strategy has focused on the more military objectives of maritime strategy. However, maritime strategies can include national maritime objectives.

2.14   A national concept of maritime strategy takes the understanding and significance of maritime strategy a few steps further. While the military concepts of maritime strategy described above are also a part of a national maritime strategy, the wider elements of national security are also considered. These include our nation's economic, environmental, societal and political security. The military concept of maritime strategy encompasses diplomatic, constabulary and warfighting elements. As

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4   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 25.

5   Dr Michael Evans, *Transcript*, p. 59.

suggested above this concept of maritime strategy is a subset of broader military strategy.

2.15   The IRS commented that in the case of a national maritime strategy 'the term encompasses a national approach to its security that is either continentalist or maritime-focussed and considers responsibilities, not only for military forces, across a wide spectrum of security sectors.'[6] This concept of both levels of maritime strategy was discussed by Mr Alastair Cooper:

> I would like to emphasise a distinction I see between national maritime strategy and military maritime strategy. Although the two are related they are not the same. National maritime strategy incorporates all arms of government and is usually focused on marine areas out to the edge of the exclusive economic zone or the seabed boundary. Military maritime strategy denotes the involvement of all arms—sea, land and air—which can influence operations or activities in the marine environment. That strategy is concerned more with the implementation of government policy wherever it is deemed that Australia's interests lie: for example, in waters adjacent to Australia, throughout the region or indeed throughout the world.[7]

2.16   Similarly, the Navy League of Australia suggested that a maritime strategy needs to be all embracing. The Navy League suggested that a maritime strategy should not just be limited to defence issues but include a range of maritime activities including 'developing a thorough knowledge of the physical, economic, cultural, political and strategic attributes of the oceans and island states and areas adjacent to Australia.'[8]

2.17   Figure 2.1 provides a graphical account of the key elements which comprise a national concept of maritime strategy together with a military concept of maritime strategy.

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6   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, October 2002, p. 15.

7   Mr Alastair Cooper, *Transcript*, p. 184.

8   Commodore Geoffrey Evans, Navy League of Australia, *Transcript*, p. 256.

Figure 2.1   The elements of a maritime strategy[9]
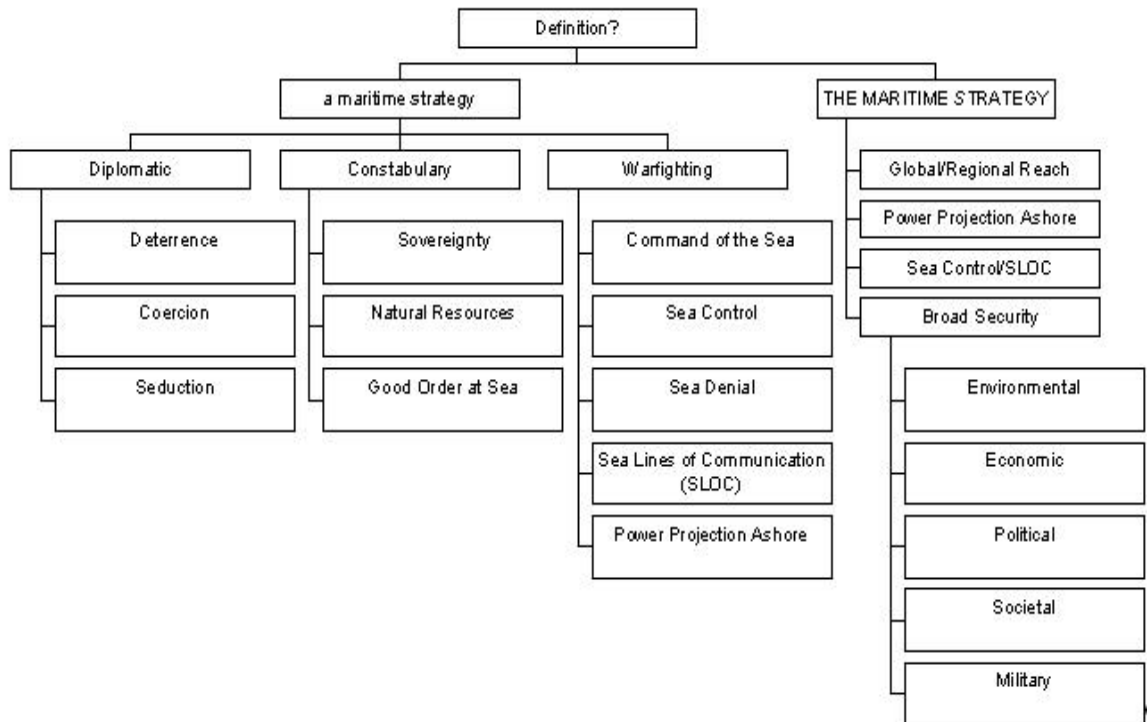
Conclusions

2.18   Maritime strategies can relate to solely military objectives or broader national security objectives. For the purpose of this inquiry, both definitions of maritime strategy are considered. Chapter three, for example, will discuss in more detail the importance of recognising national security objectives in the consideration of maritime strategy. Chapter four will focus more on the military objectives of maritime strategy.

2.19   Where reference is made to a 'modern maritime strategy', the meaning is meant to convey a maritime strategy involving air, sea and land forces operating jointly to influence events in the littoral together with traditional blue water maritime concepts of sea denial and sea control. The littoral is defined 'as the areas to seaward of the coast which are susceptible to influence or support from the land and the areas inland from the coast which are susceptible to influence from the sea.' Defence operations in the littoral require the need for effective joint operations.

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9   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, October 2002, p. 15.

Capability

2.20   Military strategies should determine capability development. In turn, the development of military capabilities should give effect to the strategy. For example, the broad military strategy outlined in the 1987 *White Paper* has influenced force development to the present day. This includes the development of the Jindalee Operational Radar Network (JORN), movement of the Army north, the establishment of bare bases in the north, the location of a squadron of F/A-18s in northern Australia, and the establishment of a second fleet base in Western Australia.

Sea power

2.21   The current debate on Australia's maritime strategy has generally emphasised a joint approach to capability and operations. This approach seeks to combine the forces of Navy, Air Force and Army ensuring there are no conflicting issues arising between branches of the armed forces. The three services must be connected in a unified manner that facilitates joint fighting capability. In relation to the role of sea power, there has been less focus on the role of blue water navies and more emphasis on operations in the littoral. The IRS commented that 'the RAN has increased its focus on joint operations in the littoral and the RAN's future warfare concepts envisage maritime forces providing protection and sustainment of embarked land forces while enroute and while the land forces remain in the littoral.'[10]

2.22   While operations in the littoral are receiving greater attention, the classic concepts of sea denial, sea control and power projection are still important. The type of capabilities needed here include submarine, surface, air and mine warfare. The Royal Australian Navy's current and projected fleet needs are shown in Table 2.2.

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10   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 32.

Table 2.2   Royal Australian Navy's current and projected fleet

GROUPS	2003	2005	2015	2025
Surface Combatants	• 6 Adelaide class FFG • 5 Anzac class FFH	• 2 upgraded FFG • 3 FFG • 2 upgraded FFH 5 FFH	• 2 Air Warfare Destroyers (1 building) • 3 upgraded FFG • 8 upgraded FFH	• 3 Air Warfare Destroyers • 8 upgraded FFH transitioning to next generation surface combatant
Naval Aviation	• 16 Seahawk • 11 Super Seasprite in course of delivery • 7 Sea King • 12 Squirrel	• 16 Seahawk • 11 Super Seasprite • 7 Sea King • 12 Squirrel	• 16 Seahawk • 11 Super Seasprite • Utility Helicopter Possibly UAVs	• Common type warfare/utility helicopter • UAVs
Patrol Boats	• 15 Fremantle Class	• 11 Fremantle class 4 Armidale class	• 12 Armidale class	• next generation patrol capability
Submarines	• 6 Collins class SSG	• 6 SSG	• 6 upgraded Collins class SSG	6 SSG transitioning to next generation submarine capability
Afloat Support	• 1 Auxiliary Oiler (AO) 1 Fleet Replenishment Ship (AOR)	• 1 AO • 1 AOR	• 1 AO • 1 AOR	• 2 AOR
Mine Warfare	• 6 Huon class Coastal Minehunters (MHC) • 3 Auxiliary Minesweepers • 2 Clearance Diving Teams (CDT)	• 6 MHC • 2 Auxiliary Minesweepers • 2 CDT	• 6 MHC • 2 CDT	• 6 upgraded Huon class MHC transitioning to next generation mine warfare capability • 2 CDT
Amphibious Lift	• 1 Landing Ship Heavy (LSH) • 2 Landing Platform Amphibious (LPA) • 6 Landing Craft Heavy (LCH)	• 1 LSH • 2 LPA • 6 LCH	• 2 large amphibious ships • 1 LPA • ADF Watercraft Replacement	• 2 large amphibious ships • Strategic sealift capability • ADF watercraft
Hydrographic	• 2 Leeuwin class Hydrographic Ship (HS) • 4 Paluma class Survey Motor Launches (SML) • 1 Laser Airborne Depth Sounder	• 2 HS • 4 SML • 1 LADS • 1 HODSU	• 2 HS • 4 SML • next generation LADS capability • 1 HODSU	• 2 Leeuwin class HS transitioning to next generation Hydrographic capability • next generation airborne system • 1 HODSU

	(LADS)
	• 1 Hydrographic
	  Office Deployable
	  Survey Unit
	  (HODSU)			

Source   Composite table of ADF Capability Fact book 2003, RAN Plan Blue 2001 and Defence Capability Plan 2004-2014.

Land forces

2.23   The role and capability of Army has been influenced by the Defence of Australia, as articulated in previous Defence White Papers, and also through the need to operate offshore in support of peacekeeping and humanitarian operations. The East Timor operation, for example, demonstrated the need for short notice operations supported by air and sea lift capabilities. The *2000 White Paper* has acknowledged the need for greater capability in managing operations offshore. The IRS stated:

> In an attempt to balance the demands between defence of Australia and operations in the region, the *2000 White Paper* reinforces the importance of an amphibious lift capability by committing to retaining and eventually replacing the Amphibious Support Ships, HMAS Manoora and HMAS Kanimbla, and also HMAS Tobruk. This combined with the additional squadron of troop lift helicopters to operate from the Amphibious Support Ships provides Defence a limited amphibious capability.[11]

2.24   The growing emphasis on amphibious operations and the increasing role of Army in maritime strategy is demonstrated through the Army's doctrine and concept document *Manoeuvre Operations in the Littoral Environment* (MOLE).[12] The IRS claims that this document demonstrates 'that the maritime approaches to our territory are littoral in nature and therefore the capability to conduct joint operations in the littoral is essential to an effective maritime strategy.'[13] Mr Hugh White emphasised the role played by land forces in maritime strategy:

> The third point is that maritime strategy in no sense excludes a role of land forces in that maritime strategy. Maritime strategy is not about navies but about being able to control maritime approaches. That includes, amongst other things, being able to control what goes on in the bits of land in those maritime approaches. There is an important role for land forces in a

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11   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 34.

12   Note that the Army's document *Manoeuvre Operations in the Littoral Environment* is a classified document but some comments about the document have been made in the public domain.

13   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 34.

maritime strategy, particularly for the inner arc for operations in the islands in our immediate neighbourhood. In fact, the 2000 white paper put a new emphasis on the capacity of our land forces to deploy to, be sustained in and operate in our immediate neighbourhood as part of a defence of Australia strategy.[14]

2.25   The *2000 White Paper* emphasises that Australia requires a 'limited amphibious capability' sufficient to allow lodgement of land forces in an un-opposed landing. A forced entry from the sea involving conflict would seriously test the ADF under its current capability. The IRS commented that in relation to possible operations offshore 'the ADF's limited force projection, sea control and surface air warfare capability, combined with the lack of endurance associated with air power, raises questions about how the ADF might be able to effect this operation with the current and planned capital investments.'[15]

2.26   The *2000 White Paper*, compared to previous defence white papers, increased the emphasis on Army capabilities. The White Paper stated that 'Army will be structured and resourced to ensure that we will be able to sustain a brigade on operations for extended periods, and at the same time maintain at least a battalion group available for deployment elsewhere.'[16]

Aerospace power

2.27   Aerospace power incorporates air arms from both the Army and Navy in addition to the Air Force. In certain scenarios, commercial air lift would also be relevant. The IRS suggests that, since Dibb, aerospace power has remained largely unchanged.

2.28   The *2000 White Paper* comments that 'Air combat is the most important single capability for the defence of Australia, because control of the air over our territory and maritime approaches is critical to all other types of operations in the defence of Australia.'[17] The air combat role is provided through a fleet of 71 F/A-18s. In addition, a significant strike capability is provided through the fleet of F-111s. In addition, Australia's P3C Orion maritime patrol aircraft are able to launch harpoon anti-ship missiles and anti-submarine torpedoes.

2.29   In support of these capabilities are airborne early warning aircraft and air-to-air refuelling capabilities. Technological developments are seeing advances in stealth and guided munitions. The Government's decision to

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14   Mr Hugh White, *Transcript*, p. 28.

15   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 35.

16   *Defence 2000, Our Future Defence Force*, 2000, p. XIV.

17   *Defence 2000, Our Future Defence Force*, 2000, p. 84.

sign up as a level three partner for the F-35 Joint Strike Fighter is influenced by these developments. At the same time, aerospace power is being influenced by the development of Unmanned Air Vehicles (UAVs) and Unmanned Combat Aerial Vehicles (UCAV).

Information and Intelligence capability

2.30   A discussion of military capability is incomplete without mentioning the importance of information and intelligence. The key features of this include intelligence collection, surveillance and command and control. Australia's intelligence community provides a vital role in collecting a range of intelligence which can assist defence decision-makers. Australia's intelligence capability is provided through the:

- Australian Secret Intelligence Service;
- Australian Security Intelligence Organisation;
- Defence Intelligence Organisation;
- Defence Signals Directorate;
- Defence Imagery and Geo-spatial Organisation; and
- Office of National Assessments.

2.31   Australia's surveillance capability is provided through a range of sources including Australian Customs, Orion maritime patrol aircraft, JORN which became fully operational in April 2003, and Airborne Early Warning and Control Aircraft when they enter service. In addition, the Collins Class submarines provide an effective covert surveillance capability.

2.32   Command and control of the ADF is undertaken through Headquarters Australian Theatre. In addition, there is a single deployable joint task force headquarters and a second is being developed for deployment on HMAS KANIMBLA and HMAS MANOORA.

Military strategy historical developments

Dibb and the 1987 Defence *White Paper*

2.33   This discussion begins with the Dibb Report of 1986 and moves through to the present. Dibb's task was not to second guess overall national strategy. The latter assumed a continuation of the US alliance, and a continuation of regional defence cooperative arrangements such as the five power defence arrangement.

2.34   Nevertheless, the absence of the broader strategic picture in the Dibb report led to criticisms at the time. The subsequent Defence White Paper did set the Dibb force structure and military strategy within the wider context. His views were largely adopted as a means of disciplining the acquisition of equipment and general force structure.

2.35   The then Government made clear that the character of forces acquired would be capable of deployment with friends and allies within Australia's immediate region and further a field.

2.36   The 1987 Defence *White Paper* was heavily influenced by the Dibb report. The 1987 *White Paper* focused on the defence of Australia, through emphasising defence of our northern approaches with a strategy of defence in depth.

2.37   The 1987 White Paper identified the following eight national defence interests:

- the defence of Australian territory and society from threat of military attack;

- the protection of Australian interests in the surrounding maritime areas, our island territories, and our proximate ocean areas and focal points;

- the avoidance of global conflict;

- the maintenance of a strong defence relationship with the United States;

- the maintenance of a strong defence relationship with New Zealand;

- the furtherance of a favourable strategic situation in South-East Asia and the South-West Pacific;

- the promotion of a sense of strategic community between Australia and its neighbours in our area of primary strategic interest;

- the maintenance of the provisions of the Antarctic Treaty, which ensure that continent remains demilitarised.[18]

2.38   The 1987 White Paper emphasised the importance of self-reliance within the framework of alliances and agreements. The report stated that the 'first aim of defence self-reliance is to give Australia the military capability to prevent an aggressor attacking us successfully in our sea and air approaches, gaining a foothold on any part of our territory, or extracting concessions from Australia through the use or threat of military force.'[19] In particular, the White Paper stated that the 'wider concept of self-reliance rejects the narrow concept of 'continental' defence.'[20]

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18   Department of Defence, *The Defence of Australia*, AGPS, 1987, p. 22.
19   Department of Defence, *The Defence of Australia*, AGPS, 1987, p. vii.
20   Department of Defence, *The Defence of Australia*, AGPS, 1987, p. vii.

2.39   Defence in depth gave priority to air and sea defences in Australia's area of direct immediate interest. JORN formed the basis of a multi-layered detection system focused on Australia's vast northern approaches. The Royal Australian Navy was established as a two ocean navy, and a major portion of the Navy's surface and submarine fleet was based in Western Australia. A comprehensive network of air bases was established in Australia's north to support air operations. A squadron of F/A-18s was based permanently at Tindal, Northern Territory. In addition, long range forces comprising the F-111 and submarines are capable of striking land targets such as enemy bases and force concentrations. The then Minister for Defence, the Hon Kim Beazley, MP, stated:

> The defence program adopted by the Australian Government this year encompasses the largest defence investment program in Australia's peacetime history. By the year 2000, the Australian Defence Force will have new surveillance systems, new submarines, new frigates, new aircraft and helicopters, new rifles and armoured fighting vehicles, mine countermeasures, new bases in the north of Australia, and new transport. The shape of the new ADF has been based on a rigorous analysis of Australia's force structure requirements. We identified Australia's first but not our only defence priority as being the development of the forces needed to defend the Australian continent, our island territories and our approaches.[21]

2.40   The 1987 Defence White Paper indicated that the defence of Australia task will provide the Government with practical options for use of the ADF 'in tasks beyond our area of direct military interest in support of regional friends and allies.' The White Paper concluded that that these contingencies would not 'themselves constitute force structure determinants.'[22] The 1987 White Paper stated:

> Clearly the possibility of deployments beyond our region should not determine the structure and capabilities of the ADF. Should the Government wish to respond to developments in areas other than our own, the capabilities being developed for our national defence will, subject to national requirements at the time, give a range of practical options.[23]

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21   The Hon Kim Beazley, MP, Minister for Defence, *Speech at Alumni International Singapore, Australian Perspective on Regional Security Issues*, 19 November 1987, p. 173.

22   Department of Defence, *The Defence of Australia*, AGPS, 1987, p. 6.

23   Department of Defence, *The Defence of Australia*, AGPS, 1987, p. 8.

1994 Defence *White Paper*

2.41   The 1994 Defence *White Paper* was drafted in the context of the end of the Cold War. The then Defence Minister, Senator the Hon Robert Ray, commented that the 'end of the Cold War had 'fundamentally changed the global security environment', that no part of the globe was unaffected and that strategic circumstances have changed in the region and worldwide.'[24]

2.42   The 1994 White Paper indicated that 'the fundamental precepts of self-reliance remain valid' but 'the approaches we take to developing and sustaining our defence capabilities and strategic relationships will need to continue to evolve.'[25] While maintaining essential military capabilities to help deter military aggression against Australia, the White Paper emphasised the role of the ADF 'in maintaining the international policies and relationships which help ensure the security of Australia and its interests.'

2.43   Similar to the 1987 White Paper, the key defence priority remained the defence of Australia through 'depth in defence'. The 1994 White Paper emphasised our strategic geography and the role this plays in our defence. The 1994 White Paper stated:

> Our strategic geography is central in planning our defence posture and capabilities. Australia's location, size, population and infrastructure provide both advantages and challenges for our defence. As an island continent, the primary focus of our defence effort is on our sea and air approaches, which can be turned to our decisive advantage.[26]

2.44   In addition to focusing on the defence of Australia, the 1994 White Paper emphasised that Australia's security rests with regional security. The White Paper stated that 'we have always recognised that Australia cannot be secure in an insecure region, and we have worked hard over many decades to support security in the region.'[27]

2.45   The 1994 White Paper noted that forces designed for the defence of Australia provide sufficient versatility for other tasks such as deployments in the Gulf, Namibia, Cambodia, Rwanda, and the South Pacific. The White Paper stated:

> Important as these international and domestic activities are for Australia, they do not determine the force structure of the

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24   Senator the Hon Robert Ray, Minister for Defence, *Ministerial Statement*, Defence White Paper, Senate Hansard, 30 November 1994, p. 3566.

25   Department of Defence, *Defending Australia, Defence White Paper*, AGPS, 1994, p.iii.

26   Department of Defence, *Defending Australia, Defence White Paper*, AGPS, 1994, p. 21.

27   Department of Defence, *Defending Australia, Defence White Paper*, AGPS, 1994, p. 16.

Australian Defence Force. The structure of the Defence Force is determined by its essential roles in providing for the defence of Australia.[28]

Australia's strategic policy 1997 (ASP97)

2.46   This statement focused more on the Asia Pacific region and put renewed emphasis on the US alliance. The term 'defence of Australia' was replaced with 'defeating attacks on Australia.' In particular, ASP97 stated that 'we need to recognise that regional conflicts–which may well relate directly to our security, or at least have a knock-on effect–are more likely than direct attacks on Australia.'[29]

2.47   ASP97 repeated the findings of previous White Papers that defeating attacks on Australia would remain paramount. In addition, the security of the region was also essential. ASP97 stated:

> The security of Australia is, and should always remain, the paramount concern of our national strategic policy. Maintaining confidence in our ability to defeat an attack on Australia is, in a sense, the focus of all our defence activities. But obviously, developments in our region determine the possibility of Australia coming under military threat. It would be a serious miscalculation to think we could remain unconcerned behind some illusory 'fortress Australia' if the strategic environment in the Asia Pacific were to deteriorate. Our aim must be: a secure country in a secure region.[30]

2.48   ASP97 identified the following three tasks which could require the ADF to undertake operations:

- defeating attacks on Australia;
- defending our regional interests; and
- supporting our global interests.

2.49   In relation to 'defeating attacks on Australia', ASP97 stated that this 'is our core structure priority.'[31] ASP 97 stated:

> The possession by Australia of the forces needed to defeat any substantial attack on our territory by a regional power is the essential foundation of our wider posture. These capabilities are the ultimate guarantee that if all else fails, we can still answer force

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28   Department of Defence, *Defending Australia, Defence White Paper*, AGPS, 1994, p. 5.

29   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 12.

30   Department of Defence, *Australia's Strategic Policy*, 1997, p. iii.

31   Department of Defence, *Australia's Strategic Policy*, 1997, p. 29.

with force. They ensure that we are taken seriously by our
neighbours and allies, and provide Australia with the confidence
to participate effectively in the region—particularly in its strategic
and security affairs.[32]

2.50   ASP97 reiterated the position of previous White Papers that self-reliance
        was important to our overall strategic posture and image. However, and
        as other White Papers stated, self-reliance does not mean self sufficiency in
        all areas of capability, intelligence and re-supply. At the same time, ASP97
        noted that self-reliance does not mean isolationism but rather close
        regional engagement and a focus on alliances particularly with the US and
        New Zealand.[33]

2.51   ASP97, in addressing the complex task of developing defence capabilities,
        commented that 'limited resources require us to establish a clear hierarchy
        of priorities to resolve conflicting capability needs for different tasks'.
        ASP97 stated:

> Our approach is to identify a set of core tasks which carry highest
> priority—which our forces must be best able to handle—and then
> seek to ensure that the forces developed to perform those tasks are
> also capable of performing the others to an adequate level. The
> hierarchy of tasks would be based on the importance of the
> strategic interests involved.[34]

2.52   In relation to capability development, ASP97 concluded that 'it is evident
        that defeat of attacks on Australia carries the highest priority and that this
        task is the core criterion for decisions about priorities for capability
        development for the ADF.'[35]

Defence 2000 and Defence Update 2003

2.53   The *2000 White Paper* sets out Australia's key strategic interests and
        objectives in order of importance. These strategic objectives, shown below,
        aim to:

- ensure the Defence of Australia and its direct approaches;

- foster the security of our immediate neighbourhood;

- work with others to promote stability and cooperation in Southeast
  Asia;

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32   Department of Defence, *Australia's Strategic Policy*, 1997, p. 29.
33   Department of Defence, *Australia's Strategic Policy*, 1997, p. 30.
34   Department of Defence, *Australia's Strategic Policy*, 1997, p. 35.
35   Department of Defence, *Australia's Strategic Policy*, 1997, p. 36.

- contribute in appropriate ways to maintaining strategic stability in the wider Asia Pacific region, and

- support Global Security.[36]

2.54 These strategic objectives are in turn supported by Australian military strategy. The *2000 White Paper* identifies four priority tasks for the ADF:

- the defence of Australia, as stated in the *2000 White Paper*, is shaped by three principles:

  ⇒ we must be able to defend Australia without relying on the combat forces of other countries – self-reliance;

  ⇒ Australia needs to be able to control the air and sea approaches to our continent – a maritime strategy; and

  ⇒ although Australia's strategic posture is defensive, we would seek to attack hostile forces as far from our shores as possible – proactive operations;

- the second priority for the ADF is contributing to the security of our immediate neighbourhood;

- the third priority for Australian forces is supporting Australia's wider interests and objectives by being able to contribute effectively to international coalitions of forces to meet crises beyond our immediate neighbourhood; and

- in addition to these core tasks in support of Australia's strategic objectives, the ADF will also be called upon to undertake a number of regular or occasional tasks in support of peacetime national tasks.[37]

2.55 In March 2003 the Government released an update on the Defence *2000 White Paper*. The 2003 Update concluded that 'while the principles set out in the Defence *2000 White Paper* remain sound, some rebalancing of capability and expenditure will be necessary to take account of changes in Australia's strategic environment.'[38] The key focus of the 2003 Update was the rise of global terrorism and the spread of weapons of mass destruction (WMD) which 'have emerged to new prominence and create renewed strategic uncertainty.'[39] In addition, the Defence Update examined some of the key challenges faced by certain countries in our region.[40]

2.56 Further analysis of the 2000 Defence White Paper and the Defence Update 2003 is included in Chapters four and five.

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[36]   *Defence 2000, Our Future Defence Force*, 2000, p. X.

[37]   *Defence 2000, Our Future Defence Force*, 2000, pp. XI-XII.

[38]   *Australia's National Security, A Defence Update*, March 2003, pp. 5-6.

[39]   *Australia's National Security, A Defence Update*, March 2003, p. 7.

40   *Australia's National Security, A Defence Update*, March 2003, pp. 18-22.

3

National Security Strategy

Introduction

3.1   Maritime strategies can serve more than just military objectives. A maritime strategy can be far reaching and serve our national security interests including our nation's economic, environmental, societal and political security. In chapter two, this level of maritime strategy was referred to as a national maritime strategy.

3.2   The discussion of national security aspects of a maritime strategy occurs first because it is all encompassing. The military component of maritime strategy is a subset of the broader national security objectives.

3.3   This chapter explains in more detail the nature and objectives of national security strategies and examines the evidence which argues the need for an Australian national security strategy.

A national security strategy

3.4   In August 2000 the committee tabled its report From Phantom to Force, Towards a More Efficient and Effective Army.[1] Recommendation 1 of this report stated:

> We recommend that the Government develop and maintain a national security policy. This policy should, amongst other things, guide the Defence Forces on their role in an integrated national

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1   Joint Standing Committee on Foreign Affairs, Defence and Trade, *From Phantom To Force, Towards a More Efficient and Effective Army*, August 2000, Canberra.

concept for promoting and achieving international prosperity, peace and security.

We further recommend that the Government explore the feasibility of creating a National Security Council to oversee the development and maintenance of a national security policy.[2]

3.5   In support of this recommendation, the committee commented that 'the multi-dimensional nature of a security policy will allow Australia's limited resources to be channelled into providing deeper and more robust national security.'

3.6   In May 2003 the Government responded to the committee's report *From Phantom to Force.* In relation to recommendation 1, the Government response accepted the recommendation with qualification. The Government stated it believes 'that the two elements of its national security framework, comprising formal national security policy statements and a machinery of national security committees, has demonstrated its effectiveness and suits the constitutional system of Australia.'[3] The Government asserts that it maintains a coordinated policy approach on national security issues based on the establishment of two high level mechanisms for coordinating national security which comprise:

> …the National Security Committee of Cabinet (NSCC) as one of Cabinets standing committees, and the Secretaries Committee on National Security (SCNS). The NSCC is the Government's highest decision-making body on Australia's national security. It considers strategic developments and issues of long term relevance to Australia's broad national security interests. It also overseas federal intelligence and security agencies. The NSCC is chaired by the Prime Minister, and consists of the Deputy Prime Minister, Foreign Minister, Defence Minister, Treasurer, Minister for Immigration and Multicultural and Indigenous Affairs and the Attorney-General.[4]

3.7   This discussion serves to outline the existing approach used by the Government to address issues of national security. Essentially, the NSCC and SCNS coordinate issues relating to national security. The second issue arising from this discussion is that evidence to the inquiry called for an all embracing national security policy. The following discussion examines in more detail some of the key arguments raised in the evidence about the

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2   *From Phantom To Force, Towards a More Efficient and Effective Army,* p. 181.

3   Government response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report *From Phantom To Force, Towards a More Efficient and Effective Army,* 29 May 2003.

4   Government response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report *From Phantom To Force, Towards a More Efficient and Effective Army,* 29 May 2003.

reasons for and the key elements of a possible national security strategy for Australia.

Reasons for a national security strategy

3.8 Some of the key reasons for a national security strategy include the need for enhanced coordination and a better understanding of national security objectives and the place of military strategy in achieving national objectives. The Australian Naval Institute stated:

> Clearly, a maritime strategy is closely related to national security, however, it should not be seen as a purely naval, nor even military preserve. Instead, the concept involves the integration of a far wider range of national institutions and interests. In addition to purely military concerns, these interests should at least include the economic, cultural, industrial and environmental dimensions of Australia's maritime environment. Hence a true maritime strategy must be a sub-set of national grand strategy and, from this perspective, Australia's military strategy should devolve from our maritime strategy rather than the other way around.[5]

3.9 The evidence suggested that Australia's national security objectives should encompass our 'business, leisure, diplomatic, economic, social, environment and therefore security interests are truly global as Australian citizens engage in many ways in the international community.'[6] In addition, a national security strategy should also refer to and provide guidance on the security of Australia's critical infrastructure such as power, water, transport systems, information communications and computing networks. This level of infrastructure is as critical as it is vulnerable to attack.

3.10 During evidence, the concern was raised that Australia's national security objectives were not articulated through an holistic approach but rather through a range of separate strategy papers. Dr Alan Ryan, stated:

> We need to balance our limited capabilities, our values and intentions as a nation. I am not sure we are seeing, at a national level, our national strategic objectives set out clearly. We have a defence white paper; we have a foreign affairs white paper. We are still operating down effectively at an operational level. As we have seen today, we are focused significantly on capabilities. We have nothing like the national security strategy of the United States,

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5   Australian Naval Institute, *Submission 9*, pp. 1-2.
6   Centre for International Strategic Analysis (now Future Directions International), *Submission 6*, p. 2.

which was published the other day, which set out the objectives of American action and how they are going to achieve them and did so in less than 12 pages. That is where we need to start.[7]

3.11   Future Directions International commented that a 'whole of nation, whole of government approach to national security is required and our military strategy must be tailored to complement other aspects of national strategy, including a national security strategy and our alliance relationships with the United States and others in the region.'[8]

3.12   Throughout the inquiry, there was no resistance to the proposal for a national security strategy. Mr Hugh White, Director of the Australian Security Policy Institute (ASPI), stated:

> I have myself for a long time been a bit of a sceptic about the idea of a detailed, articulated national security strategy, because I was never quite persuaded about what it was going to focus on. But I have to say that I am now a convert. I now think that the kinds of challenges that I mentioned in answer to the earlier question including, although I did not expand on this, the particular way in which that global set of challenges—terrorism, WMD, et cetera— affects us does require us to integrate much more closely all the elements of our security policy.[9]

Organisational structure

3.13   A key part of the debate on the proposal for a national security strategy focused on the type of organisational structure that would coordinate and deliver the outcomes of a national security strategy. During these debates, the various organisational models used in the US were discussed. Dr Alan Ryan was opposed to the model provided by the US Department of Homeland Security which he argues 'is almost purely pre-occupied with the threat of terrorism and is designed to deal with the problems of a complex system of federal government many times larger than our own.'[10]

3.14   In contrast, Dr Ryan suggested that a more effective structure could be achieved if it was modelled on the US National Security Council which is administered by the National Security Adviser. Dr Ryan concluded that Australia needs 'greater standing coordination.'[11] Dr Ryan did 'see the

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7   Dr Alan Ryan, *Transcript*, p. 68.

8   Mr Lee Cordner, Future Directions International, *Transcript*, p. 120.

9   Mr Hugh White, Director, ASPI, *Transcript*, p. 38.

10   Dr Alan Ryan, *Submission 31*, p. 2.

11   Dr Alan Ryan, *Transcript*, p. 70.

advantages of putting a national security council into Prime Minister and Cabinet.'[12]

3.15   Dr Michael Evans suggested that a 'whole of government approach' was needed to addressing issues of national security. Dr Evans stated:

> You would need a whole of government approach. You would need elements made up from Defence, from our national intelligence, from Foreign Affairs, from Trade—they would all have to be welded into an organisation which could look at threats sensibly and intelligently and make the appropriate analysis. The benefit for military strategy in that would be that we would have some idea of how we could mould our strategic forces and our strategy in accordance with our partners in DFAT or any of the great departments of state.[13]

3.16   The whole of government approach to addressing issues of national security was emphasised in the evidence. Dr Ryan warned that for too long, Australia has used ''defence' as the alternative to developing a national security policy and as a result, strategic policy has been too narrowly drawn and focused on conventional military threats.'[14]

3.17   The Government's view, as articulated through its response to the committee's report *From Phantom to Force*, suggests that a level of organisational effectiveness is achieved through the formal national security policy statements and the actions of national security committees. As indicated previously in this chapter, these committees comprise the National Security Committee of Cabinet (NSCC) and the Secretaries Committee on National Security (SCNS). The NSCC is chaired by the Prime Minister and comprises the Deputy Prime Minister, Foreign Minister, Defence Minister, Treasurer, Minister for Immigration and Multicultural and Indigenous Affairs and the Attorney-General. The Government response stated that the NSCC 'oversees the development of Australia's Foreign and Defence policy, ensuring that Australia maintains a coordinated policy approach on national security issues.'[15]

International comparisons

3.18   National security strategies form part of the system of government in a range of countries. The United States (US), for example, released its most recent National Security Strategy (NSS) in September 2002. The US NSS

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12   Dr Alan Ryan, *Transcript*, p. 72.

13   Dr Michael Evans, *Transcript*, p. 59.

14   Dr Alan Ryan, *Submission 31*, p. 1.

15   Government response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report *From Phantom To Force, Towards a More Efficient and Effective Army,* 29 May 2003.

was developed in the period after 9-11. The key elements of the US NSS are contained under the following topic headings:

- America's international strategy;

- aspirations for human dignity;

- working with others to defuse regional conflicts;

- preventing our enemies from threatening us, our allies and our friends with weapons of mass destruction;

- igniting a new era of global economic growth through free markets and free trade;

- expanding the circle of development by opening societies and building the infrastructure of democracy;

- developing agendas for cooperative action with the other main centres of global power; and

- transforming America's National Security Institutions to meet the challenges and opportunities of the twenty-first century.[16]

3.19   The US has a National Security Council (NSC), established in 1947, to advise the President on the integration of domestic, foreign, and military strategies. In 1993 President Clinton expanded the scope of the NSC to include a range of non-military security issues such as terrorism, narcotics trafficking, environmental degradation, rapid population growth and refugee flows.

3.20   In July 2002 Taiwan released a National Security Strategy (NSS) which clearly defines its national interests and goals. Taiwan's NSS incorporates political, economic, diplomatic, military, psychological and technological dimensions. Taiwan's NSS states:

> National security" herein refers to sustaining national survival and development, ensuring national sovereignty and interests, elevating the nation's international status, and safeguarding the well-being of the citizens; and "strategy" refers to buildup of strength, and the art of creating and utilizing advantageous options for the purpose of attaining the maximum success and favorable results in achieving desired goals. In short, "national security strategy" refers to the all-inclusive approaches or major plans for fulfilling national goals by way of political, economic, military, psychological, technological and diplomatic means.[17]

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16   The President of the United States of America, The National Security Strategy of the United States of America, September 2002.

17   http://www.mnd.gov.tw/report/REPORT/revised/bb/Chap2-2.htm

3.21   Japan, in contrast, to the US and Taiwan, does not have a National Security Strategy. Japan, does however, have a 'National Defense Program Outline'. Through the 'Outline', policy is developed through advice from the Ministry of Foreign Affairs, the Defense Agency, the Diet, the Cabinet and the Security Council of Cabinet.[18]

Conclusions

3.22   Evidence to the inquiry provides persuasive reasons for the need for an Australian national security strategy (NSS). This is consistent with the approaches used by other countries such as the United States and Taiwan. An NSS would articulate all the elements that the Australian Government has at its disposal to address issues of national security. At the same time, the NSS would set out guiding principles and policies that could be reviewed depending on the circumstances. At the moment, there is no formal statement of how this happens or what are the key features of Australia's national security. With the increasing risk of terrorism and asymmetric nature of future conflict, for example, this level of detail is required.

3.23   The types of issues that an NSS would address are more than just defence issues. The proponents of an NSS are more interested in developing an holistic approach to Australia's security needs for the 21st Century which encompass business, leisure, diplomatic, economic, social and environmental interests. These types of interests and challenges should, as the Australian Naval Institute suggested, form the essence of a national grand strategy. A maritime strategy would form a subset of this which would further devolve to broader military strategy.

3.24   Australia's national security framework comprises the National Security Committee of Cabinet (NSCC) and the Secretaries Committee on National Security (SCNS). What is needed, in addition to the NSCC and the SCNS, is a clearly articulated policy which sets out Australia's key interests and challenges as we enter the 21st Century, and the government institutions that we can bring to bear in promoting our interests. This policy statement would draw together all the threads of government and how they can be used in meeting the variety of national security challenges. It should be a public document which satisfies a range of different audiences. It should be noted that while the defence and security community understand the role of the NSCC the broader community would probably be oblivious to its existence.

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18   http://www.jda.go.jp/e/policy/f_work/taikou/index_e.htm

3.25   In view of these arguments, the committee recommends that the Australian Government develop a national security strategy which addresses Australia's key interests such as, but not limited to:

■ economic;

■ business;

■ leisure/tourism;

■ diplomatic and trade;

■ social and cultural;

■ transnational crime;

■ illegal migration;

■ population policy;

■ the protection of critical infrastructure such as water, power, transport and information communications;

■ environmental; and

■ defence and security.

3.26   The NSS should clearly articulate and demonstrate that there is a coherent and coordinated approach by Government to securing our national interests. Next, the NSS should indicate the different elements of government which influence these national interests. Finally, the NSS should indicate where our maritime and military strategies fit within this 'grand strategy.'

3.27   In 2000 the committee referred a similar recommendation to the Government, and the response came back from the Defence Minister. The matter of an NSS is of such importance that it cannot be dealt with by just a single Minister.

Recommendation 1

3.28   **The committee recommends that the Government develop a national security strategy (NSS) which addresses Australia's key interests such as, but not limited to:**

- **economic;**
- **business;**
- **leisure/tourism;**
- **diplomatic and trade;**
- **social and cultural;**
- **transnational crime;**
- **illegal migration;**
- **population policy;**
- **the protection of critical infrastructure such as water, power, transport and information communications;**
- **environmental; and**
- **defence and security.**

The NSS should clearly articulate and demonstrate that there is a coherent and coordinated approach by Government to securing our national interests.

4

Maritime strategy

Introduction

4.1   One of the key objectives of the inquiry is to examine and where possible identify measures that will enhance Australia's maritime strategy. Chapter two has provided essential background information outlining the key maritime strategy concepts.

4.2   This chapter examines the key debates arising in the evidence about the nature of Australia's maritime strategy and ways that it can be improved. A discussion of maritime strategy is not complete without first understanding the influence of the Defence Budget in the debate. The first part of this chapter examines the connection between budget and strategy.

4.3   A further influence in developing strategy is knowledge of threats and capabilities. Military strategy is not developed in a void and must be underlaid by a thorough analysis of capability which exists in Australia's region of interest, and in areas around the world in which Australian forces are involved in operations. The second part of this chapter examines these issues.

4.4   The major part of this chapter examines debates about Australia's maritime strategy in detail. The *2000 White Paper* states that the 'key to defending Australia is to control the air and sea approaches to our continent so as to deny them to hostile ships and aircraft'. The *2000 White Paper* concludes that this means 'we need a fundamentally maritime strategy.'

4.5   Many of the submissions to the inquiry argue that Australia does not have a true maritime strategy. They suggest that this has created a 'continentalist' approach to defence strategy. These views will be

examined in detail and the committee will discuss the implications and make conclusions about these debates.

The Defence Budget

4.6   Defence funding in 2002-2003 was about $14.5 billion and in 2003-2004 it is estimated to be about $15.8 billion. A feature of the *2000 White Paper* was the acknowledgement that defence spending will need to grow by an average of about three percent per annum in real terms over the decade. Defence has been directed to plan within that commitment.[1] The *2000 White Paper* stated:

> …the Government's defence funding projections will mean that in 2010 we will be spending about the same proportion of GDP on defence as we are today. That remains 1.9 per cent. We believe this level of funding is justified within our overall national priorities and will ensure that we can achieve the strategic objectives we have identified.[2]

4.7   Within this funding base the Defence Capability Plan (DCP) provides for a detailed costed capability plan for the Australian Defence Force (ADF) over the next 10 years. The DCP is subject to annual review 'to take account of changing strategic circumstances, new technologies and changed priorities.'[3]

4.8   The four key cost pressures identified in the *2000 White Paper* relate to personnel costs, operating costs, investment in new capability and increased readiness costs.'[4] The need to invest in new capability relates to the ageing of key equipment and the need to replace old equipment with comparable capability. The ageing of a range of key capabilities is often referred to as 'block obsolescence.' For example, the need to eventually replace the F/A-18 combat aircraft and F-111 strike aircraft is expected to cost at least $16 billion.

4.9   Total Defence funding, showing real and nominal growth rates, is shown in Table 4.1.

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1   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. xvii.

2   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 118.

3   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. xiii.

4   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 119-120.

Table 4.1   Total Defence Funding – Real and nominal growth rates

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
$m real	12 445	12 648	14 501	14 609	15 806	15 942	16 174	17 139
$m adjusted*	12 445	12 648	14 501	14 857	15 557	15 942	16 174	17 139
nominal growth		1.6%	14.7%	2.5%	4.7%	2.55	1.5%	6.0%
real growth		-2.7%	12.4	-0.6%	2.6%	0.5%	-0.5%	3.9%

Source   Australian Strategic Policy Institute, *The Cost of Defence, ASPI Defence Budget Brief 2003-04*, May 2003, p. 15. *Adjusted for the repayment of $248.6 million in 2002-03 for costs incurred in 2002-03 for the Iraqi war.

Budget and strategy?

4.10   One of the critical issues examined during the inquiry was the relationship between military strategy and the Defence budget. Australia's Defence strategy is articulated through the *2000 White Paper* and the annual Defence budget essentially provides the funding to allow for the realisation of capability ambitions outlined in the DCP. If strategy is significantly changed then this could have implications for capability which in turn will have budgetary implications.

4.11   The point was made during hearings that an examination of strategy could not be made in isolation and that budgetary issues must be taken into account. Professor Paul Dibb stated:

> First, it is quite easy to indulgently wave one's arms around and talk about strategy. That is the easy part of the game. In my experience as deputy secretary, the difficult part is joining strategy with force structure priorities within a limited budget. Those who do not address those issues and who duck the issues of force structure priorities and money are intellectual lightweights. They need to be encouraged to decide, if they are in favour of increasing something, what are they in favour of cutting within a defined and constrained budget?[5]

4.12   The view that strategy can only be discussed against a detailed budget was not altogether embraced. Alternatively, strategy could be developed and then the available budget would as far as possible be made to fit the strategy. Dr Alan Dupont stated:

> It has been suggested that, if any government wants to depart from the strategic planning assumptions of the last 20 years, it does so at its peril. It would cost enormous amounts of money,

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5   Professor Paul Dibb, *Transcript*, p. 44.

and the government does not have that—and no government would anyway—so how can we do it? I have a problem with that argument. It seems to me reasonable that the first thing you do is sort out your strategy before you start talking about detailed costings. How can you cost something if you do not know what it is?[6]

4.13   Dr Michael Evans made a similar point:

I heard this morning that you need strategy and money. I beg to differ on that point. If you take the interwar period, the Germans developed the blitzkrieg using committees. They did not have any money. The Americans developed carrier warfare and the concepts of carrier warfare at the Naval War College. They did not have any money. And the Russians developed the theory of deep operations and they did this in their war colleges. They did not have any money.[7]

4.14   The adequacy of the Defence budget and the problems of delivering capability were further matters that were examined. Professor Dibb suggested that the 'Defence Capability Plan is not deliverable at three per cent real growth.'[8] Professor Dibb warned that budgetary pressures are becoming more serious with growing reliance on ageing platforms such as the F-111, high operational tempo and simultaneous deployments. He concluded that there was 'a coming train smash in the defence budget.'[9]

4.15   In relation to the DCP, the Australian Strategic Policy Institute (ASPI) had similar doubts about its achievability commenting that 'as it stands, the DCP is undeliverable, unaffordable, and uncertain.'[10] Defence discussed the complexities of managing its budget and achieving the required capability:

We are then trying to balance our current and our future force. It really is a balance. It is a trade-off. At the extreme end, you could argue that our capabilities are being driven by the budget; but that is probably the same in any area of government in that there is only a certain amount of funding available. What we have to ensure—and we are at the moment—is that we can make the right

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6   Dr Alan Dupont, *Transcript*, p. 136.
7   Dr Michael Evans, *Transcript*, p. 63.
8   Professor Paul Dibb, *Transcript*, p. 49.
9   Professor Paul Dibb, *Transcript*, p. 49.
10   Australian Strategic Policy Institute, Sinews of War, *The Defence Budget in 2003 and How We Got There*, An ASPI Policy Report, 2003, p. 4.

> sorts of trade-offs and decisions within that budgetary envelope to
> acquire and to continue to have the capability that we need.[11]

4.16   In view of the concerns about the difficulty of meeting Defence capability
        needs it is not surprising that a range of evidence argued for an increase to
        the Defence budget. Professor Dibb indicated that Australia needs 'to
        spend about another billion dollars a year; but that is in a budget, frankly
        that is in deep trouble.'[12] The Australian Centre for Maritime Studies
        commented that Defence has been 'starved of funds…over the last 10
        years.'[13] A similar view was made by Future Directions International
        which commented that 'Defence has been underfunded for at least a
        decade'.[14] Future Directions International stated:

> A large increase in defence expenditure is now required. However,
> given the lead times for the acquisition and introduction to service
> of defence systems and personnel the results of this will appear
> too late to be effective in the current crises. Australia's national
> security, and the ability to protect our national interests are in
> jeopardy.[15]

4.17   The Navy League of Australia also agreed that there was an inadequate
        Defence budget which was placing increased demands on the Defence
        Force since the *2000 White Paper* was formulated.[16] The Australian Defence
        Association was unequivocal in its advice that Australia cannot provide
        'an adequate defence capability or an adequate set of security options by
        spending just 1.8 per cent of GDP.'[17]

4.18   Dr Dupont was similarly concerned about the inadequacy of current
        Defence funding but acknowledged that competing government needs
        would always place a restraint on what could be provided to Defence.
        Dr Dupont stated:

> I think that 1.9 per cent is a bit on the short side. In an ideal world,
> yes, I think that we should aim for the 2.1 per cent or 2.2 per cent
> that we have talked about and that has been highlighted in
> strategic documentation for 20 years but that we have seldom
> reached. That is a political problem for all governments. It is pretty
> hard to justify increases in defence spending unless you have a

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11   Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 311.
12   Professor Paul Dibb, *Transcript*, p. 49.
13   Mr Harold Adams, Australian Centre for Maritime Studies, *Transcript*, p. 112.
14   Mr Lee Cordner, Future Directions International, *Transcript*, p. 121.
15   Future Directions International (formerly Centre for International Strategic Analysis),
      Submission 6, p. 10
16   The Navy League of Australia, *Submission 11*, p. 3.
17   Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 248.

series of crises. Maybe now is about the only time you could justify that; otherwise it is very hard.[18]

Conclusions

4.19   In discussing any matter relating to Defence it is essential to have an understanding of budgetary matters. The Defence budget is extremely tight and the Department of Defence has the challenging task of balancing and meeting priorities within that budget.

4.20   It was suggested in evidence that an examination of strategy would be undermined if the examination was not clearly linked to capability which was underpinned by a limited budget. This view is not disputed if it is applied to an existing strategy as set out in the *2000 White Paper*. Indeed, it should be expected that Defence planners will be working at delivering Australia's defence strategy with these imperatives in mind.

4.21   Accurate and comprehensive strategy analysis has to be undertaken as an essential prerequisite for effective defence planning. Defence planners should not be starting out first with a budget and trying to match a strategy to the available funds. The most important point to recognise in any examination of strategy is that a significant change to strategy can lead to significant downstream changes in capability.

4.22   A further part of the examination on the linkage between strategy and budget included debate about the adequacy of the total Defence budget. The majority of evidence suggested that Defence has been underfunded for at least the last ten years which has resulted in 'severe capability limitations.' While these observations are serious, the committee, as part of this inquiry, is not in a position to make determinations about what should be a valid level of Defence funding.

4.23   Defence spending in 2002-03 is about 1.9% of GDP which equates to about $15.5 billion. It should be noted that the committee has previously argued that the use of percentage of GDP is not the most useful mechanism for quantifying funds.[19] The Committee stated in 1998 that:

> …there existed no logic for the establishment of Defence funding as a defined proportion of GDP. However, calculation of GDP share may still provide a useful means of comparison of government spending priorities within a given year. It may also be used to indicate general trends in a given area of government spending over a prolonged period, although external factors and

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18   Dr Alan Dupont, *Transcript*, p. 136.

19   Joint Standing Committee on Foreign Affairs, Defence and Trade, *Funding Australia's Defence*, April 1998, pp. 16-17.

> implementation of efficiency initiatives will reduce the precision of GDP share as an analysis tool.[20]

4.24 Any increase in the quantum of funds to Defence will have consequent flow on effects in the Federal Budget. Spending initiatives in other areas of government may need to be reduced or cancelled or alternatively taxation would need to be increased.

4.25 The current Defence *2000 White Paper* stated that the 'Government estimates that defence spending will need to grow by an average of about three per cent per annum in real terms over the next decade.'[21] The Australian Strategic Policy Institute's (ASPI) analysis of real growth in defence spending, as shown in Table 4.1, shows that Defence spending has not achieved the level of growth as stated in the *2000 White Paper*. The committee concludes that there must be a renewed commitment by Government to achieving real growth of at least 3 percent in defence spending as set out in the current Defence *2000 White Paper*.

4.26 Funding for Defence is at a critical stage. Block obsolescence, which is the ageing of key capital equipment such as F/A-18s, F-111s and warships, will have significant downstream costs when these key defence platforms need to be replaced. It is expected, for example, that approximately $16 billion will be required to replace our current fighter and strike aircraft. The committee is particularly concerned about particular statements raised by defence analyst such as there 'is a coming train smash in the Defence budget' and 'as it stands, the Defence Capability Plan is undeliverable, unaffordable and uncertain.'

4.27 The committee concludes, therefore, that the longer the Defence budget is not increased to accommodate the challenge of block obsolescence the more serious this matter will become. It is essential that Government and Opposition work together, in the national interest, to arrive at a solution for the long-term funding of Australia's defence needs. It should be noted, however, that Australian Commonwealth Government outlays as a proportion of GDP are significantly lower than most other countries in the OECD. It is expected that this trend will continue and, therefore, it is unlikely that the Commonwealth Government will be able to increase the budget allocation to defence at any time, short of war.

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20 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Funding Australia's Defence*, April 1998, p. 17.

21 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 117.

Threats and capabilities

4.28   An examination of strategy raises the question about the extent to which possible external threats or the existence of external capabilities factor in to the assessment. In an operational context, Defence receives intelligence on a range of developments occurring in the region. These sources of information are mostly classified but information about capabilities is also available from the public domain.

4.29   During the inquiry, a range of matters about threats and capabilities were examined which are discussed in the following sections.

Threats, capabilities, scenario planning and lead times

4.30   During the hearings the validity of using threat assessments versus assessing capability was debated. The general consensus was that it was unwise to develop strategy and capability around threats. In contrast it was considered more effective and sound to develop strategy around external current and future capabilities. Professor Dibb stated:

> In case you think we are an orphan with regard to having discovered in the late seventies and through the eighties the idea of structuring a defence force without a threat but on capabilities, and having a margin of technological superiority over our region—which again successive governments have endorsed—let me draw your attention to the quadrennial defence review of the Pentagon in late 2001, which suddenly stated that the United States was no longer going to base its force structure on threats but on capabilities. We are in good order with the United States.[22]

4.31   The Australian Defence Association (ADA) warned that 'a force should never be structured on the basis of a threat assessment because, firstly, by the time you get agreement on what the threat is, it is too late to develop the force; and, secondly, in our very fluid and somewhat convoluted strategic world these days, the purpose of your defence policy should be to give government as wide a range of military options as possible to use or not to use.'[23] Farrar provides further reasons why it is necessary to focus on capability and not threats:

> Nations can never know the political intentions of foreign governments, and these can change very quickly. But all nations are constrained in their actual military capabilities to what they have in service, and what they are bringing into service. It takes

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22   Professor Paul Dibb, *Transcript*, p. 45.

23   Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 249.

years – sometimes decades – to expand capabilities. Therefore, all nations work threat levels based on real military capability, and not on current political intentions.[24]

4.32   Defence indicated that it conducts scenario planning against which it develops capabilities. Defence stated:

> We think about a range of possible scenarios, from operations very close to Australia, where we have less flexibility, to operations far a field. We ask, 'What are the balance of forces, what are the strengths and weaknesses and how do we develop our force structure?' We do that constantly.[25]

Attacks on Australia

4.33   One of the most obvious scenarios that is the subject of analysis is an attack on Australia. An attack on Australia could occur at different intensity and for different objectives. The *2000 White Paper* dealt with these scenarios in detail. Three types of scenarios were discussed including:

■ a full-scale invasion of Australia;

■ a major attack on Australia; and

■ minor attacks on Australia.

4.34   In relation to 'a full-scale invasion of Australia' the *2000 White Paper* stated that 'it is the least likely military contingency Australia might face' and 'no country has either the intent or the ability to undertake such a massive task.'[26] In relation to the possibility of 'a major attack on Australia' aimed at seizing and holding Australian territory, the *2000 White Paper* stated that this 'remains only a remote possibility.'[27] The *2000 White Paper*, in relation to 'a major attack on Australia, stated:

> The capabilities to undertake such an attack would be easier to develop than those needed for an invasion, especially if bases near Australia were accessible. Such developments are highly unlikely in our current strategic environment, but our defence planning cannot altogether dismiss the possibility that they might occur.[28]

4.35   In relation to 'minor attacks on Australia' aimed at harassing or embarrassing Australia, the *2000 White Paper* stated that these types of attacks 'would be possible with the sorts of capabilities already in service

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24   Farrer, M. 'Sukhois Could Change the Balance of Power', *Asia-Pacific Defence Reporter*, June 2003, p. 10.

25   Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 307.

26   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 23.

27   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 23.

28   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 23.

or being developed by many regional countries.'[29] The *2000 White Paper*, in relation to the development of external military capabilities, stated:

> A key factor in the evolution of Australia's strategic environment is the development of military capabilities in the Asia Pacific region. This will influence the relationships between countries in the region, and it is a critical issue to consider in deciding Australia's own future capability needs. In recent times, the Asia Pacific has seen the fastest growth of military capabilities in the world.[30]

4.36   During the hearings, the examinations discussed the relevance of emerging capabilities in the region. Dr Dupont commented that the only countries in the region that could threaten Australia were China, India and Indonesia. However Dr Dupont commented that 'none of those states would have the military capability to project force in a serious way onto the Australian mainland in the next 10 years.'[31] Professor Dibb and Mr Hugh White were both cautious about proclaiming that there was no threat to mainland Australia in 10 to 20 years.[32]

4.37   A further issue in making assessments about external capabilities is that the assessments must focus on future planning. Therefore, invariably long lead times are involved in strategic considerations. Mr Hugh White emphasised that Australian strategic planning cannot ignore time frames of 10 to 20 years. Mr Hugh White stated:

> The key point in the position I have been putting forward is that the time frames we need to think of in these decisions are 10- and 20-year time frames, and I would not be very confident about our capacity to predict Australia's strategic environment 10 or 20 years from now.[33]

4.38   Defence acknowledged that it does take into account long lead times in developing capabilities but there are limitations on what can be achieved. Defence stated:

> Certainly as you go further out to about the 10-year point in time, the question is: what are the capabilities you would want in place to be able to deal with an emerging risk? We do acknowledge those needs and we put a greater priority, as you go out towards the 10-year mark, towards the defence capability plan. So we are

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29   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 24.
30   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 24.
31   Dr Alan Dupont, *Transcript*, p. 138.
32   Mr Hugh White, Director, ASPI, *Transcript*, p. 29; Professor Paul Dibb, *Transcript*, p. 56.
33   Mr Hugh White, Director, ASPI, *Transcript*, p. 32.

taking that issue into account, but we frankly cannot afford, within the budgets that we have, to place a greater emphasis on some of those capabilities, given the priorities that the government places on the use of the ADF.[34]

Terrorism, weapons of mass destruction and failing states

4.39   Some groups, in evidence, sought to focus capability modelling away from scenarios based on invasion to ones focusing on the 'new strategic agenda.' Dr Michael Evans summed this position up with the comment that if 'small groups of radicals and terrorists can, in fact, wield the weapons of mass destruction or biological weapons and inflict the kind of damage which we saw on 9/11, then we are indeed looking at a very changed situation.'[35] The Australian Centre for Maritime Studies commented that the 'great danger is no longer the threat of military invasion, but assaults on the complexity of our society.'[36]

4.40   Brigadier Jim Wallace argued that the issue of regional instability was a critical factor that should be taken into account when developing Australian strategy and capability. Brigadier Wallace stated:

> We have an arc of instability—as it is being called more lately—
> out there and it goes right into the South Pacific. If something
> happens there and Australian nationals are under threat, it is not
> discretionary. You are going to have to provide a response. We do
> not have the capability to do that adequately at the moment
> because of the priorities within that maritime strategy. Again, as
> an intellectual straightjacket it is not describing what is actually
> going to happen.[37]

4.41   The potential risks posed by failing states in our region pose further dilemmas for Australian security. A feature of failing states is weak government institutions and, in particular, ineffective controls on people movement and internal security. ASPI, in relation to the Solomon Islands, prior to the regional assistance missions, commented:

> …in the absence of effective government, our neighbour risks
> reverting, not to a pre-modern tropical paradise, but to a kind of
> post-modern badlands, ruled by criminals and governed by
> violence.

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34   Air Vice Marshal John Blackburn, Department of Defence, *Transcript*, p. 307.
35   Dr Michael Evans, *Transcript*, p. 60.
36   Mr Harold Adams, Australian Centre for Maritime Studies, *Transcript*, p. 109.
37   Brigadier Jim Wallace, *Transcript*, p. 149.

> Does this matter to Australia? Yes, for two reasons. First, this kind of legal vacuum so close to our shores would make Australia significantly more vulnerable to transnational criminal operations based in or operating out of Solomon Islands—drug smuggling, gun-running, identify fraud and people smuggling, for example. Perhaps even terrorism: the weakness of security institutions means that Solomon Islands' capacity to monitor people movement is poor.[38]

4.42   The future and prosperity of Papua New Guinea (PNG) is another example in which Australia's security and interests are apparent. PNG's economy and law and order situation are currently experiencing difficult times. At the 15th Australia-PNG Ministerial Forum, held on 11 December 2003, policing, law and justice were key agenda issues. The Forum 'agreed that PNG's law and order situation, required immediate action so that all other potential gains would not be jeopardised'.[39] The Forum strongly endorsed the need for adequate budgetary allocations to the Royal Papua New Guinea Constabulary. In addition, the enhanced Australian cooperation package would include the placement of up to 230 Australian police personnel in PNG. Australia's aid program to PNG is an estimated annual expenditure of over $300 million.[40]

4.43   The Government, through the February 2003 Defence Update, set out a range of responses 'to the salient features in our changing security environment: the emergence of new and more immediate threats from terrorism and increased concerns about the proliferation of Weapons of Mass Destruction.'[41]

Conclusions

4.44   The purpose of this discussion is to outline the complexities involved in developing strategy based on identification and analysis of known and future capabilities. Strategy cannot be developed around the premise of seeking to identify threats. So the focus must be on emerging capabilities in the region.

4.45   There is a divergence in the evidence between what capabilities Defence planners should be focusing on. One position emphasises that conventional military capabilities that threaten Australian territory are

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38   Australian Strategic Policy Institute, *Our Failing Neighbour, Australia and the Future of Solomon Islands*, June 2003, pp. 13-14.

39   http://www.dfat.gov.au/geo/png/15_forum_joint_statement.html

40   http://www.ausaid.gov.au/country/papua.cfm

41   Department of Defence, *Australia's National Security, A Defence Update 2003*, February 2003, p. 5.

paramount. Extremely long lead times are involved with this level of assessment. This position warns that it is impossible to determine what types of regional capabilities will emerge in 10 or 20 years so it would be folly to shift emphasis in Australia capability.

4.46 A second position suggests that the 'new strategic agenda' encompassing regional instability, failing states, and the terrorist threat posed by non-state adversaries are all issues that should be factored into strategy and capability development.

4.47 The committee does not believe it is case of either/or when addressing these challenges. Previous White Papers, for example, have acknowledged a range of defence objectives in addition to the defence of Australia. These views will be expanded on in the following sections which focus on Australia's maritime strategy and the key strategic objectives set out in the *2000 White Paper.*

What is the nature of Australia's maritime strategy

4.48 One of the focal points of the inquiry is whether Australia has a modern maritime strategy. As previously stated, the *2000 White Paper* states:

> The key to defending Australia is to control the air and sea approaches to our continent, so as to deny them to hostile ships and aircraft, and provide maximum freedom of action for our forces. That means we need a fundamentally maritime strategy.[42]

4.49 Chapter two describes the key concepts underpinning a modern maritime strategy. Briefly, maritime strategies involve the integration of sea, air and land forces operating jointly. Maritime strategies comprise, to varying degrees depending on military objectives, sea denial, sea control and power projection capabilities. The majority of evidence to the inquiry argues that Australia's maritime strategy is based around sea denial and, therefore, cannot deliver true sea control and power projection capabilities.

4.50 Commodore Alan Robertson commented that 'Australia's so-called maritime strategy is 'sea denial', only one of the three sea power missions of a complete maritime strategy' which is a 'classic approach to maritime strategy by continental powers.'[43] Similarly, Dr Alan Dupont suggested that the maritime strategy was essentially based on sea denial which involved highly capable maritime assets and

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42 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 47.

43 Commodore Alan Robertson, *Submission 1*, p. 1.

layered defence. Dr Dupont commented that in 'layperson's terms, it was about stopping the bad guys getting here, and anyone who got here onto Australia would be mopped up by the Army.'[44] Future Directions International stated:

> *Defence 2000: Our future Defence Force* states that we need a maritime strategy, which I believe is sound advice, but that is not what we have. What we have in effect is a continental strategy, which is more about defending the moat than comprehensively utilising our strategic geography to our advantage. The denial strategy mooted originally by Dibb was, in my view, fundamentally flawed and was more akin to a former Soviet Union or People's Republic of China continental strategic approach than that of the United States or Great Britain, who have historically and currently adopted a genuine maritime strategy.[45]

4.51   The previous quotation raises the historical influences that have shaped Australian military strategy. The point was made by some groups in evidence that Australia's 'continentalist' approach to strategy has precluded the adoption of a true maritime strategy. Dr Michael Evans stated:

> Over the past five years Australia's development of a maritime concept of strategy has been hampered by attempts to make this concept fit the framework of 1980s continental geostrategy. As a result, our current maritime strategy is underdeveloped and distorted. In trying to mould opposing maritime and continental strategic concepts into a single intellectual framework, we have in many ways sought to reconcile the irreconcilable.[46]

4.52   Dr Alan Ryan commented that much of the debate about Australia's maritime strategy 'is still based on the now largely irrelevant, geographically based assumptions that governed Australia's national security debate during the industrial age, and specifically during the latter stages of the Cold War.'[47] Dr Alan Dupont characterises Australia's maritime strategy as a 'continentalist strategy with a maritime component' which 'focuses on sea denial.'[48] The Australian Defence Association (ADA) stated:

> …in the sort of strategic environment in which we live what we need to look at in the context of our national capabilities is

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44   Dr Alan Dupont, *Transcript*, p. 133.
45   Mr Lee Cordner, Future Directions International, *Transcript*, p. 120.
46   Dr Michael Evans, *Transcript*, p. 58.
47   Dr Alan Ryan, *Transcript*, p. 65.
48   Dr Alan Dupont, *Transcript*, p. 132.

developing a range of military operations to operate at a distance. This is where the distinction between a genuine maritime strategy and a continental strategy comes in. If you limit yourself to a continental strategy—which essentially, in the *2000 White Paper* terms, is what we have done—then you don't have the capacity to exercise many options at greater distance, which you may need to do. At the moment the government has taken a decision to deploy forces to the Middle East. That is not in concept within the *2000 White Paper*.[49]

4.53 The ADA's comments above raise the link between strategy and capability. More about the influence of strategy on capability will be examined in Chapter five. At this stage, it is important to note some of the key capabilities that underpin each of the key missions of a maritime strategy. A sea denial strategy seeks to prevent an adversary from using a particular area of the world's oceans. In Australia's context the *2000 White Paper* articulates a strategy of denial of the sea-air gap to Australia's north. The capabilities that underpin this include surveillance and strike capabilities which seek to prevent an adversary from reaching the shore.

4.54 Sea control is a step up from sea denial in that it 'is an active role, requiring the elements of presence, reach and power which characterise maritime forces.'[50] Sea control may not be continuous and it may be conducted during non-wartime. A current example of sea control includes the RAN's operations in the Persian Gulf and Operation RELEX.[51]

4.55 Maritime power projection involves influencing events on the land from the sea. The Information Research Service (IRS) commented that the 'reach, poise and flexibility of maritime forces enable them to strike at the land from unexpected and/or advantageous directions, making them, in the words of Liddle-Hart 'the greatest strategic asset that a maritime nation can possess.'[52] The US Marine Corps concept of 'Operational Manoeuvre from the Sea' seeks to provide the capability and means 'to move directly from the ship to the objective on land by taking advantage of high-speed insertion capabilities such as the Advanced Amphibious Assault Vehicle and the MV-22 Osprey tilt-rotor.'[53] In relation to the US Marine Corps capabilities, the IRS stated:

49 Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 242.
50 Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, October 2002, p. 24.
51 Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 24.
52 Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 25.
53 Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 25.

…[advanced insertion] capabilities allow the US to maintain the capacity to perform forcible entry operations in high threat environments. Australia is not capable of performing such operations, and its much more modest doctrinal approach is encapsulated in the Manoeuvre Operations in the Littoral Environment (MOLE) Concept document. Nevertheless, the capacity to influence events inland in areas such as the South Pacific, as well as maintaining the capability to, for example, evacuate Australian civilians form a conflict situation, are important parts of Australia's maritime strategy.[54]

4.56   Defence's approach to Australia's maritime strategy focuses on defending Australia through achieving 'strategic control of Australia's maritime approaches.'[55] Defence stated that the concept of strategic control involves:

- A proactive strategy to maximise our freedom of manoeuvre in the air and sea approaches while denying freedom of action to a potential adversary.

- The ability to assert our will over an adversary in time and space, and deny an adversary's ability to position for, or conduct offensive operations against Australia and its interests.

- The projection of power into the region to support our national interests.[56]

4.57   In relation to offensive manoeuvre, Defence commented that 'amphibious and/or airborne operations would seek to lodge our forces in areas where little or no opposition would be encountered.'[57] Defence stated:

Because of the maritime-littoral nature of Australia's approaches, ADF operations in defending Australia are likely to place a heavy reliance on amphibious and strategic air, and sea transport capabilities to deploy and sustain forces.

Offensive manoeuvre operations would be supported by the ADF's amphibious and airlift capability. If required ADF assets could be significantly supplemented by chartered sealift and airlift, as occurred during the East Timor operation.[58]

4.58   Dr John Reeve commented that for a maritime country like Australia sea control is a critical mission capability. Dr Reeve explained that the concept of sea control is never absolute or permanent but will depend on the

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54   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy,* pp. 25-26.
55   Department of Defence, *Submission 29*, p. 6.
56   Department of Defence, *Submission 29*, p. 6.
57   Department of Defence, *Submission 29*, p. 9.
58   Department of Defence, *Submission 29*, pp. 9-10.

strategic needs at the time. In relation to whether Australia has a sea control capability, Dr Reeve suggested that Australia does not against a major power but could against a lesser capability.[59] For example, a medium power seeks to create and keep under national control enough means of power to initiate and sustain coercive actions whose outcome will be the preservation of its vital interests. Small powers as nations are unable to guard their own interests without some form of external support and guarantee. Superpowers are unlikely to suffer direct challenges to their territory, their political independence or their national welfare.[60]

4.59   In relation to power projection capabilities, Dr Reeve stated:

> One particular area we could think about very fruitfully is power projection capabilities against things like terrorist safe havens and so on. One might think about strike capabilities from naval assets or about the issues involved in replacing the LPAs, the *Manoora* and the *Kanimbla*. What sorts of joint capabilities are needed to enable power projection by land or infantry forces, for example, into the archipelago to the north if there were any suggestion of terrorist activity presence, safe haven or whatever? So those are the sorts of issues I would flag in relation to what you have said.[61]

4.60   Defence, in contrast to the majority of evidence, suggested that its capabilities did provide for the various missions of a maritime strategy. This extends to power projection. Defence stated:

> Our military strategy seeks to achieve and maintain the initiative and to engage an adversary as far away from our territory as possible, but being able to exert strategic control over our maritime approaches is fundamental to Australia's defence and that of our immediate neighbourhood. Our current strategy for defending Australia and Contributing to the Security of the Immediate Neighbourhood envisages the employment of ADF maritime forces, mostly air and naval as well as special forces, to achieve strategic control of the maritime approaches. Other land forces would secure our power projection bases and respond to and defeat any incursions.[62]

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59   Dr John Reeve , *Transcript*, pp. 99-103.

60   Goldrick, J., 'The Role of the Medium Power Navy in the Twenty First Century', in Schwarz, J. et al, *Maritime Strategies in Asia*, White Lotus Press, Bangkok, 2002, p.57

61   Dr John Reeve , *Transcript*, pp. 100-101.

62   Department of Defence, *Submission 29*, p. 18.

4.61   The Chief of Navy indicated that for the ADF 'to undertake most of the objectives envisioned by the government, it will have to establish a certain level of sea control in order for its operations to succeed.'[63]

Conclusions

4.62   A maritime strategy provides nations with the ability to influence events in the littoral together with traditional blue water maritime concepts of sea denial and sea control. The littoral is the areas to seaward of the coast which are susceptible to influence or support from the land and the areas inland from the coast which are susceptible to influence from the sea. The classic elements of a maritime strategy include sea denial, sea control and power projection. Maritime strategies involve air, sea and land forces operating jointly.

4.63   One of the focal debates of the inquiry is whether Australia has a modern maritime strategy. The *2000 White Paper* states that the 'key to defending Australia is to control the air and sea approaches to our continent, so as to deny them to hostile ships and aircraft, and provide maximum freedom of action for our forces' which 'means we need a fundamentally maritime strategy.'[64]

4.64   The *2000 White Paper* further stated that 'although Australia's strategic posture is defensive, we would seek to attack hostile forces as far from our shores as possible—proactive operations.'[65] The *2000 White Paper* explains that this would be achieved through its strike capability which could be conducted by F/A-18s, P-3C aircraft, ships and submarines, and the use of special forces. Australia's strike capability, however, consists primarily of its fleet of F-111s. The *2000 White Paper* stated:

> We do not intend to seek a strike capability large enough to conduct sustained attack on an adversary's wider civil infrastructure; our capability would be focussed on an ability to attack those militarily significant targets that might by used to mount or support an attack on Australia.[66]

4.65   These strike capabilities, as described above, whilst constituting power projection represent a limited element of what constitutes 'power projection' as defined on pages six and seven of this report which focuses on power projection ashore. The purpose of maritime power, ultimately, is to influence more fully events on land.

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63   Vice Admiral Chris Ritchie, Department of Defence, *Transcript*, p. 4.

64   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 47.

65   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. XI.

66   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 92.

4.66   The majority of evidence, including that from senior defence analysts, claims that in practice Australia does not have a fully developed maritime strategy. The reason why this observation is so important is that a true maritime strategy can provide a nation with significant power to shape and influence strategic outcomes both in defence of Australia and in the regional community.

4.67   While these conclusions are focused on commenting on strategy, the committee accepts that the ADF, with its present capabilities, can conduct sea denial and sea control missions. In addition, the ADF does have some power projection capabilities. More about capability will be discussed in the next chapter.

4.68   The debate surrounding these matters is not complete without examining Australia's key strategic task of defending Australia. Many of the groups that question the ADF's ability to conduct sea control and power projection missions are in effect criticising the primacy of Australia's strategic task of defending Australia. Defending Australia can be achieved primarily through a sea denial strategy. The evidence suggests that the preoccupation with defending Australia has prevented Australia from achieving a true maritime strategy. This debate is examined in more detail in the next section.

The Defence of Australia

The *2000 White Paper* and the *2003 Defence Update*

4.69   The *2000 White Paper* sets out Australia's key strategic interests and objectives in order of importance. These strategic objectives, shown below, aim to:

- ensure the Defence of Australia and its direct approaches;
- foster the security of our immediate neighbourhood;
- work with others to promote stability and cooperation in Southeast Asia;
- contribute in appropriate ways to maintaining strategic stability in the wider Asia Pacific region, and
- support Global Security.[67]

4.70   These strategic objectives are in turn supported by Australian military strategy. The *2000 White Paper* identifies four priority tasks for the ADF:

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[67]   *Defence 2000, Our Future Defence Force*, 2000, p. X.

- the defence of Australia, as stated in the *2000 White Paper*, is shaped by three principles:
  - ⇒ we must be able to defend Australia without relying on the combat forces of other countries – self-reliance;
  - ⇒ Australia needs to be able to control the air and sea approaches to our continent – a maritime strategy; and
  - ⇒ although Australia's strategic posture is defensive, we would seek to attack hostile forces as far from our shores as possible – proactive operations;
- the second priority for the ADF is contributing to the security of our immediate neighbourhood;
- the third priority for Australian forces is supporting Australia's wider interests and objectives by being able to contribute effectively to international coalitions of forces to meet crises beyond our immediate neighbourhood; and
- in addition to these core tasks in support of Australia's strategic objectives, the ADF will also be called upon to undertake a number of regular or occasional tasks in support of peacetime national tasks.[68]

4.71   In March 2003 the Government released an update on the Defence *2000 White Paper*. The 2003 Update concluded that 'while the principles set out in the Defence *2000 White Paper* remain sound, some rebalancing of capability and expenditure will be necessary to take account of changes in Australia's strategic environment.'[69] The key focus of the 2003 Update was the rise of global terrorism and the spread of weapons of mass destruction (WMD) which 'have emerged to new prominence and create renewed strategic uncertainty.'[70] In addition, the Defence Update examined some of the key challenges faced by certain countries in our region.[71]

4.72   It should be noted that the order of the military tasks listed above are the base for acquiring new equipment. Therefore, the defence of Australia (DOA) is the key determinant for acquiring new equipment. The IRS commented that since 9-11 this has been relaxed 'but it is still the case that most acquisitions are justified on their contribution to the DOA task.'[72] Professor Dibb supported this view with the comment that '90 per cent of the capabilities in the Defence Capability Plan endorsed in this document are what is called defence of Australia, to use Department of Defence

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[68]   *Defence 2000, Our Future Defence Force*, 2000, pp. XI-XII.

[69]   *Australia's National Security, A Defence Update*, March 2003, pp. 5-6.

[70]   *Australia's National Security, A Defence Update*, March 2003, p. 7.

71   *Australia's National Security, A Defence Update*, March 2003, pp. 18-22.

[72]   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 19.

language, and 10 per cent are what is called inner arc, including troop lift helicopters and so on.'[73]

Defence of Australia versus other priorities?

4.73   Criticisms were raised in evidence about the overemphasis on DOA. These critics claim this has resulted in a capability mix which is limiting the ADF's ability to perform the wide variety of tasks that it does in practice. Second, as suggested in the previous section, the over emphasis with DOA has led to an incomplete maritime strategy.

4.74   During hearings, Defence confirmed the priority of DOA. Defence stated:

> In the broadest sense, Australia's defence strategic policy aims to prevent or defeat any armed attack on Australia. It seeks to do this by defending Australia and its direct approaches, by contributing to the security of the immediate neighbourhood, by supporting our wider interests through peacetime national tasks and by shaping the strategic environment.[74]

4.75   Mr Hugh White, an author of the *2000 White Paper*, confirmed that the maritime strategy as discussed in the *2000 White Paper* relates to DOA. Mr White commented that the 'core of our capacity to undertake defence of Australia relates to our capacity to deny our air and maritime approaches to hostile forces.'[75]

4.76   A range of witnesses questioned the priority given to DOA. The point was made that the threat of direct attack on Australia was minimal and therefore planning for this event was having an adverse affect on capability choices. Dr Dupont stated:

> No-one would dispute that the primary role of the Defence Force must be to defend Australia. It is self-evident; it is a motherhood statement. The key question is 'Defend it against what?' My first criticism of the DOA strategy, as we have seen it develop, is that it is too narrowly focused on one kind of threat and that it is focused narrowly geographically, to the approaches to the continent. While you cannot rule out those kinds of threats—and I am certainly not inclined to do that—you have to make judgments about whether that is the most urgent and most serious threat that we are likely to face and whether that should be the determining principle for configuring our defence forces for the challenges of this century.

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73   Professor Paul Dibb, *Transcript*, p. 47.
74   Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 2.
75   Mr Hugh White, Director, ASPI, *Transcript*, p. 27.

> That is the question I pose to you. I do not think that strategy has much utility today.[76]

4.77 The Australian Defence Association (ADA) also indicated reservations with the focus on DOA stating that it was not 'significant.'[77] The ADA pointed to the lessons of history commenting that a grave mistake was made in allowing adversaries to control forward operating bases within striking range of Australian territory. The ADA concluded that our strategic objectives should seek to prevent this type of occurrence.[78] The ADA went further by suggesting that the primary strategic objective of DOA 'is better achieved by pursuing the *2000 White Papers*' second strategic priority, that of contributing to the security of our immediate neighbourhood.'[79] In relation to this point, the ADA stated:

> Focussing on that strategic priority not only actually ensures that the primary strategic objective is attained but also that our forces are prioritised for a more likely contingency than a direct attack on Australian territory. In any event, the capabilities developed for and the experience gained in pursuing the former priority would support the strategy of defence of the mainland. The opposite is not necessarily true.[80]

4.78 During the hearings, the ADA explained that it did not have an argument with the DOA objective but it did have criticisms of the strategy by which you achieve that objective. The ADA's response was that the best strategy of achieving DOA was to ensure that the ADF could operate effectively and shape outcomes in the region. The ADA stated:

> …if you focus on being able to project your forces out into the region and operate them there, that is where the first challenge is likely to come from, not the second challenge. By doing that, you actually achieve your first primary objective. Again, it is the difference between strategic objective and strategy. Your strategy needs to be to get our there and neutralise any challenge to Australia and it interests out there.[81]

4.79 The ADA suggested that the achievement of a safer more stable and secure region will have flow on effects for Australia's security. For example, if countries in Australia's region cannot achieve adequate levels of law and order then this is of particular concern as terrorists may utilise

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76   Dr Alan Dupont, *Transcript*, pp. 133-134.
77   Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 247.
78   Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 247.
79   Australian Defence Association, *Submission 5*, p. 4.
80   Australian Defence Association, *Submission 5*, p. 5.
81   Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 253.

the instability that results to establish bases from which they can launch WMD style attacks on Australia directly or on Australian expatriates in the vulnerable inner arc of regional countries.

4.80 ASPI also discussed the potential for failing states to be breeding grounds for transnational crime and even harbour terrorists. ASPI, as part of its report on the Solomon Islands stated:

> Without an effective government upholding the rule of law and controlling its borders, Solomon Islands risks becoming—and has to some extent already become—a petri dish in which transnational and non-state security threats can develop and breed…

> Does this matter to Australia? Yes, for two reasons. First, this kind of legal vacuum so close to our shores would make Australia significantly more vulnerable to transnational criminal operations based in or operating out of Solomon Islands—drug smuggling, gun-running, identity fraud and people smuggling, for example. Perhaps even terrorism…[82]

4.81 Australia's level of aid to the Solomon Islands, as at budget 2003/04, is $87.4 million comprising $37.4 expected aid flows, $25 million for the additional economic assistance package, and $25 million for the additional criminal justice package.[83] The cost of Operation Anode, which is the ADF's contribution to the regional assistance mission to the Solomon Islands, is $111.1 million in 2003-04. The forward estimate for 2004-05 is $22.2 million.[84] The Australian Federal Police (AFP) received funding of $97.012 million, including $16.674 million capital funding, to assist in the restoration of law and order in the Solomon Islands. Funding for the AFP in 2004-05 will be determined in the next budget.[85] The total level of Australian expenditure for the Solomon Islands including aid and operating costs for the ADF and AFP for 2003-04 is $295.51 million.

4.82 The potential for increased terrorist activity in the region raised the risks associated with WMD attacks. Dr Dupont stated:

> …it has been stated quite explicitly by some of our defence policy makers in the past—that, sure, we accept that a military attack against Australia is not likely, but we put a lot of store in it because, if it does occur, it is going to be the most serious threat to

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82 ASPI, Our Failing Neighbour, Australia and the Future of Solomon Islands, An ASPI Policy Report, June 2003, pp. 13-14.

83 http://www.ausaid.gov.au/country/country.cfm?CountryId=16

84 Portfolio Additional Estimates Statements, 2003-04, Defence Portfolio, February 2004, p. 9.

85 Portfolio Additional Estimates Statements, 2003-04, Attorney-General's Portfolio, February 2004, p. 122.

> Australia. I would contest that as well. I can think of a number of scenarios that are not related to conventional military attacks which would be just as serious, if not more serious. A classic example would be a WMD attack on Australia by terrorist groups or by rogue states. That is a hell of a lot more likely than it was 10 years ago. We need to broaden our thinking about the nature of the threats that we are facing.[86]

4.83   In contrast to groups that were critical of the emphasis placed on DOA, there were a range of groups that resisted these arguments. The Royal United Service Institute, NSW, suggested that the *2000 White Paper* 'got it pretty right.'[87] Mr Hugh White suggested that the priority given to DOA, even though current threat levels were low, was valid because the consequences 'are very serious if they occur.'[88] Mr White stated:

> I do not believe that you can plan the defence of this country on the basis that defending the continent against conventional military attack in the 10- to 20-year time frame is no longer a priority. I think it remains the core of our defence responsibilities. I would therefore argue against any reduction in the priority for air and maritime capabilities.[89]

4.84   Mr White, while acknowledging that the threat of a conventional attack to Australia was low, suggested that it was not possible to be certain about events in the future. He described a scenario where, in the event that the US became embroiled in a dispute leading to confrontation with China over Taiwan, Australia could become involved through its alliance with the US. Mr White stated:

> If we found ourselves siding with the United States in military operations against China, I would not want to be advising a government that we could be absolutely sure that China would not undertake operations against Australia. Let me be clear. Do I predict that? No. Do I think that is likely? No. But would I be prepared to say that we could plan Australia's defence on the proposition that that will not happen? No, I would not.[90]

4.85   Professor Dibb also supported the priority given to DOA and warned that any change in Australia's strategic objectives could seriously undermine capability which takes many years to achieve. Professor Dibb stated:

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86   Dr Alan Dupont, *Transcript*, p. 135.
87   Brigadier David Leece, Royal United Service Institute of Australia, NSW, *Transcript*, p. 221.
88   Mr Hugh White, Director, ASPI, *Transcript*, p. 41.
89   Mr Hugh White, Director, ASPI, *Transcript*, p. 29.
90   Mr Hugh White, Director, ASPI, *Transcript*, p. 33.

> Anybody who proclaims to me that there is no threat for 15 years is complacent, particularly in the light of developing strategic circumstances. That is not to identify a direct military threat here and now, but it is to say that if you strip away capabilities like, for instance, air warfare destroyers, or submarines, replacing that capability—as the New Zealanders are about to find out—is a no-go area. It is s 30-year job to replace. So my view is, yes, revisit the Army in a modest way, but do not go stripping the other elements of what is a carefully balanced, high-tech force structure that is vital for keeping the knowledge edge over the region.[91]

4.86   Some of the witnesses that have been concerned about the priority given to DOA have suggested that the key strategic priority for Australia should be wider. They argue that the 'Defence of Australia and its interests' would provide a better strategic objective. Mr Alastair Cooper stated:

> Australia's military maritime strategy must, I believe, be understood and framed within the context of the defence of Australia and its interests. These interests extend beyond the air-sea gap and the Australian exclusive economic zone. They reach throughout the Asia-Pacific region and beyond. By this, I do not intend to demean the importance of the defence of Australian territory—it is, after all, of fundamental interest. However, the effects of globalisation mean that we have interests in many parts of the world. If you accept that the responsibility of the Australian Defence Organisation is to represent Australia's interests as directed by the government, then it follows that the Australian Defence Organisation must have a commensurate capability. In brief, how would the Australian Defence Organisation represent Australia's interests? Essentially by showing the willingness and the capability of the Australian government to influence events in its vicinity and throughout the region.[92]

4.87   Dr Evans shared a similar view commenting that 'Australia will need to shift its strategic thinking away from prescriptive strategic analysis that is based solely on defending territory towards scenario based analysis that takes much greater account of the defence of non-territorial interests.'[93]

4.88   The current Chief of Army, Lieutenant General Peter Leahy, has addressed a range of issues in the public debate about DOA versus other

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91   Professor Paul Dibb, *Transcript*, p. 56.
92   Mr Alastair Cooper, *Transcript*, pp. 184-185.
93   Dr Michael Evans, *Transcript*, p. 59.

priorities.[94] General Leahy argues that there cannot be an 'either/or' debate about DOA and other defence priorities. Rather, the ADF should be capable of performing both. In achieving this outcome, General Leahy promotes the need for 'joint' operations and supports the acquisition of expensive capital equipment such as air warfare destroyers, airborne early warning aircraft, and fighter and strike platforms. General Leahy stated:

> What I am proposing is a joint package of Naval, Land and Air Forces capable of deploying, supporting, sustaining and redeploying a joint force wherever we are directed to go by government. This force would have utility in the defence of Australia, in our region as demonstrated in Timor, or further a field as demonstrated in Somalia, and currently in the war against terror. In the December 2000 *White Paper* we were given guidance that our previous focus on low-level contingencies on Australian territory was to be broadened to meet a wider range of contingencies, both on Australian territory and beyond.[95]

4.89   General Leahy suggested that the current *2000 White Paper* has provided for Army to develop 'an expeditionary, or offshore capability'.[96] This was, however, after a period in which the focus on continental defence had 'eroded' Army's core capabilities. General Leahy explained that under the DOA strategy, it was assumed that forces structured for continental defence 'could routinely perform other tasks.' General Leahy categorically disputes this assumption:

> That guidance ultimately diminished Army's core capabilities. Over time we lost strategic agility. Our units became hollow. Our ability to operate away from the Australian support base degraded dangerously. Our capacity to generate, sustain and rotate forces eroded.
>
> The tremendous efforts of all of the Australian Defence Force in East Timor concealed these deficiencies in the Army's capabilities. But we learnt some important lessons during that deployment. We needed increased readiness, enhanced mobilisation, capabilities, more and better strategic lift, improved logistics, improved engineering capability, better mobility, improved long range

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94   Chief of Army, Lieutenant General Peter Leahy, AO, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002; and 'A Land Force for the Future, The Australian Army in the Early 21st Century', *Australian Army Journal*, Vol. 1, No. 1, 2003.

95   Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 9.

96   Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 10.

> communications and an ability to win water, distribute fuel over
> the shore as well as improved stevedoring and medical services.[97]

4.90 General Leahy suggests that the 2000 *White Paper* responded to the lessons of East Timor by acknowledging that the Army was part of the maritime strategy and that the maritime approaches to Australia consisted of an 'air-sea-land gap'.[98]

4.91 In relation to how this approach sits with DOA, General Leahy asserts that the 'ability to operate both onshore and offshore is defence of Australia.'[99] To this end, General Leahy explains that the Army has already begun its transition from a force structured for continental defence 'to a more agile, scalable and versatile force.'[100] The concept of littoral manoeuvre is a key part of this development and embraces the Army's adoption of the concept of Manoeuvre Operations in the Littoral Environment (MOLE). General Leahy commented that 'Army strongly believes that joint forces capable of littoral manoeuvre provide the best capability for the defence of Australia.'[101]

4.92 General Leahy clearly expresses the view that continental defence is not the best strategy for the defence of Australia. General Leahy stated:

> There is consensus that Australia cannot be secure in an insecure
> region or an insecure world. The tragic events of Bali reinforce that
> realisation. Land forces capable of rapid deployment and decisive
> effect are a core element of the solution to the suite of strategic
> problems likely to emerge in the future.
>
> Forces designed solely to deny the sea-air gap to a conventional
> invasion lack the versatility, and scalability to carry out the diverse
> functions likely to be required in the future.[102]

4.93 It needs to be recognised that were Australia's defence strategy to be shifted in the direction suggested by critics then the costs of regional operations could be extremely high. These critics need to acknowledge this and they should explain the types of scenarios that Australian forces

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97 Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 10.

98 Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 10.

99 Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 11.

100 Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 11.

101 Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 11.

102 Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 11.

could operate in, either in support of coalition operations or in high risk environments without the support of allies.

Self-reliance

4.94   As explained previously, Australia's number one strategic objective is the defence of Australia and its direct approaches. The ADF approach to achieving this objective is shaped by three principles, the first of which mentions the need for self-reliance:

   ■ we must be able to defend Australia without relying on the combat forces of other countries – self-reliance.[103]

4.95   The meaning of self-reliance in the context of DOA and the implications self-reliance has for Australian capability development was examined. Defence acknowledged that in achieving self-reliance there is a need to balance self-reliance with the need to be interoperable. Defence stated:

> We have been seeking to be as self-reliant as we can be, but we acknowledge also that we need to develop capabilities that both allow us to be self-reliant and allow us to interoperate. Therefore, it again comes back to a balance issue, but ultimately…we need to be as self-reliant as we can afford to be.[104]

4.96   Defence indicated that where they have least discretion to act, then this is where they would wish to have as much self-reliance as possible. From this perspective, Defence argued that self-reliance was a 'reasonable objective.'[105] Professor Dibb commented that for threats below that of invasion, Australia should 'seek to develop the combat forces—whether you call them the maritime strategy or something else—that would not depend upon American combat troops coming over the hill.'[106] However, Professor Dibb did suggest that with this type of scenario Australia would depend on the US 'for resupply of missiles, intelligence, access and so on.'[107]

4.97   The ADA suggested that there was confusion around the meaning of self-reliance and indicated that the concept was connected with the objective of DOA. The ADA stated:

> I think that self-reliance, as a strict term, is very much related to the continental strategy of defending Australian territory, and I think this is essentially where it was developed. We saw the

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103 *Defence 2000, Our Future Defence Force*, 2000, p. XI.
104 Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 24.
105 Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 25 & p. 278.
106 Professor Paul Dibb, *Transcript*, p. 51.
107 Professor Paul Dibb, *Transcript*, p. 51.

challenge as defending Australian territory and nothing more than that. I do not believe that that was ever realistic for us. It was an artificial concept.[108]

4.98 Similarly, Dr Evans commented that he could not 'see a contingency where Australia would have to act completely alone' and Australia 'would always count on the ANZUS alliance.'[109]

4.99 The committee notes that the formulation of self reliance by successive Governments has always noted that the concept has been one of self reliance within the existing framework of alliances.

'Disconnect' between strategy and roles?

4.100 An issue that arose during hearings was the claim that the key strategic task of DOA did not adequately reflect what the ADF actually does. Critics suggest that there is a disconnect between the priorities set out in strategy and the roles the ADF is asked to perform. Australia's strategic objectives are achieved through defence strategy which is, in turn, underpinned by capability. The implication arising from those groups that claim there is a 'disconnect between strategy and capability is that if strategy does not reflect required roles then the available capabilities may be inadequate for the jobs that the ADF is frequently asked to do.

4.101 Dr Dupont questioned the premise that the current ADF capability is in fact suitable for the complete and diverse range of tasks that the ADF is asked to perform. Dr Dupont indicated that the ADF, in the last 15 years, has been involved in a range of deployments that have no relevance to DOA. Dr Dupont stated:

> You get to the point where, if the ADF is continually doing certain kinds of things and they are not recognised in the doctrine, you need to look at that. You start to see a mismatch between the security challenges you are facing and what your strategy is all about. If it was only an occasional deployment offshore, on peacekeeping operations, on constabulary tasks or all these other things, you could argue, 'Sure, we can do that with a force primarily structured to defend Australia.' But you get to a point where the ADF has, to a great degree, been deployed not only further a field than the sea-air gap but also on a range of tasks that are not really seen as central to our strategy, or have not been until now. The strategy has not really accommodated the diversity in

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108 Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 246.

109 Dr Michael Evans, *Transcript*, p. 61.

the deployments of the ADF over the last 10 or 12 years, and we need to do a bit more about that in our strategy.[110]

4.102   In opposition to this, the supporters of DOA argue that the capability mix that has been developed to implement DOA can be effectively used for lower order tasks. Mr White points to the example of East Timor where he acknowledges that there were some pressures but Australia 'had the forces available to do it.'[111] Mr White discussed a range of examples where Australian forces were used effectively for alternative tasks:

> We decided that we wanted to evacuate Australians from the Solomons a couple of years ago. We had the forces to do it. The government has decided that it wants to be in a position, if the circumstances evolve, to make a contribution in Iraq. We have the forces to do it. So I do not think one can argue for a major change in our force structure on the basis that we do not have available from the forces we are developing the capabilities we need to support the national security strategy in broad terms.[112]

4.103   While the ADF was able to fulfil its objectives during its deployment to East Timor, some groups in evidence suggested that there were significant limitations revealed through the deployment. These groups suggest that the East Timor operation succeeded because of its proximity to Darwin and the support of coalition strategic lift and logistical transport. Dr Alan Ryan stated:

> There is a point beyond which we cannot expect to conduct an independent maritime strategy. It is arguable that this point is somewhere in the middle of the Timor Sea. Our experience deploying the international force to East Timor in 1999 demonstrated that, given current capabilities, the Australia Defence Force possesses limited capacity to project military power. Without coalition strategic lift and coalition logistical transport capabilities Australia could not even have sustained that effort. What is more, we were only able to conduct the operations because our Black Hawks could deploy themselves from Darwin.[113]

4.104   Dr Ryan points out that if the East Timor operation had been several hundred kilometres from the Australian mainland then the ADF would not have been able to conduct this scale of operation. Dr Ryan commented that 'we could not have carried out air medical evacuations and we could

110 Dr Alan Dupont, *Transcript*, pp. 134.

111 Mr Hugh White, Director, ASPI, *Transcript*, p. 35.

112 Mr Hugh White, Director, ASPI, *Transcript*, p. 35.

113 Dr Alan Ryan, *Transcript*, p. 66.

not have established the air presence in and around Dili that was necessary to be able to suppress military activity.'[114] Dr Evans also indicated that the East Timor operation proceeded with 'significant American assistance.'[115]

4.105   Brigadier Jim Wallace, the Director-General of Land Development during the East Timor operation, was similarly critical of the ADF's capabilities which undermined ADF effectiveness during the East Timor crisis.[116] The ADA commented that the East Timor operation showed 'just how limited our capabilities are.'[117] The current Chief of Army, General Leahy noted that the East Timor operation tested the ADF's capabilities and it was only due to the tremendous effort by the ADF which 'concealed these deficiencies in the Army's capabilities.'[118]

4.106   Professor Dibb is dismissive of the claims that there is a disconnect between strategy and roles. Professor Dibb stated:

> There is a naive and simplistic view around that there is a conflict between practice and doctrine. There are some views about that and you will hear some of those later. Yet within the force structure we have developed under successive governments within a very limited budget—1.9 per cent of GDP. We have deployed 5,000-plus troops to East Timor—and people have forgotten the 1,200 troops deployed to Somalia in 1993—and there was Angola, Cambodia and so on. I am well aware of the difficulties, particularly in the East Timor operation, and how it stretched us—and deficiencies in logistics and simple issues like water and fuel. But imagine those who in the mid-eighties were absolutely against moving an Army brigade and supporting aviation and armour, and indeed Navy and Air Force elements, to the north of Australia. Where would we have been without that forward deployment? Whether you call it a maritime strategy or something else, we need to remember these issues.[119]

4.107   A brief examination of the ADF's current deployments shows that it is extremely active in operations outside Australia. As at September 2003 the ADF had 3600 personnel involved in operations that include border

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114   Dr Alan Ryan, *Transcript*, p. 66.

115   Dr Michael Evans, *Transcript*, p. 61.

116   Brigadier Jim Wallace, *Transcript*, p. 153.

117   Mr Michael O'Connor, Australian Defence Association, *Transcript*, p. 247.

118   Leahy, Lieutenant General Peter, Defence Watch Seminar, Canberra, 19 November 2002, *Defender*, Summer 2002 p. 10.

119   Professor Paul Dibb, *Transcript*, p. 45.

protection, United Nations operations and coalition operations.[120] Table 4.2 shows the range of deployments and the approximate number of ADF personnel involved in late 2003.

Table 4.2   ADF Global Operations – September 2003

Operation	Location	Objective	ADF Personnel
Catalyst	Middle East	Australia's contribution to the rehabilitation of Iraq	800
Osier	Bosnia	Operation Osier is Australia's contribution to the NATO-led, UN mandated Yugoslavia Security Force (SFOR) and Kosovo Force (KFOR).	8
Mazurka	Sinai	Australia's contribution to the Multinational Force and Observers (MFO) in the Sinai. The MFO was established in 1981 to oversee the Camp David Accords of 1978 and the Egypt/Israel Peace Treaty of 1979.	25
Pomelo	Eritrea and Ethiopia	The UNMEE mission includes monitoring the cessation of hostilities, troop deployments and the temporary security zone between the two countries	2
Paladin	Middle East	Australia's contribution to the UN Truce Supervision Organisation (UNTSO). UNTSO was established in 1948 to supervise the truce agreed at the conclusion of the first Arab/Israeli War and operates in Israel, Syria, Lebanon and Egypt.	11
Palate	UN Assistance Mission in Afghanistan	Following the ADF's significant and successful role in Afghanistan as part of the International Coalition Against Terrorism, the ADF has now provides one Army officer who is deployed as a military liaison officer to the UN Assistance Mission in Afghanistan (UNAMA).	1
Mistral	Southern Ocean	The Australian Defence Force supports Coastwatch and AFMA by providing support to the civil agencies enforcing Australian sovereign rights and fisheries laws in the Southern Oceans.	
Relex II	Australian border protection	This is the Australian Defence Force operation which contributes to the whole of government program to detect, intercept and deter vessels carrying unauthorised arrivals from entering Australia through the North-West maritime approaches.	
Citadel	East Timor	Australia contributes about 1000 personnel to the UN Mission in Support of East Timor (UNMISET). UNMISET was established by UN resolution 1272/99 on 25 October 2000 and implemented on East Timor's Independence Day, 20 May	1000

120   see Defence website at http://www.defence.gov.au

Operation	Location	Objective	ADF Personnel
		2002.	
Cranberry	Northern Australia and Sea Air Approaches	This is Northern Australia's sea, air and land surveillance program, undertaken primarily by RAN Fremantle Class Patrol Boats and Army Reserve personnel from the Regional Force Surveillance Unit, in support of civil agencies such as Coastwatch and Customs, to detect illegal activity such as smuggling and illegal fishing.	
Anode	Solomon Islands	Operation Anode is the ADF's contribution to the Australian led Regional Assistance Mission to the Solomon Islands known as Operation HELPEM FREN. The Australian contribution comprises about 1500 Australian Defence Force personnel, 155 Australian Federal Police and 90 personnel from the Australian Protective Service to the multinational stabilisation force.	1500
Slipper	Middle East	Operation Slipper is Australia's contribution to the war against terrorism. A RAAF AP-3C Orion detachment is conducting maritime patrol operations, with one aircraft and associated command and support elements supporting both the rehabilitation operation in Iraq and the Coalition operation against terrorism	

Source   Defence Website: http://www.defence.gov.au

4.108   Table 4.2 shows a range of operations that the ADF is involved in 2003. This list is indicative of the types of operations that the ADF has been involved in during the past decade and even longer. In 1994 the committee conducted an inquiry into Australia's participation in peacekeeping. Appendix 5 of that report listed Australia's participation in United Nations peacekeeping operations between 1948 and 1993.[121] Some of the larger Australian peacekeeping commitments includes Rwanda in 1993, Cambodia between 1991-93 and Namibia in 1989.

Conclusions

4.109   The debate about defence of Australia versus 'other priorities' has, in recent years, featured prominently in academia and the wider defence community. The committee agrees with the Chief of Army that this cannot be an 'either or' debate. Australia's defence strategy must be able to provide effectively for the defence of Australia but also our wider interests.

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121 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Participation in Peacekeeping*, AGPS, Canberra, 1994.

4.110   Defence White Papers since 1987 have emphasised the Defence of Australia and have listed a range of lower order priorities. For example, the 1987 White Paper listed eight national defence interests. The first two are listed below:

- the defence of Australian territory and society from threat of military attack; and

- the protection of Australian interests in the surrounding maritime areas, our island territories, and our proximate ocean areas and focal points.

4.111   Moving through to the 2000 Defence White Paper, five key strategic objectives were listed. The first two are shown below:

- ensure the Defence of Australia and its direct approaches; and

- foster the security of our immediate neighbourhood.

4.112   Defence White Papers since 1987 have always given primacy to the Defence of Australia task. This is demonstrated through the fact that the key determinant for defence spending on capability was for the defence of Australia task. For example, the 1994 White Paper stated:

> Important as these international and domestic activities are for Australia, they do not determine the force structure of the Australian Defence Force. The structure of the Defence Force is determined by its essential roles in providing for the defence of Australia.[122]

4.113   The rationale of successive White Papers was that capability acquired for the Defence of Australia task would be suitable for other roles in support of Australia's wider interests. The current Chief of Army (CA) and other groups in evidence suggested that this approach, in particular, diminished the Army's capability to operate offshore. The East Timor deployment, for example, revealed a range of deficiencies which the ADF is seeking to remedy.

4.114   In relation to these comments, the committee believes that the rationale of previous White Papers taken together with constrained defence budgets produced the circumstances alluded to by the CA and other witnesses. The committee believes that previous White Papers have been broadly correct in developing strategy and capability around the defence of Australia task based on the strategic challenges of the time and limited budgets. This constrained what could be done to develop capabilities to undertake operations beyond our immediate region.

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122   Department of Defence, *Defending Australia, Defence White Paper*, 1994, p. 5.

4.115   With the end of the cold war and the rise of non-state adversaries is Australia's defence strategy based on defence of Australia still applicable? The committee believes that the defence of Australia, as a strategic objective, is correct. However, change is required to respond to new geopolitical and strategic developments. For example, the potential for failing states in Australia's region could present downstream risks. Failing states can suffer a breakdown of law and order which could lead to a rise in transnational crime. At worst failing states could become terrorist safe havens. Australia must be in a position, if it is requested, to assist nations in the region.

4.116   Previous White Papers have focused on being able to mount effective military operations in Australia's sea air gap. In building on these White Papers, Australia's defence strategy must now be focused on mounting effective military operations in Australia's sea air land gap so as to influence affairs in our region. An enhanced maritime strategy is therefore supported as it gives greater focus on capability necessary to defend Australia and its non-territorial interests particularly in our region.

4.117   The committee is not proposing a dismantling of the capability base that has arisen particularly as a result of the 1987 White Paper. The committee supports the continuation of the Collins class submarines, the acquisition of airborne early warning aircraft, air-to-air refuellers, air warfare destroyers and the replacement aircraft for the F/A-18 and F-111. However, more capability is needed to support Army, heavy lift and amphibious operations. These aspects of capability will be discussed in more detail in the next chapter. At this point, it is important to recognise that this type of capability, as identified by the CA in paragraph 4.91, will go a long way to achieving a more effective maritime strategy for Australia.

4.118   In view of these conclusions, the committee recommends that Government develop in 2005-2006 a new Defence White Paper. From the introduction of this White Paper, a new Defence White Paper should be developed every four years through a rolling four year program. This will ensure that Australia's defence strategy will remain current and can meet developments in the global strategic environment. The proposed new White Paper should ensure that the ADF can implement the key features of a modern maritime strategy, including sea denial, sea control and power projection ashore for the purpose of peace keeping and regional assistance missions as recently demonstrated in the Solomon Islands. The new White Paper should explain how all three services will operate together to deliver Australia's maritime strategy.

4.119   The committee, in proposing the development of enhanced power projection capabilities, is not doing so for reasons of military expansion or

aggression. The proposed new White Paper should re-emphasise the point that Australia's defence policy is ultimately defensive. The committee would envisage that 'power projection ashore' would relate to instances where Australian forces, as part of coalitions, have been requested to assist with the affairs in other nations. In addition, there should be a realistic appreciation of the capacity of Australia's defence forces to operate effectively in high threat environments. Australia should not, for example, operate against a sovereign state without the support of allies.

4.120   The proposed new Defence White Paper should like previous White Papers provide a list of key strategic objectives. The committee recommends that Australia's most important long-term strategic objectives should be the 'defence of Australia and its direct approaches together with greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests. This proposal would ensure that more consideration would be given to Australia's interests beyond the sea-air gap and the Australian exclusive economic zone. This approach is consistent with the views expressed in the current foreign affairs and trade White Paper, *Advancing the National Interest* which stated:

> Threats to Australia's security come not just from our region, but also from more distant points on the globe. As a consequence, the strategies we pursue to advance our national interest must be bilateral, regional and, increasingly, global.[123]

4.121   The views expressed in the Foreign Affairs White Paper further demonstrates the need to ensure that Australia's national security policy documents are consistent. A National Security Strategy, as described in Chapter three, should serve this role of integrating and bringing greater coherence to Australia's policy statements on national security.

4.122   A new strategic priority of defence of Australia and its direct approaches together with greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests would have implications for defence expenditure. Previous White Papers such as the 1994 White Paper stated explicitly that expenditure on capability will be for the Defence of Australia task. The committee's proposal would provide more flexibility to the Government of the day and defence planners to ensure that future defence capability is shaped for the purpose of defending Australia and its non-territorial interests, and not just the defence of Australia task. This approach will provide more options for the ADF to ultimately defend Australia, its non-territorial interests and its

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123 Department of Foreign Affairs and Trade, *Australia's Foreign and Trade Policy White Paper, Advancing the National Interest*, 2003, National Capital Printing, p. ix.

people as we enter a complex and challenging strategic environment in which our interests are not determined by their degree of proximity to Australia's coastline.

4.123 In addition, the proposed new White Paper should include an explicit description of Australia's maritime strategy. This description should explain how all three services will operate together to deliver Australia's maritime strategy in defence of Australia and its interests. The committee, through this inquiry, is convinced that an effective maritime strategy will be the foundation of Australia's military strategy, and serve Australia well, into the 21st Century.

Recommendation 2

4.124 **The committee recommends that the Defence Minister develop a new Defence *White Paper* for issue during 2005-06. From the introduction of this *White Paper*, a new Defence White Paper should be developed every four years through a rolling four year program.**

The proposed new *White Paper* should re-emphasise the point that Australia's defence policy is ultimately defensive. The committee would envisage that 'power projection ashore' would relate to instances where Australian forces, as part of coalitions, have been requested to assist with the affairs in other nations.

The Government, in developing the new *White Paper*, should take into account the conclusions made by the committee including:

- **Australia's strategic objectives be the defence of Australia and its direct approaches together with greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests;**

- **clear articulation of why Australia's security is interrelated with regional and global security;**

- **the continuation of the commitment to 'self-reliance' in those situations where Australia has least discretion to act;**

- **focusing on measures that will enhance interoperability with Australia's allies such as the US; and**

- **developing and implementing a maritime strategy which includes the elements of sea denial, sea control and power projection ashore.**

5

ADF Capability

Introduction

5.1   The previous chapter argued for the need for a new Defence White Paper which would provide a greater focus on maritime strategy as the key to defending Australia and its interests. This chapter extends this debate to capability. Defence capabilities are the means by which Defence strategy is realised.

5.2   While the focus of the inquiry is on strategy it is essential to examine some of the broad Defence capabilities that might be influenced by the committee's conclusions in Chapter four. The following discussion of capability seeks to present an overview of some of the key capabilities that arose during the inquiry. It is not intended to present an alternative to the Defence Capability Plan or to provide exact numbers of a particular type of platform.

5.3   The final part of the chapter provides a range of observations about the maritime strategy capabilities. Each section provides an overview of some of the key objectives set out in the *2000 White Paper* and the key changes arising from the 2003 Defence Capability Review.

5.4   Following this is a review of the ADF's ability to interoperate with allies and, in particular, the US.

The Defence Capability Plan and funding measures

5.5   A key feature of the *2000 White Paper* was the provision of a 10 year costed plan, with long term goals to provide for capability. The Defence

Capability Plan (DCP), in particular, provided, 'for the first time, Defence funding commitments covering the whole of the coming decade matched to a planned set of capability enhancements.'[1] The *2000 White Paper* stated:

> To fund the program of development for Australia's armed forces that is set out in the Defence Capability Plan, the Government estimates that defence spending will need to grow by an average of about three per cent per annum in real terms over the next decade.
>
> The Government is committed to meeting this funding requirement, and it has directed Defence to plan within that budget.[2]

5.6   Professor Dibb suggested that the 'Defence Capability Plan is not deliverable at three per cent real growth.'[3] Professor Dibb warned that budgetary pressures are becoming more serious with growing reliance on ageing platforms such as the F-111, high operational tempo and simultaneous deployments. He concluded that there was 'a coming train smash in the defence budget.'[4]

5.7   In relation to the DCP, the Australian Strategic Policy Institute (ASPI) had similar doubts about its achievability commenting that 'as it stands, the DCP is undeliverable, unaffordable, and uncertain.'[5]

5.8   On 7 November 2003 the Government released details of its Defence Capability Review (DCR). The DCR, however, did not contain detailed costings or set out clear measures for addressing claimed shortfalls in the capability plan. The Defence Minister stated:

> We developed this project on a budget neutral basis, recognising that we're receiving that three per cent real increase per year. Because only seven years of the 10 years remain, we've taken it out an extra three years. So the new DCP when it's released will be for a 10-year block again basically starting from this year. And with the savings that we we're able to make and with some movement of projects that – and that's some of the detail that we're settling at the moment – it's obviously our view that we can achieve these outcomes within that budget.
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> Beyond that, there are other cost pressures. As I've said before there's no secret in that. There are some pressures on personnel

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1   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 77.

2   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 117.

3   Professor Paul Dibb, *Transcript*, p. 49.

4   Professor Paul Dibb, *Transcript*, p. 49.

5   Australian Strategic Policy Institute, Sinews of War, *The Defence Budget in 2003 and How We Got There*, An ASPI Policy Report, 2003, p. 4.

costs, some pressures on logistics, some pressures on management of the Defence estate. And the like and each of those issues is being developed further through the whole of government budget process. So it's not – they are not affected by any decisions that we've made this week. And we are not having, we have separated them in terms of the process that we've adopted for update of the DCP.[6]

5.9   The *2000 White Paper* set out a series of capability objectives for land forces, air combat, maritime forces, strike and information capability. The summary of costs for all capability enhancements identified in the *2000 White Paper* is shown in Table 5.1.

Table 5.1   Capability Enhancements, Summary of Costs 2001-02 to 2010-11

Capability Grouping	Capital Expenditure	Personnel and Operating Costs	Total
Land Forces	$3.9 billion	$1.1 billion	$5.0 billion
Air Combat	$5.3 billion	$0.3 billion	$5.6 billion
Maritime Forces	$1.8 billion	$0.3 billion	$2.1 billion
Strike	$0.8 billion	$0 billion	$0.8 billion
Information Capability	$1.9 billion	$0.6 billion	$2.5 billion
Total	$13.7 billion	$2.3 billion	$16 billion

Source: Department of Defence, Defence 2000, Our Future Defence Force, 2000, p. 97.

5.10   In February 2003 the Government provided an update on the *2000 White Paper*. The purpose was to ensure current strategic developments were reflected and, in particular, the terrorist environment was addressed. The Government concluded that 'while the principles set out in the Defence *2000 White Paper* remain sound, some rebalancing of capability and expenditure will be necessary to take account of changes in Australia's strategic environment.'[7] The Defence Update noted that 'two matters— terrorism and the spread of Weapons of Mass Destruction, including terrorists—have emerged to new prominence and create renewed strategic uncertainty.'[8]

5.11   The Defence Update noted that for the present, 'the prospect of a conventional attack on Australian territory has diminished'. However, the Defence Update identified major challenges in our region:

> Southeast Asia and the South Pacific face major challenges due to political weakness, decline in governance, difficulty in grappling

6   Minister for Defence, Senator the Hon Robert Hill, *Press Conference*, 7 November 2003, p. 4.

7   Department of Defence, *Australia's National Security, A Defence Update*, 2003, pp. 5-6.

8   Department of Defence, *Australia's National Security, A Defence Update*, 2003, p. 7.

with terrorism and the economic effects of terrorism. If these trends continue, there may be increased calls on the ADF for operations in Australia's immediate neighbourhood.[9]

5.12   In relation to capabilities, the Defence Update commented that 'these new circumstances indicate a need for some rebalancing of capabilities and priorities to take account of the new strategic environment, changes which will ensure a more flexible and mobile force, with sufficient levels of readiness and sustainability to achieve outcomes in the national interest.'[10]

5.13   The capability enhancements outlined in Table 5.1, and the enhancements detailed in the DCR are discussed in more detail in the following sections of this chapter.

Conclusions

5.14   The Government's ability to adequately fund the DCP is critical to the ADF's long-term capability. The Government argues that its funding program for the DCP is achievable yet there are a range of groups that question this optimism. Professor Paul Dibb claims that the DCP is not deliverable at three per cent per annum growth and there is a coming 'train smash.' Similarly, ASPI claim that as it stands, the DCP is undeliverable, unaffordable, and uncertain.

5.15   The Government must dispel any concerns about the long term funding of the DCP.

Land forces

5.16   The key objective for land forces is to ensure that they have the capability to 'respond swiftly and effectively to any credible armed lodgement on Australian territory and provide forces for more likely types of operations in our immediate neighbourhood.'[11]

5.17   The *2000 White Paper* was developed after and using the experiences gained through the East Timor operation of 1999. This and other overseas deployments possibly influenced some of the findings in the *2000 White Paper*. The *2000 White Paper,* for example, commented that Australia's land forces need to 'reflect a new balance between the demands of operations

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9   Department of Defence, *Australia's National Security, A Defence Update*, 2003, p. 23.

10   Department of Defence, *Australia's National Security, A Defence Update*, 2003, p. 24.

11   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 79-79.

on Australian territory and the demands of deployments offshore, especially in our immediate neighbourhood.'[12]

5.18   In relation to heavy armour, the *2000 White Paper* commented that 'we have decided against the development of heavy armoured forces suitable for contributions to coalition forces.' The *2000 White Paper* concluded that 'these forces would be expensive, and are most unlikely to be needed in defence of Australia or in our immediate region.'[13] Operations in support of wider global interests have seen Australian forces involved in operations in Afghanistan and Iraq during 2002-2003.

5.19   The DCR of November 2003 indicated that the ageing Leopard 1 tank will be replaced with a modern main battle tank. The Government considered Abrams and contemporary versions of the Leopard and Challenger 2.[14] On 10 March 2004 the Government announced the purchase of 59 United States refurbished M1A1 Abrams Integrated Management main battle tanks.[15]

5.20   Some of the key statements and objectives relating to land forces include:

- 'the Government plans to structure the Army to ensure that we will be able to sustain a brigade deployed on operations for extended periods, and at the same time maintain at least a battalion group available for deployment elsewhere';

- 'the Government has paid special attention to the capacity of our land forces to sustain operations once deployed. This has been a significant weakness of our land forces in the past. The Government believes that service personnel should not be required to serve on operations for longer than six to 12 months at a time, and they should be given a substantial period of recuperation before being deployed again;'

- 'the key to our sustainment capability in future will come from our Reserve forces. In line with the new emphasis on a small, high readiness army ready for deployment, the role of our reserve forces will undergo a major transition.'[16]

5.21   In relation to key capabilities for our land forces, the *2000 White Paper* noted the following key elements:

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12   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 79.

13   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 79.

14   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

15   Minister for Defence, *Media Release*, M1 Abrams Chosen as Australian Army's Replacement Tank, 10 March 2004; Senator the Hon Robert Hill, Press Conference, 10 March 2004.

16   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp, 80-82.

- two squadrons (around 20-24 aircraft) of Armed reconnaissance Helicopters planned to enter service from 2004-05;

- an additional squadron of troop-lift helicopters to provide extra mobility for forces on operations. These helicopters are planned to enter service around 2007;

- major upgrade of 350 of our MII3 Armoured Personnel Carrier fleet with the upgraded vehicles planned to enter service from around 2005;

- new shoulder fired guided weapon for key elements of the force to attack armoured vehicles, bunkers and buildings. This weapon is planned to enter service around 2005;

- improved body armour, weapons, night vision equipment and communications systems for all soldiers in deployable land forces;

- new air defence missile systems to supplement the existing RBS-70 and replace the existing Rapier systems, giving comprehensive ground based air defence coverage to deployed forces;

- twenty new 120mm mortar systems mounted in light armoured vehicles to improve mobile firepower planned to enter service.[17]

5.22   The *2000 White Paper* concluded that these and other capability developments 'constitute the most significant enhancements to Army's combat power in many years.'[18]

5.23   In relation to deployment and support for land forces, the *2000 White Paper* commented that 'Australia's amphibious lift capability is being substantially increased by the introduction into service of amphibious support ships, HMAS Manoora and Kanimbla.'[19] These two ships and the HMAS Tobruk are planned for replacement in 2015 and 2010 respectively. The *2000 White Paper* concluded that 'Australia's recently expanded amphibious lift capability will be retained at its present level of three major ships.'

5.24   The DCR noted that 'the Army and Navy have advised that the deployment requirements of the *2000 White Paper* would require greater lift capacity than that envisaged in the current DCP.'[20]The DCR stated:

> As a result, the Government proposes to enhance Navy's amphibious capability by replacing HMAS Tobruk with a larger amphibious vessel in 2010 and successively replacing the two

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17   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 82-83.

18   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 83.

19   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 83.

20   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

> LPA's HMA Ships Manoora and Kanimbla with a second larger amphibious ship and a sea lift ship.
>
> To help offset the costs of larger amphibious ships, the fleet oiler HMAS Westralia will be replaced through the acquisition of another operating but environmentally sustainable oiler which will be refitted in Australia. The substitute oiler, which is expected to be in service in 2006, is a less ambitious replacement than that envisaged by the *2000 White Paper*.[21]

5.25   Evidence to the inquiry supported the need for the ADF to have greater reach, sustainability, flexibility and real combat power. While Dr Dupont broadly supports this objective he argues that for much of the 1990s land forces were 'hollowed out.' Dr Dupont stated that in committing so much of the defence budget to the Navy and Air Force at the expense of the Army, the architects of our strategic doctrine pursued a policy that severely weakened the Army's capacity for force projection.'[22] Dr Dupont commented that 'a lot of the operations that I see taking place now—certainly in the last 10 years—and in the future are going to be focused on land operations with boots-on-the-ground capabilities.'[23]

5.26   In contrast to Dr Dupont's concern about Army capability, Defence responded:

> I would not completely agree that Army has been denuded in any way. When I look at force projection, or power projection, Army is never going to be in a position where it projects force in isolation. In the environment in which we are operating, it needs maritime and air cover. Where our maritime strategy takes us is being in a position to be able to provide that holistic capability.[24]

5.27   Future Directions International commented that because of the unpredictable strategic environment Australia needs 'to be able to project decisive combat capability over vast distances and therefore we need considerable reach and sustainability.'[25]

5.28   Dr Michael Evans suggested that the best arrangement for the ADF would be a structure like the United Stated Marine Corps where 'you have good light infantry, organic aviation to support them, and a very useful navy with a couple of organic carriers'.[26] This view was supported by

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21   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

22   Dr Alan Dupont, *Submission 19*, p. 1.

23   Dr Alan Dupont, *Transcript*, p. 139.

24   Mr Shane Carmody, *Transcript*, p. 313.

25   Mr Lee Cordner, Future Directions International, *Transcript*, p. 121.

26   Dr Michael Evans, *Transcript*, p. 63.

Commodore Alan Robertson who commented that 'power projection by Australia would see the need for the Australian Army to be reshaped on the lines of the US Marine Corps, trained in amphibious warfare, and organized into landing brigades.'[27]

5.29   Brigadier Jim Wallace commented that the ADF should have force projection capabilities in the form of hard defence and armour supported by air warfare destroyers.[28]

5.30   The need for amphibious capability and heavy lift was also supported. The Royal United Services Institute of Australia, NSW (RUSI) commented that Australia's 'amphibious operations capability is not that strong.'[29] Defence responded:

> With respect to amphibious lift, in the Defence Capability Plan there are some projects to replace the current LPAs, or landing platform auxiliaries. They are the amphibious ships. The DCP lists at least three of those. However, we are working at the moment with the Army to define exactly what it is that they want us to lift. Although we have done some work with the Army, we want to know exactly what it is when they say that they want to lift a brigade, move a battalion or support a battalion. Does it mean light infantry? Does it mean light infantry plus artillery pieces? How far does it go? There is a little bit of work to do there. The DCP has these three ships at the moment. They are replacements for the current ships: *Tobruk*, which according to the DCP is due to be replaced in 2010, and the two current LPAs—*Manoora* and *Kanimbla*—which are to be replaced in 2014 and 2015. There is a band of funding in the DCP for that worth between $1 billion and $2 billion.[30]

5.31   Mr Hugh White cautioned against amphibious operations and the related manoeuvre operations in the littoral environment (MOLE) concept. He commented that 'Australia's strategic objective ought to avoid having to undertake manoeuvre operations in a littoral environment if we possibly can, so I would still put a very high emphasis on the air and maritime denial task in the inner arc.'[31]

5.32   In relation to the size of the Army, some groups in evidence supported increasing the size of the Army from six to eight battalions. Mr Hugh White commented that 'the single area of greatest vulnerability, the area

27   Commodore Alan Robertson, *Transcript*, pp. 173-174.

28   Brigadier Jim Wallace, *Transcript*, p. 150.

29   Vice Admiral David Leach, RUSI, *Transcript*, p.220.

30   Department of Defence, Commodore Paul Greenfield, *Transcript*, p. 281.

31   Mr Hugh White, Director, ASPI, *Transcript*, p. 29.

where we are most likely to run out of the capability we need soonest, from the forces that were set out in the Defence Capability Plan, is in the availability of highly deployable light land force.'[32] Mr White concluded that an 'increase in the number of battalions, perhaps from six to eight, would be a very defensible step to take.'[33] Mr White estimated that the broad cost of a light infantry battalion, excluding costs like helicopters, would be about $150 million per year.[34]

5.33   Dr Dupont suggested that the Army could be increased in size by the addition of another brigade which is three battalions. He suggested that the establishment costs of this might be in the order of about $500 million.[35]

5.34   Professor Paul Dibb suggested that while there may be validity in addressing the capability and size of the Army, this should not be at the expense of 'other elements of what is a carefully balanced, high-tech force structure that is vital for keeping the knowledge edge over the region.'[36]

5.35   In relation to sustainment, the *2000 White Paper* states that the Government plans to structure the Army to ensure that we will be able to sustain a brigade deployed on operations for extended periods, and at the same time maintain at least a battalion group available for deployment elsewhere.'[37] The Army's sustainability model was scrutinised during public hearings. The model is not due for completion until late 2004. Defence noted that it had developed a Combat Force Sustainment Model which would enable Army 'using regular and some components of the reserves, to sustain a force of that nature and a concurrency force indefinitely.'[38]

Conclusions

5.36   Land forces are an essential part of a modern maritime strategy. They require combat weight, flexibility, lift capacity and a sustainable personnel base which will achieve capability objectives. Evidence to the inquiry suggested that through the 1990s the Army was under resourced and not provided with sufficient capability for it to perform its functions. The *2000 White Paper* sought to rectify this but more is required.

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32   Mr Hugh White, Director, ASPI, *Transcript*, p. 29.
33   Mr Hugh White, Director, ASPI, *Transcript*, p. 29.
34   Mr Hugh White, Director, ASPI, *Transcript*, p. 36.
35   Dr Alan Dupont, *Transcript*, p. 140.
36   Professor Paul Dibb, *Transcript*, p. 56.
37   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 80
38   Department of Defence, Lt-General Peter Leahy, *Transcript*, p. 25.

5.37   The November 2003 Defence Capability Review (DCR) has outlined a range of measures which seek to enhance the capability of the Australian Army. In particular, is the announcement that Australia's ageing Leopard 1 tanks will be replaced with modern main battle tanks (MBTs) such as the Leopard II or Abrams. On 10 March 2004 the Government announced that it would purchase 59 Abrams MBTs at a cost of $550million. The committee notes that the US intends to replace most of its Abrams MBTs by 2025. In addition, there are reports that under the Objective Force and Future Combat Systems (FCS) program, the US is intending to introduce a 'light, high speed, network-centric system of systems of which the first 'unit of action' is due to be fielded in the December 2010 timeframe.'[39]

5.38   The rationale given by Defence for the new tanks was to ensure that there was a combined arms approach to Army operations which encompasses infantry, armour, artillery engineers, and Army aviation in concert with other elements of the joint force. The combined arms approach is understood and there is clear evidence demonstrating that the use of armour as part of land operations increases effectiveness and helps reduces casualty rates.[40]

5.39   The committee questions whether there is a need, in the future, for Australian MBTs to be involved in an Iraqi type conflict. Australia made an effective contribution with niche forces as part of the operations in Iraq and Afghanistan. If Australia could have sent a tank squadron to Iraq, it is not clear what this contribution would have made to the totality of that war.

5.40   The prospect of moving a squadron of tanks half way round the world also raises questions of logistics. The MBTs will, for as long as they remain effective, require heavy lift support. The DCR announced that the Navy will be provided with replacement amphibious vessels which the committee assumes will have the capacity to transport the new MBTs. The first of these ships will not come on line until 2010 with second being provided by about 2015. That means the ADF will have to transport the new MBTs with existing heavy lift ships.

5.41   Up to this point the committee does not see the need to use Australia's proposed MBT's in Iraqi type conflicts. However, the use of Australia's MBTs in warlike peacekeeping operations in the region could have merit. During the East Timor operation, for example, the Army's 1st Brigade (Armoured) was on standby in Darwin in the event that the Leopard 1s

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39   *Jane's Defence Weekly*, 'Interview with Claude Bolton, Assistant Secretary of the US Army for Acquisition, Logistics and Technology', Vol. 40, Issue No. 15, 15 October 2003, p. 32.

40   Hall, Dr R. & Ross, Dr A. *Attacks on Prepared Defended Positions by Units of the First Australian Task Force, 1966-1971.*

were required. Fortunately they were not required but it is assumed that they would have performed the role required. The committee awaits advice from Defence about the circumstances and types of operations the new MBTs will be used for, and the logistics of moving the MBTs and operating them in complex terrain.

5.42 During the inquiry, a proposal was made to enlarge the Army by two to three battalions. The announced purchase of the MBTs will probably preclude an increase in the number of battalions. The committee, however, is more concerned that current land forces have their full personnel quota, personnel are adequately trained, and there is an effective sustainment model. The committee, as part of the report *From Phantom to Force*, identified shortfalls and hollowness in the Army's combat units and formations.[41]

5.43 The committee is still adamant that under strength units undermine Army capability and present a significant challenge for Army. This personnel challenge and the effectiveness of the Army sustainment model are critical. Army had not completed its sustainment model at the time this report was released. The committee will scrutinise the sustainment model as part of future Annual Report reviews.

5.44 Army sustainment is currently based on a two unit rotating model. This may prove viable for short term deployments, but for a long term deployment involving both a Brigade and a Battalion, the sustainment model could be compromised. Therefore, it is essential that Defence be able to demonstrate that its sustainment model could cope with the demands of an extended deployment consistent with guidance set out in the *2000 Defence White Paper.*

5.45 The Government has made a series of changes over the past few years to Reserve policy and, in particular, Army Reserves. The committee has consistently tried to track these changes and their impact. Given the importance of Army Reserves for the Regular Army and the Army sustainment model, a comprehensive statement on the role and function of Army Reserves is required. This statement should include information on, but not be limited to, Reserve:

- training;
- effectiveness;
- equipment and capabilities;
- readiness;
- transition to new functions;

41 Joint Standing Committee on Foreign Affairs, Defence and Trade, *From Phantom to Force, Towards a More Efficient and Effective Army*, August 2000, Chapter Six.

- blending with regular units; and
- detailed cost data.

Recommendation 3

5.46   **The Department of Defence should make a statement, subject to security requirements, outlining the Army sustainment model and providing the Parliament with reassurances that the model will be effective and will meet contingencies consistent with guidance provided in the 2000 Defence White Paper.**

Recommendation 4

5.47   **The Minister for Defence should make a statement outlining Army Reserves policy focusing on Reserve:**

- **training;**
- **effectiveness;**
- **equipment and capabilities;**
- **readiness;**
- **transition to new functions;**
- **blending with regular units; and**
- **detailed cost data.**

Air Combat and strike

Air superiority

5.48   One of Australia's key capabilities which, among other objectives, supports the defence of Australia is air superiority. The *2000 White Paper* states that 'control of the air over our territory and maritime approaches is critical to all other types of operation in the defence of Australia.'[42] Australia seeks to achieve combat air control through its fleet of 71 ageing F/A-18A aircraft. The *2000 White Paper* stated:

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42   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 84-85.

The Government believes that Australia must have the ability to protect itself from air attack, and control our air approaches to ensure that we can operate effectively against any hostile forces approaching Australia. The Government's aim is to maintain the air-combat capability at a level at least comparable qualitatively to any in the region, and with a sufficient margin of superiority to provide an acceptable likelihood of success in combat. These forces should be large enough to provide a high level of confidence that we could defeat any credible air attack on Australia or in our approaches, and capable to provide options to deploy an air-combat capability to support a regional coalition.[43]

5.49   There are a number of challenges to achieving these goals. First, the *2000 White Paper* identified the threat of emerging air combat capabilities that will 'over the coming decade' outclass the F/A-18 Hornet. The *2000 White Paper* commented that the F/A-18 is expected to reach its service life between 2012 and 2015. Second, is the ageing of the 707 air-to-air refuelling aircraft which are close to their effective life. In addressing these challenges, the *2000 White Paper* stated in relation to key initiatives:

- …we will proceed now to acquire four Airborne Early Warning and Control (AEW&C) aircraft, with the possibility of acquiring a further three aircraft later in the decade. The AEW&C will make a major contribution to many aspects of air combat capability, significantly multiplying the combat power of the upgraded F/A-18 fleet;

- …we have scheduled a major project to replace and upgrade our AAR capability. This project will acquire up to five new-generation AAR aircraft, which would have the capacity to refuel not only our F/A-18 aircraft but also our F-111 and AEW&C aircraft over a wide area of operations. These aircraft will also provide a substantial air cargo capability, and are planned to enter service around 2006;

- …the Government will examine options for acquiring new combat aircraft to follow the F/A-18 and potentially also the F-111. Provision has been made in the Defence Capability Plan for a project to acquire up to 100 new combat aircraft to replace both the F/A-18 and F-111 fleets. Acquisition is planned to start in 2006-07, with the first aircraft entering service in 2012.[44]

5.50   The DCR confirmed that the Air Force plans for the 'Joint Strike Fighter (JSF) aircraft, new Airborne Early Warning and Control (AEW&C) aircraft

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43   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 85.

44   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 86-87.

are in production and air-to-air refuelling aircraft are out to tender.'[45] It should be noted that a final decision to purchase the JSF has not been made and is not due until 2006. Further reference to the JSF is made in the knowledge that the Government will not make its final decision on the replacement aircraft for the F/A-18A and the F-111 until 2006. The decision by Australia to be part of the System Design and Development phase of the JSF has ended the competitive tender element phase 1A of Air 6000 which is the procurement replacement program for the F/A-18 and F-111 aircraft. The committee has previously examined Australia's participation in the JSF project as part of its *Review of the Defence Annual Report 2001-02.*

5.51   Australia's F/A-18As were the most capable fighter aircraft when they were introduced in the 1980s. However, this is no longer the case and other countries in the region are acquiring more capable fighter aircraft. In particular, the acquisition by regional countries of Russian made Sukhoi Su-27 and Su-30s (NATO designation Flanker).

5.52   The Su-27 has a large combat radius, excellent radar which provides for a formidable Beyond Visual Range (BVR) missile combat capability. It has advanced R-73 family dogfight missiles and Helmet Mounted Sight and 'is exceptionally potent in close-in air combat.'[46] The nearest Western equivalent to the Su-27 is the US F-15A/C. The Su-27 is considered more than a match for lightweight fighters such as the F/A-18A Hornet. Some of the countries that are acquiring Russian made Sukhoi aircraft are shown in Table 5.2.

5.53   The Su-30, which is a derivative of the Su-27, is an advanced strike fighter incorporating increased fuel capacity and thrust vectoring engines. It is reported that 'US Air Force and aerospace industry officials concede that the Su-30MK has consistently beaten the F-15C in classified simulations.'[47]

5.54   The purchase by countries in the region of platforms such as the Su30 take on less significance if they are not network centric and supported by force multipliers such as AEW&C and air-to-air refuellers. In addition, pilot skill must be factored into any assessment of competing capabilities. In view of the importance of force multipliers, some countries in the region, as shown in Table 5.2, are intending to purchase AEW&C and air-to-air refuellers thus multiplying the capability of their fighter and strike

45   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

46   Kopp, C., Submission to the Joint Committee of Public Accounts and Audit Review of Auditor-General's Report, 1999-2000, Third Quarter, Auditor-General Report No. 40, 1999-2000, *Tactical Fighter Operations*, p. 25.

47   *Asia-Pacific Defence Reporter*, ' Malaysia's air power capabilities to soar with Su-30MK/Super Hornet purchases, February 2003, p. 27.

aircraft. It should also be noted that in addition to the growing numbers of Su-27 and Su-30 aircraft in the region, there has also been a proliferation of Russian supersonic and subsonic air, sub and ship launched cruise missiles, and launch platforms such as Tu-142M Bear and Tu-22M-3 Backfire bombers which translate into significant power projection weapons.[48]

Table 5.2   Regional projected air-combat and strike capability

Country	Projected air combat and strike capability
India	By 2014, the Indian Air Force is expected to deploy around 180 Sukhoi Su-30MKI long range strike fighters.[49] India recently took delivery of its first Ilyushin Il-78MKI tankers equipped with three-point UPAZ hose/drogue systems. India has also ordered the Israeli Phalcon phased array AEW&C package, fitted to refurbished Russian Berieve A-50I (Il-78) airframes.[50]
China	By 2015 the People's Republic of China is expected to deploy around 250-300 Sukhoi Su-27SK/J-11 long range fighters. By 2010 the PRC's Air Force will deploy around 60 Sukhoi Su-30MKK long range strike fighters.[51] China has ordered the Russian A-50E AEW&C system. To date, China's only aerial refuelling capability resides in a small number of modified Tu-16/H-6B Badgers.[52]
Indonesia	Indonesia aims to field around 50 Sukhois by the end of this decade.[53]
Malaysia	Malaysia operates 18 MiG-29N Fulcrums, eight F/A-18Ds, and 16 legacy Northrop F-5E/Fs. A recent order has been placed for 15 Su-30MKMs.[54]
Singapore	Singapore's fighter fleet is a mix of 50 F-16A-D, 50 rebuilt MDC A-4SU Skyhawks, 18 TA-4SU trainers, a fleet of around 60 legacy Northrop F-5 variants. Singapore is intending to buy 20 new strike fighters. In contention for this role are the Boeing F-15T, Eurofighter Typhoon and Dassault Rafale. Singapore is currently the only nation in the region with an AEW&C capability operating four Grumman E-2C Hawkeye aircraft. Singapore has recently acquired a fleet of four KC-135R Pacer Crag Stratotankers.[55]

5.55   Appendix E provides comparative data for a range of air combat aircraft including the JSF F-35, F/A-18A HUG, Su-27K/30MK, F-111 and the F/22A Raptor. Defence maintains that, for example, with the full introduction of the JSF Australia will have air superiority in the region

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48   Dr C Kopp, Joint Committee of Public Accounts and Audit, Review of Auditor-General's reports, third and fourth quarters 1999-2000, *Transcript*, pp. 111-112.

49   Kopp, Dr C. '2014: The Regional Balance of Air Power', *Asia Pacific Defence Reporter,* February 2004, p. 22.

50   Kopp, Dr C. '2014: The Regional Balance of Air Power', p. 22.

51   Kopp, Dr C., Submission to the Joint Committee of Public Accounts and Audit Review of Auditor-General's Report, 1999-2000, Third Quarter, p. 13. *Jane's Defence Weekly*, ' India receives first Su-30MKIs', 24 July 2002, Issue No. 4, p. 26.

52   Kopp, Dr C. '2014: The Regional Balance of Air Power', p. 22.

53   Kopp, Dr C. '2014: The Regional Balance of Air Power', p. 25.

54   Kopp, Dr C. '2014: The Regional Balance of Air Power', p. 24.

55   Kopp, Dr C. '2014: The Regional Balance of Air Power', p. 24.

given known capabilities. The JSF has stealth capabilities, advanced sensors and network centric capabilities which will provide effective beyond visual range combat capabilities.

5.56   'Strike power' is about Australia's capabilities that enable it to attack hostile forces in their territory, in forward operating bases or in the approaches to Australia. This is the Air Force's key contribution to Australia's maritime strategy. Australia's key strike weapon is the F-111. The *2000 White Paper* commented that the 'Government's aim in the development of our strike capability to contribute to the defence of Australia by attacking military targets within a wide radius of Australia, against credible levels of air defences, at an acceptably low level of risk to aircraft and crew.'[56]

5.57   The *2000 White Paper* concluded that the Government has 'considered the future of our strike capability after the F-111 leaves service, expected to be between 2015 and 2020.'[57] The DCR revised down this projected in-service termination date to 2010. The DCR stated:

> In such circumstances, the Air Force has advised that by 2010 – with full introduction of the AEW&C aircraft, the new air-to-air refuellers, completion of the F/A-18 Hornet upgrade programs including the bombs improvement program and the successful integration of a stand-off strike weapon on the F/A-18s and AP-3C – the F-111 could be withdrawn from service. In other words, by that time the Air Force will have a strong and effective land and maritime strike capability. This will enable withdrawing the F111 a few years earlier than envisaged in the *White Paper*.[58]

5.58   Defence noted that its studies suggest that beyond 2010, the F-111 'will be a very high cost platform to maintain and there's also a risk of losing the capability altogether through ageing aircraft factors.'[59] The committee, as part of its review of the 2002-03 Defence Annual Report, conducted a public hearing on 4 June 2004 which examined in detail the Government's decision to retire early the F-111 and the implications arising from this decision. More information about this matter can be found in the committee's report entitled *Review of the 2002-03 Defence Annual Report,* and a separate committee statement which will comment on the evidence received at the 4 June 2004 hearing.

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56   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 92.

57   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 93.

58   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

59   Air Marshal Angus Houston, Chief of Air Force, Department of Defence, *Press Conference*, 7 November 2003.

5.59   In regard to alternative strike capability, Future Directions International commented that 'Australia should have some sort of cruise missile capability, for example, perhaps to replace the F-111s in due course.'[60]

Conclusions

5.60   Air combat and strike capability are a critical part of a modern maritime strategy. In relation to air combat, Australia's objective is to achieve air superiority in the region. Defence claims that with the introduction of force multipliers such as airborne early warning and control aircraft (AEW&C), and air-to-air refuellers (AAR) the F/A-18As, with upgrades, will remain competitive until the introduction of the Joint Strike Fighter (F-35) should it be selected in 2006. Notwithstanding this, Defence should carefully monitor the adequacy of its air superiority as Russian made fighters, such as the Sukhoi Su-30, proliferate in the region.

5.61   At the same time, Defence claimed, during the release of the DCR, that AEW&C and AAR will give the F/A-18s a strike capability together with the AP-3C Orion. That is, the F/A-18 and possibly the AP-3C will perform the current function of the F-111 when it is retired in 2010 instead of between 2015 and 2020 which was stated in the *2000 White Paper*. The committee has concerns about the viability of this option and it was further examined at a public hearing on 4 June 2004 as part of the committee review of the 2002-03 Defence Annual report. The issues arising from this hearing will be the subject of a further report to the Parliament.

5.62   As part of the 2004-05 Budget, the Government announced that it intends to purchase an additional two AEW&Cs. A total of six AEW&Cs could provide the capability to mount separate combat air patrols (CAP), at the same time, over distant regions such as the Pilbara, Timor Sea and Darwin. A CAP consist of from two to four fighter aircraft.

5.63   On 16 April 2004 the Minister for Defence announced that five new generation AARs will be acquired. This number could be inadequate to meet combat scenarios covering the Pilbara, Timor Sea and Darwin. Some reports have suggested that at least 12 to 16 heavy tankers would be required.[61]

5.64   The committee, therefore, recommends that the Government review the number of AAR aircraft that it will need to mount effective combat

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60   Mr Lee Cordner, Future Directions International, *Transcript*, p. 124.
61   Kopp, C. Submission to the Joint Committee of Public Accounts and Audit, *Report 382*, June 2001, p. 8.

operations. The committee is of the view that Defence may require more AARs than has currently been planned.

5.65   In relation to the possible use of AP-3C Orions as platforms for the use of stand-off strike weapons, the committee would caution against their use in all but the most benign of combat situations. They should not be used in theatres where they would be prey to a range of combat aircraft.

5.66   The first delivery of the proposed F-35 to Australia is planned to commence from 2012. There is, however, continued speculation within parts of the defence community that the delivery date of the JSF will be closer to 2017.[62] At the same time, there is concern that the F/A-18s may not reach their service life between 2012-2015. If there is any validity to these concerns, then it raises the possibility that Defence will need to invest in significant upgrades to existing platforms to extend their life or purchase or lease an interim aircraft.

5.67   The purchase or lease of an interim aircraft, off the shelf, poses a range of variables for Defence. If Australia did make such a choice, the cost could be excessive which ultimately could affect later purchase of the F-35 when they finally become available.

5.68   The major concern is that Defence's strategy for replacing the F/A-18 and F-111 are appearing less coherent. If the scenarios painted by the committee do come to realisation and, in particular, the JSF is not delivered until 2017 then Australia may not have air superiority or an adequate strike capability until then. The committee hopes that its reservations are unfounded but they cannot be ignored. There is also proliferation of cruise missiles which pose a significant threat, for example, to our Northwest shelf gas fields. Both China and India have cruise missile capability.

5.69   In conclusion, the committee recommends that the Government continues to examine air combat capabilities in the region, the cost of ongoing upgrades to the F/A-18 versus its fatigue and ageing, and then by 2006 make a statement about whether a transition fighter will be acquired prior to delivery of the F-35. The crucial challenge for Defence will be to determine as early as possible the likely delay in delivery of the F-35. Next they will need to determine whether it is more cost effective, and there is no capability loss, in extending the life of the current platforms versus the leasing of an interim aircraft. What ever the case, the Government should provide clear evidence that its solution will not result in a capability gap in what is the most important single capability for the defence of Australia.

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62   Caldwell, P. 'Defence Update, Defence Capability Plan', *Australian Aviation*, November 2003, p. 61.

5.70   The Government is not required to commit to the purchase of the F-35 until 2006. The Government should give consideration to purchasing some short take-off and vertical landing aircraft (STOVL).

5.71   In addition, the committee recommends that the Government by 2006 make a statement clarifying Australia's strike capability in the light of its decision to retire early the F-111.

Recommendation 5

5.72   **The committee recommends that the Department of Defence review the number of air-to-air refuelling (AAR) aircraft that it will need to mount effective operations. The committee is of the view that Defence may require more AARs than has currently been planned.**

Recommendation 6

5.73   **The committee recommends that the Department of Defence continues to examine air combat capabilities in the region and the cost of ongoing upgrades to the F/A-18A versus its fatigue and ageing. If the F-35 will not be available by 2012 then the Government should give cost details of prolonging the lifespan of the F/A-18A, and provide details on the range of options to maintain air superiority in the region.**

Recommendation 7

5.74   **The committee recommends that the Minister for Defence by 2006 make a statement clarifying Australia's strike capability in the light of its decision to retire early the F-111.**

Maritime forces

5.75   Australia's maritime forces give it the capability to 'deny an opponent the use of our maritime approaches, and allow us the freedom to operate at sea ourselves.'[63] The *2000 White Paper* commented that 'in our maritime strategic environment, the ability to operate freely in our surrounding

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63   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 88.

oceans, and to deny them to others, is critical to the defence of Australia, and to our capacity to contribute effectively to the security of our immediate neighbourhood.'[64]

5.76   Australia's maritime forces consist of:

■ a surface fleet including helicopters, support ships and amphibious lift;

■ submarines;

■ maritime patrol aircraft; and

■ mine counter measure units.

5.77   The *2000 White Paper* also points out that our maritime forces draw on the capabilities provided through our F/A-18s and F-111s.[65] The key capability goal 'for our maritime forces is to maintain an assured capability to detect and attack any major surface ships, and to impose substantial constraints on hostile submarines operations, in our extended maritime approaches.'[66]

5.78   In considering the major challenges to the goal of the maritime forces, the *2000 White Paper* identified the 'adequacy of ships' defences against the more capable anti-ship missiles that are proliferating in our region.'[67] The *2000 White Paper* indicated that a 'project now under way will provide such defences for the guided missile frigates (FFGs), but the ANZACs do not have adequate defences and have other significant deficiencies in their combat capabilities.'[68] The Government announced in late 2003 that it plans to upgrade the ANZAC ships with a reasonable level of anti-ship missile defences. In addition, when the FFGs are paid off from about 2013, they will be replaced 'by a new class of at least three air-defence capable ships.'[69]

5.79   The DCR confirmed that the Government will continue with its decision to purchase three new air warfare destroyers because their combat systems are planned to have the capability to track large numbers of aircraft at extended range and, in combination with modern air warfare missiles, simultaneously destroy multiple aircraft at ranges in excess of 150 kilometres. This capability will significantly increase the protection from air attack of troops being transported and deployed.. In addition, the DCR commented that the 'anti-ship missile defence projects currently being implemented will be complemented by the introduction of SM2 missiles to

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64   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 88.

65   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 88.

66   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 88.

67   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 89.

68   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 89.

69   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 90.

four of the Navy's guided missile frigates (FFGs).[70] The DCR noted a 'strong preference is to build the air warfare destroyers in Australia, which will provide significant work for Australia's shipbuilding industry.'

5.80   In relation to submarines, the *2000 White Paper* commented that the 'Government plans to bring all six Collins class submarines to a high level of capability by major improvements to both the platform and combat systems.'[71]

5.81   In relation to maritime surveillance, the DCR noted that 'the Air Force has plans for the acquisition of Global Hawk unmanned aerial vehicles and a replacement for the AP-3C under the further maritime patrol and response capability.'[72]

5.82   Evidence to the inquiry supported the need for platforms capable of enhanced surveillance and deployment through the region to defend Australia's interests.[73] In particular, the Air Warfare Destroyer was considered essential by a range of groups. Dr Michael Evans commented that 'the air warfare destroyers are very important for us because we lack organic naval aviation to give our forces cover.'[74] Similarly, the Australian Centre for Maritime Studies stated:

> If you are going to send 900 soldiers offshore you really have to provide for their air protection 24 hours a day and the only way that you can really do that is by having air defence capable vessels. That is where the destroyer fits into things. I believe that there is an enormous shortcoming in the concept of intervention if you cannot provide that, because it would just be too horrific to comprehend that a simple aircraft could take out and seriously damage one of those ships with all those people on it.[75]

5.83   The Navy League of Australia noted that while the air warfare destroyers were already in the DCP, they were concerned that they would not become available until between 2013 and 2015. In view of this, the League proposed that 'Australia should obtain from the United States by way of loan or lease ships able to provide the necessary capability.'[76]

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70   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

71   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 90.

72   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

73   Dr Alan Ryan, *Transcript*, p. 67.

74   Dr Michael Evans, *Transcript*, p. 61.

75   Mr Harold Adams, Australian Centre for Maritime Studies, *Transcript*, p. 112.

76   Commander Graham Harris, Navy League of Australia, *Transcript*, p. 256.

5.84   During the hearings the significant capabilities provided by aircraft carriers was discussed. Dr Michael Evans noted that if the ADF was operating in the archipelago to the north, it would be desirable to have some type of 'organic air cover.' He suggested that the solution is naval platforms capable of launching aircraft, and for refit requirements a number of these would be required.[77] Dr John Reeve discussed the merits of having an aircraft carrier but noted the significant cost impediments to acquiring them. Dr Reeve stated:

> Various states in our region have carriers. Obviously the Americans have very powerful carrier forces. Various states in our region, broadly speaking from the Indian Ocean to the Pacific, have acquired carriers or have indicated their interest in acquiring aircraft carriers. In an armchair sense, in an academic sense, that is an absolutely invaluable asset—an aircraft carrier—in having a true maritime strategy. The question is resources. I am not a procurement specialist or a financial specialist but I very much doubt whether this country could afford a modern fixed-wing strike carrier.[78]

5.85   On the latter point of cost, Mr Alastair Cooper noted the power of aircraft carriers but concluded that Australia would 'forgo too much to be able to have an aircraft carrier as they are currently conceived.'[79]

Conclusions

5.86   As part of the inquiry, the key maritime capabilities that were examined include amphibious lift, the protection and capability provided through the provision of air warfare destroyers, and the capability provided through an aircraft carrier. In addition, while the role of the Collins Class submarines was not discussed in detail, the committee fully supports the ongoing role provided through submarine capability.

5.87   The proposed acquisition of three air warfare destroyers is fully supported. These will provide a high level of protection against air attack and ensure Australian forces are adequately protected. The only concern is that the air warfare destroyers will not become available until about 2013. The Government should explain what alternative type of area protection it will provide particularly for disembarking land forces.

5.88   In the previous conclusions, the committee suggested that if the Government, in 2006, confirms the decision to purchase the F-35, it should

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77   Dr Michael Evans, *Transcript*, p. 62.

78   Dr John Reeve, *Transcript*, p. 105.

79   Mr Alastair Cooper, *Transcript*, p. 188.

consider purchasing some short take-off and vertical landing aircraft (STOVL). This could provide the ADF with some organic air cover while it is engaged in regional operations. It is assumed that the F-35 STOVL version will be able to meet its design specifications. The committee is aware of reports that the STOVL version is subject to weight problems.

5.89   In relation to maritime surveillance, the impending use of uninhabited air vehicles (UAVs) such as Global Hawk is fully supported. This type of capability offers real advances in efficiency and surveillance time.

Recommendation 8

5.90   **The Government's decision to purchase three air warfare destroyers for delivery by about 2013 is supported.**

The Department of Defence, however, should explain how adequate air protection will be provided to land and naval forces before the air warfare destroyers are delivered in 2013.

Recommendation 9

5.91   **If in 2006 the Government confirms that it will purchase the Joint Strike Fighter (F-35) then it should consider purchasing some short take-off and vertical landing (STOVL) F-35 variants for the provision of organic air cover as part of regional operations.**

Interoperability and niche operations

5.92   The ADF, as part of a variety of coalition operations, is increasingly asked to operate with the defence forces of other nations. When the ADF operates with key allies such as the US there are advantages in having levels of interoperability. This matter was examined as part of the inquiry. Dr Alan Ryan explained that 'interoperability' was the ability to exchange services and products and to conduct operations on a perfectly integrated scale.[80]

5.93   Achieving interoperability can be a significant challenge not just between the forces of different countries but sometimes between forces of the same

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80   Dr Alan Ryan, *Transcript*, pp. 73-74.

country. Dr Ryan notes that during operations in Somalia in 1993-94 US Marines could not communicate with US Army forces.[81]

5.94   In relation to the ADF's capability to interoperate with US forces, Dr Ryan suggested that there are difficulties but nevertheless, there should not be a preoccupation with trying to achieve perfect interoperability. The RSL noted that 'as the technology gap between the war-fighting equipment operated by Australia's Navy, Army and Air Force and that operated by our most powerful allies widens, the ability of the ADF to be interoperable with allied forces lessens.'[82] The RSL concluded that 'the ADF when combined with the forces of powerful allies, such as in our recent involvement in Iraq, the capability limitations of our Defence Force are such as to preclude all but very small combat operations when acting alone.'[83]

5.95   Defence was more positive about the ADF's ability to interoperate. In particular, Defence noted that Australia 'will become more interoperable when we have the AEW&Cs.'[84] In addition, Defence claimed that the level of Air Force interoperability 'is quite effective, as it is for ground forces.'[85] Defence stated:

> I think we have demonstrated in all of the environments an ability to be interoperable with the United States and also with other allies and friends. There is our experience in East Timor. I know the naval experience in the Northern Arabian Gulf is not only with the United States. I think we have credible levels of interoperability. It is an important task as we look to the future and at changes in the strategic environment, and coalition operations will become increasingly the norm, so there is a requirement on us to ensure we can be interoperable—not only with the United States but with friends and allies from regions and globally.[86]

5.96   Australia's contribution to operations in Afghanistan and in Iraq demonstrated that the ADF can make an effective contribution through niche forces. This matter was examined during hearings. Brigadier Jim Wallace stated:

> We hear talk of niche capabilities. I have been arguing this for years. It is a great frustration to me. If we are going to do this

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81   Dr Alan Ryan, *Transcript*, p. 74.

82   Rear Admiral Ken Doolan, Returned and Services League, *Transcript*, p. 332.

83   Rear Admiral Ken Doolan, Returned and Services League, *Transcript*, p. 332.

84   Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 323.

85   Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 323.

86   Lt-General Peter Leahy, Chief of Army, *Transcript*, p. 26.

within budget, or within a slightly increased budget, then we need to acknowledge that what we are talking about in niche capabilities are capabilities in each service which can be provided safely to a high level of conflict and which, first of all, provide back, in defence of Australia—if we ever had to do it—a force multiplier.[87]

5.97　The Royal United Services Institute (RUSI) of Australia (NSW) commented that 'it is no good having niche capabilities if you have not got the standard capabilities' for such things as 'the defence of Australia, the maritime strategy and the ability to deal with the sea-air gap.'[88]

Conclusions

5.98　A key part of being able to operate effectively in coalition operations is the need for effective interoperability. The evidence suggests that it is probably unrealistic for the ADF to aim for perfect interoperability with our allies, particularly the US. Defence claims that in a range of environments it has demonstrated the capability to be interoperable with the US and other allies. However, other groups argued that as the gap in war fighting equipment between the US and Australia widens so does the level of interoperability. It is a demanding challenge for Australia to achieve interoperability because of rapid developments in technology. Nevertheless, Australia must focus on those areas where it considers interoperability essential.

5.99　The matter of interoperability requires further examination. The committee, therefore, will scrutinise this matter further as part of its new inquiry into Australia's defence relations with the US. The issue of interoperability between Australia and the US is included in the terms of reference which are reproduced at Appendix D.

5.100　In relation to the ADF's increasing use of niche forces for contributions to overseas operations such as the Afghanistan and Iraqi conflicts, the committee supports the use of niche forces as part of broader coalition operations. For example, Australia's special forces, air traffic controllers, clearance divers and medical teams have made significant contributions as part of recent coalition operations.

87　Brigadier Jim Wallace , *Transcript*, p. 150.
88　Vice Admiral David Leach, RUSI (NSW), *Transcript*, p. 223.

6

Maritime civil and industry issues

Introduction

6.1   The examination of Australia's maritime strategy branched over to a range of matters which are indirectly related to defence issues. This chapter brings together a broad discussion of these matters. For example, Australia's strategic interests are driven, in part, by the need to protect, monitor and control our 200 nautical mile (nm) economic exclusion zone (EEZ). In addition, Australia is reliant on shipping for a large proportion of its international trade. The maintenance of sea lines of communication (SLOCs) are essential to this trade. The first section of the chapter will explain in more detail the importance of Australia's ocean wealth, the maintenance of trade routes, and the role that Defence and other agencies have in monitoring and protection.

6.2   Defence in delivering a maritime strategy may need the support of merchant shipping to achieve its objectives. In particular, merchant shipping is often used to assist with heavy lift and re-supply. The point was made during evidence that there has been a decline in the size of Australia's merchant fleet together with a series of government regulations that are inhibiting the industry. These claims will be examined in the second part of this chapter.

6.3   The final part of the chapter provides a general discussion of issues relating to the Australian defence industry.

Australia's maritime economic and strategic interests

6.4   Australia's sovereign rights extend to the 200nm EEZ and the edge of the continental shelf which can extend out to about 350nm from the coast. In addition, Australia's island territories and their EEZ extend from Cocos and Christmas Islands in the Indian Ocean to Lord Howe and Norfolk Islands in the Pacific Ocean, through to Heard, Macdonald and Macquarie Islands and the Australian Antarctic Territory in the Southern Ocean. Australia's maritime jurisdictional area comprises more than eight million square nautical miles or almost 16 million square kilometres.[1]

6.5   The EEZ is an important source of resources including gas and oil reserves and fishing production. Australia, for example, depends upon offshore oil production for much of its domestic petroleum production. The Royal Australian Navy concluded that 'Australia's EEZ is one of the largest in the world and its surveillance and protection are placing increasing demands upon national resources.'[2]

6.6   In addition, to the protection and surveillance of the EEZ, Australia's international trade is heavily influenced by sea transport. Defence concluded that 'Australia is heavily reliant on the maritime environment for its national survival and economic well being.'[3] The Royal Australian Navy's Australian Maritime Doctrine states:

> The sea remains the primary and far and away the most cost-effective means for the movement of international trade, both by value and weight. In Australia's case, more than 70 per cent of our exports and imports go by sea in terms of value and well over 95 per cent by bulk. Although Australia is largely self sufficient for most resources, it is increasingly dependent upon petroleum imports to meet domestic demand, maintenance and expansion of export trade, while essential manufactured goods, industrial tools and high technology equipment are amongst our imports. Coastal shipping not only plays a substantial role in Australia's domestic transport network, but its free movement is also essential to the survival of many cities and towns in the north.[4]

6.7   Defence reported that 'all of Australia's international trade passes through our maritime approaches, most passing through the strategic choke points of Southeast Asia' including Malacca, Singapore, Sunda, Lombok and

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1   Royal Australian Navy, *Australian Maritime Doctrine*, 2000, p. 12.
2   Royal Australian Navy, *Australian Maritime Doctrine*, 2000, p. 15.
3   Department of Defence, *Submission 29*, p. 2.
4   Royal Australian Navy, *Australian Maritime Doctrine*, 2000, p. 14.

Sumba straits.[5] Defence concluded that the 'most important trade routes for Australia are those with the countries of the Asia-Pacific region, where the overwhelming bulk of our international trade occurs.'[6]

6.8   The following sections examine some of the challenges of monitoring and protecting sea line of communication, and providing coastal surveillance closer to Australian shores primarily through Coastwatch.

Sea Lines of Communication (SLOCs)

6.9   In view of the large quantities of trade by volume and value which are transported by sea, the monitoring and security of sea lines of communication (SLOCs) is essential. The threats to SLOCS can be both from military and non-military sources. Military threats include actions arising from conflicts between countries and the use of sea mines. Non-military threats arise from natural disasters, accidents and piracy.[7]

6.10   Some of the key SLOCs in the ASEAN and East Asian region include the South China Sea, the Straits of Malacca, the Straits of Singapore, Sunda and Lombok. It is estimated that over half of the world's merchant fleet sails through these straits and the South China sea. On average, more than 200 ships a day pass through the Straits of Malacca.[8]

6.11   During the inquiry, a range of groups stressed the importance of maintaining the security of SLOCs. The Australian Maritime Defence Council (AMDC) stated:

> As you are aware, the maritime industry is crucial to Australia's transport task for both interstate and international trade and the supply of essential goods. Given Australia's geographic isolation from its major trading partners, uninterrupted and secure sea lines of communication are essential to our economic prosperity and security. In the current strategic environment, the likelihood of armed conflict on Australian soil or in proximate Australian waters appears remote. However, should this occur, there would likely exist a requirement to ensure the supply of raw materials for manufacturing, both domestically and to our allies, in addition to the imperative to sustain Australia's export income.[9]

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5   Department of Defence, *Submission 29*, p. 2.
6   Department of Defence, *Submission 29*, p. 2.
7   Weeks, S., 'Sea Lines of Communication, Security and Access,' in Bateman, S. & Bates, S. (eds.), *Shipping and Regional Security*, CSCAP and Canberra Papers on Strategy and Defence No. 129, Canberra 1998, p. 33.
8   Weeks, S., 'Sea Lines of Communication, Security and Access', p. 33.
9   Rear Admiral Rowan Moffitt, Chairman, AMDC, *Transcript*, p. 82.

6.12   During the public hearings, the focus on SLOCs was not just on how critical they are to the national economy but how best they can be monitored and protected. The Returned and Services League, in relation to the maintenance of SLOCs, commented that 'National strategic weaknesses and the means by which the nation might circumvent, ameliorate or overcome them also need to be included in Australia's maritime strategy.'[10]

6.13   Defence acknowledged the importance of shipping to Australia's economy but placed limitations on the level of protection that could be provided. Defence stated:

> The employment of ADF maritime assets in the protection of shipping would be quite selective. Our efforts would likely be devoted to the protection of strategically important cargoes.[11]

6.14   It was acknowledged by a range of groups that there are significant challenges to providing comprehensive protection of SLOCs. In particular, the types of offensive capabilities that could be used could pose the major problem. Dr John Reeve suggested that in responding to threats to SLOCs it would be necessary 'to have area defence which, in today's naval warfare, involves air warfare capability.'[12] Similarly, Commodore Alan Robertson indicated that Australia 'would be deficient in areas where an aggressor had long-range aircraft and could launch antishipping missiles.'[13]

6.15   Dr Alan Dupont suggested that it was impractical for one country alone to expect that it can monitor and protect SLOCS. Dr Dupont, however, suggested that there was more that could be done through joint operations and regional cooperation. Dr Dupont stated:

> I see a lot more scope for joint operations and regional cooperation to defend sea lanes in South-East Asia, for example. I think there is more that can be done there in terms of counter-piracy. There is a range of things that we can do in conjunction and cooperation with others that will help bring about the sorts of control of the sea lanes that we want, or protection of them. I do not think it is necessary for us to think in terms of projecting our maritime capabilities further afield than that initial area; I think it is beyond our capabilities.[14]

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10   Rear Admiral Ken Doolan (Retd), *Transcript*, p. 332.

11   Department of Defence, *Submission 29*, p. 11.

12   Dr John Reeve, *Transcript*, p. 102.

13   Commodore Alan Robertson (Retd) , *Transcript*, p. 176.

14   Dr Alan Dupont, *Transcript*, p. 143.

6.16   Similarly, Dr John Reeve supported this view with the comment that the protection of SLOCs is 'best tackled at the international level in terms of cooperation with our maritime friends and allies.'[15] Dr Reeve concluded that monitoring and protection of SLOCs 'is a constabulary duty and is not one which can adequately be policed by a single power.'[16]

Coastwatch

6.17   A range of government agencies have an interest in managing and providing security for Australia's maritime environment. Coastwatch has the responsibility for managing Australia's offshore and coastal surveillance. Coastwatch provides:

> …air and marine based civil and surveillance and response services to a number of government agencies. The aim is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.[17]

6.18   The key government agencies served by Coastwatch include the:

- Australian Customs Service;
- Australian Federal Police;
- Australian Maritime Safety Authority;
- Australian Quarantine and Inspection Service;
- Department of Foreign Affairs and Trade;
- Department of Immigration and Multicultural Affairs;
- Environment Australia; and
- the Great Barrier Marine Park Authority.[18]

6.19   Coastwatch, in providing its services, employs civilian aircraft contractors, and 'is also able to call upon Defence assets such as P3-C Orion surveillance aircraft and Fremantle Class Patrol Boats, and vessels of the Customs National Marine Unit.'[19]

6.20   The objectives of Australia's maritime surveillance and enforcement regime is designed to achieve the following broad objectives:

- sovereignty enforcement and picture compilation;

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15   Dr John Reeve, *Transcript*, p. 102.
16   Dr John Reeve, *Transcript*, p. 102.
17   Australian Customs Service, *Annual Report 1999-2000*, p. 5 – cited in Joint Committee of Public Accounts and Audit, *Review of Coastwatch, Report 384*, August 2001, p. 1.
18   Joint Committee of Public Accounts and Audit, *Review of Coastwatch, Report 384*, p. 2.
19   Joint Committee of Public Accounts and Audit, *Review of Coastwatch, Report 384*, p. 2.

- sustainment and protection of the EEZ, monitoring of foreign fisheries activity, and licence enforcement;

- detection of illegal trafficking and smuggling of drugs;

- monitoring of the environment and resource protection;

- detection of illegal immigration and refugee protection;

- detection of illegal activity and quarantine breaches;

- enforcement of national marine park protection;

- monitoring any other breaches of Commonwealth or state laws; and

- enhancement of security through regional engagement.[20]

6.21   Defence is a service provider to Coastwatch through the provision of key surveillance assets such as RAAF aircraft and RAN patrol boats. In addition, Defence shares military intelligence with Coastwatch.[21]

6.22   In 2001 the Joint Committee of Public Accounts and Audit (JCPAA) undertook a review of Coastwatch functions. The JCPAA noted that an interdepartmental committee examination of patrol requirements of the Southern Ocean in 1997 concluded that 'Coastwatch or the RAN did not possess any marine vessels capable of undertaking interception and/or surveillance activities' of the region 'on a protracted basis.'[22] In responding to this shortfall, Customs advised that government funding had been provided up to 2003 'to charter a civilian vessel to carry out fisheries enforcement activities.'

6.23   Illegal fishing in the Southern Ocean, particularly illegal fishing of the Patagonian Tooth Fish, is an increasing problem. This was recently highlighted in August 2003 by the 3 900 nautical mile pursuit of the Uruguayan-flagged vessel *Viarsa 1* by the Australian Customs and Fisheries patrol vessel *Southern Supporter*.

6.24   In view of the challenges in patrolling the Southern Ocean, the JCPAA recommended that 'Defence should investigate, with subsequent advice to the Government, the cost of acquiring and outfitting a vessel to patrol the Southern Ocean and other remote areas, and the feasibility of mounting joint patrols of the Southern Ocean with other countries with an interest in the region.'[23] The Government, in its response, supported this recommendation and stated:

20   Bergin, A., 'Australia', in Bateman, S., & Bates, S (eds.), *Regional Maritime Management & Security*, CSCAP and Canberra Papers on Strategy and Defence No. 124, Canberra 1998, pp. 7-8.

21   Joint Committee of Public Accounts and Audit, *Review of Coastwatch, Report 384*, p. 49.

22   Joint Committee of Public Accounts and Audit, *Review of Coastwatch, Report 384*, p. 110.

23   Joint Committee of Public Accounts and Audit, *Review of Coastwatch, Report 384*, p. 113.

Work is currently being undertaken by Defence and other relevant agencies, to assess the threat and risk to Southern Ocean fisheries and identify the infrastructure necessary to establish response options. As part of that process, and in the context of the Heard and Mcdonald Islands Operational Group, the various response options, including the requirements for a vessel to patrol the Southern Ocean and other remote areas will be produced. This requirement will be the basis on which Defence and other relevant agencies will determine the size, type and characteristics of the required vessel, and therefore its cost.[24]

Australia's Oceans Policy

6.25   Australia has a detailed *Oceans Policy*. It seeks to promote 'ecologically-sustainable development of the resources of our oceans and the encouragement of internationally competitive marine industries, while ensuring the protection of marine biological diversity.'[25] Volume 2 of the *Oceans Policy* provides detail on specific sectoral measures and, in particular, details the role of defence in protecting Australia's national interests and sovereign rights. The *Oceans Policy* states:

Australia's Strategic Policy defines the defeat of attacks against Australia's territory 'as our core force structure priority'—it is the focus of all our Defence activities. The Strategic Policy also advances the need for strategic control, to ensure that potential aggressors are not able to cross our marine jurisdictions.

It is the Australian Defence Force's (ADF) task to safeguard these areas, to control our maritime approaches and to exercise and protect Australia's sovereignty and sovereign rights.[26]

6.26   The ADF contributes the following range of tasks which contribute to the national *Oceans Policy*:

- preparedness and contingency planning;

- maritime surveillance and response;

- fisheries law enforcement;

- search and rescue;

- hydrographic services; and

- the Australian Oceanographic Data Centre.[27]

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24   JCPAA Report No. 384, Review of Coastwatch, *Response by Government*, 19 September 2002, pp. 4-5.

25   Environment Australia, *Australia's Oceans Policy, Vols. 1*, 1998, p. 2.

26   Environment Australia, *Australia's Oceans Policy, Vols. 2*, 1998, p. 37.

6.27   The Centre for Maritime Policy (CMP) at the University of Wollongong, in evidence to the inquiry, noted that 'although maritime strategy should be congruent with other elements of national policy, *Defence 2000* makes no reference to Australia's *Oceans Policy* that provides a policy framework for considering maritime issues in Australia.'[28]

6.28   The CMP notes that the *Oceans Policy* 'is also significant for maritime strategy because it proposes a leadership role for Australia in helping to ensure that international ocean management regimes are effectively implemented in the oceans around Australia.'[29] The *Ocean Policy* states that 'Australia should provide leadership regionally and internationally in the management of our oceans, recognising the possibility that national activities may have effects on the marine jurisdictions of neighbouring countries.'[30]

6.29   In view of the status and importance of *Australia's Oceans Policy*, the CMP made the point that more recognition was required in Australia's maritime strategy. The CMP stated:

> …our maritime strategy should specifically recognize the significance of maritime interests in the region and the potential for Australia both to play a leadership role, particularly in the South Pacific, and to assist regional countries with building their capacity to manage their own maritime interests. In this way, Australia will make a major contribution to regional stability and help prevent threats arising.[31]

6.30   The CMP, in noting the regional leadership role Australia could play, commented that the 'Pacific Patrol Boat Program is an excellent example of what Australia can achieve with regional leadership and capacity building.'[32] The CMP, however, believed that the 'current program of occasional surveillance flights in the South Pacific by the RAAF, RNZAF, US Coast Guard and French military is a less than adequate response to the needs of Pacific island countries and the region generally for aerial surveillance.'[33] The CMP commented on a possible option that would lead to enhanced regional surveillance:

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27   Environment Australia, *Australia's Oceans Policy, Vols. 2*, 1998, p. 37.

28   Centre for Maritime Policy (CMP) at the University of Wollongong, *Submission 8*, p. 5.

29   Centre for Maritime Policy (CMP) at the University of Wollongong, *Submission 8*, p. 5.

30   Environment Australia, *Australia's Oceans Policy, Vols. 1*, Appendix 1, 1998, p. 40.

31   Centre for Maritime Policy (CMP) at the University of Wollongong, *Submission 8*, p. 6.

32   Centre for Maritime Policy (CMP) at the University of Wollongong, *Submission 8*, p. 6.

33   Centre for Maritime Policy (CMP) at the University of Wollongong, *Submission 8*, p. 6.

> While P3C aircraft are an expensive option for maritime surveillance, we could explore the opportunity for Australia, perhaps in cooperation with New Zealand, to establish a regional air surveillance unit, possibly using Dash-8 aircraft similar to those operated under contract to Coastwatch. Similarly a regional "Oceanguard" could be considered using vessels with better seakeeping and endurance than the existing Pacific Patrol Boats.[34]

6.31   Support for a wider oceans policy that takes into account the needs of countries in Oceania or the South Pacific Ocean has received support from other sources. As part of the visit to New Zealand in April 2003, the committee met with the Institute of Policy Studies and Centre for Strategic Studies. The context of these meetings was noted in the committee's report.[35] In particular, the committee noted that an oceans policy for Oceania was examined by Mr Peter Cozens in a paper presented to a meeting in Canberra of the Council for Security Cooperation in the Asia Pacific (CSCAP) during August 2002. Mr Cozens concluded:

> An Oceans Policy for the countries of Oceania is a matter of great strategic significance. The international dimension includes geo-political implications for the metropolitan powers of Australia, France, and New Zealand in particular. As northern hemisphere nations examine opportunities to exploit primary resources of fish and minerals, there is an obvious consideration to assist the states of Oceania to protect their national interests and sovereign rights as they plainly do not have the infrastructure and resources to do so.[36]

Conclusions

6.32   Australia's economic exclusion zone is vast and provides a wealth of resources including gas and oil reserves and fish stocks. Defence concluded that Australia is heavily reliant on the maritime environment for its economic well-being. It is a significant challenge for Australia to provide surveillance and protection of its EEZ which is one of the largest in the world.

6.33   In addition to managing our EEZ, Australia is reliant on sea transport and unhindered sea lines of communication (SLOCs) for much of its international trade. In view of the large quantities of trade by volume and

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34   Centre for Maritime Policy (CMP) at the University of Wollongong, *Submission 8*, p. 6.

35   Joint Standing Committee on Foreign Affairs, Defence and Trade, *Report of the 2003 New Zealand Parliamentary Committee Exchange, 6-11 April 2003*, June 2003, pp. 56-59.

36   Cozens, Peter, 'Security in Oceania – An Oceans Policy?*' IPS Policy Newsletter*, No. 71, November 2002, p. 18.

value which are transported by sea, the monitoring and security of SLOCs is essential. It is not possible for one country alone to comprehensively manage and provide security for SLOCS. It was suggested in evidence that more could be done, through joint operations and regional cooperation, to manage the security of SLOCs. The committee agrees with this view and recommends that the Government outline its progress with joint operations and regional cooperation to enhance the security and protection of vessels using sea lines of communication (SLOCs).

6.34   Australia has an Oceans Policy which seeks to promote 'ecologically sustainable development of the resources of our oceans and the encouragement of internationally competitive marine industries, while ensuring the protection of marine biological diversity.' The *Oceans Policy* refers to the role of Defence in protecting Australia's national interests and sovereign rights.

6.35   The point was made in evidence that the *White Paper* makes no reference to the *Oceans Policy*. The committee agrees, that in the context of Australia's defence maritime strategy it is essential to refer to and acknowledge broader maritime issues. It is essential that maritime strategy be explicitly linked with other aspects of national policy. This is an example of why the committee argues for a national security policy in chapter two. In relation to this point, the committee recommends that when the Government develops a new Defence *White Paper*, it should ensure that the maritime strategy includes clear and explicit reference to Australia's *Oceans Policy*.

6.36   While Australia has an *Oceans Policy*, the point was made in evidence that the countries of the South Pacific could all benefit if there was a regional oceans policy. Australia's Oceans Policy notes that 'Australia should provide leadership regionally and internationally in the management of our oceans, recognising the possibility that national activities may have effects on the marine jurisdictions of neighbouring countries.' The committee recommends that the Government provide a report to Parliament outlining its progress with helping to develop a regional Oceans Policy.

Recommendation 10

6.37   **The committee recommends that the Government outline its progress with joint operations and regional cooperation initiatives which seek to enhance the security and protection of vessels using sea lines of communication (SLOCs).**

Recommendation 11

6.38   **The committee recommends that when the Department of Defence develops a new Defence *White Paper*, it should ensure that the maritime strategy includes clear and explicit reference to Australia's *Oceans Policy* and explains its interrelationship with Defence policy.**

Recommendation 12

6.39   **The committee recommends that the Government provide a report to Parliament outlining its progress with helping to develop a regional *Oceans Policy*.**

Merchant shipping

6.40   Merchant shipping has, historically, provided nations with essential capability to support their defence objectives. For example, during World War II, Britain was reliant on merchant shipping for re-supply. During the Falklands War, Britain once again relied upon merchant shipping for the supply of essential equipment and movement of troops. In both of these examples, merchant shipping was targeted by adversaries in order to undermine Britain's war effort.

6.41   In the Australian context, merchant shipping played a role in the ADF's operations in East Timor beginning in 1999. This involved the provision of heavy lift capability for troops, equipment and supplies.

6.42   The Australian-flag shipping fleet consists of around 56 trading vessels of which about 45 are major ocean-going trading ships. The Australian Shipowners Association (ASA) commented that 'most of the Australian-flag fleet is now deployed in domestic trades, the international trading fleet having been for the most part transferred to foreign flags under foreign ownership under which such vessels may or may not be subject to Australian control.'[37]

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37   Australian Shipowners Association, *Submission 10*, p. 2.

Use of merchant shipping for defence purposes

6.43   Evidence to the inquiry suggested that Australia's declining merchant fleet and crews, and disincentives to expansion, could result in the ADF being over reliant on foreign flagged ships. The consequences of this could include less opportunity to requisition ships, and the need to rely more on foreign flagged ships. The Australian Maritime Defence Council (AMDC) stated:

> The declining levels of indigenous ship ownership and suitably trained personnel may increase Australian reliance upon foreign-owned and crude vessels for heavy sea-lift tasks beyond the capacity of present naval forces. It should, therefore, be recognised that it may be more difficult for the Australian government to requisition foreign-owned assets as compared with domestic.[38]

6.44   Commodore Alan Robertson indicated that he would like to see 'as part of our maritime strategy a revival of Australian coastal and international shipping.'[39] Future Directions International acknowledged the support of merchant shipping to support defence objectives but noted that the issue of foreign flagged shipping was a problem around the world. Future Directions International stated:

> In terms of foreign owned merchant shipping, I think that is an issue. However, these days, flags of convenience predominate all over the world. There are very few nations these days that have a significant shipping line of their own; most shipping is genuinely international and proceeds internationally. The priority for us as a nation is to ensure that we do all we can to provide a secure environment so that trade can flow and prosper. That is a strategic answer, not a local answer, of course.[40]

6.45   The Maritime Union of Australia (MUA) suggested that it was a lack of coherent policy in a range of regulatory areas which was leading to a decline in the Australian merchant fleet. The MUA acknowledged that it was important to provide competitiveness but a variety of industry policy was restricting incentive. The MUA stated:

> You cannot divorce defence from the interests of the merchant navy. There are certainly issues of competitiveness—no-one is questioning that. As the National Secretary of the Maritime Union of Australia, I understand that we have moved on a little and that there is a need for competitiveness. However, competitiveness

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38   Rear Admiral Rowan Moffitt, Chairman, AMDC, *Transcript*, p. 83.
39   Commodore Alan Robertson, *Transcript*, p. 182.
40   Mr Lee Cordner, Future Directions International, *Transcript*, p. 130.

> must be within the parameters of Australian industry, Australian security, Australian regulations, Australian taxation, Australian corporate taxation, Australian employee taxation, the Australian Migration Act and the Australian Customs Act. We are virtually destroying our merchant navy through lack of policy; we are effectively inviting flag of convenience shipping in. There are clear advantages to using those ships in the short term: they avoid tax, they have no corporate accountability and they are only operating from those countries in order to avoid any scrutiny or regulation. All those things give them a short-term advantage in freight rates—but even then, if you measure the advantage their freight rates offer in comparison to Australian shipping freight rates, that advantage is minimal. It is no more than about five per cent.[41]

6.46   Defence indicated that it values having a strong relationship with the merchant navy, however the level of support that should be provided to the industry to achieve a defence benefit is extremely difficult.[42] Defence indicated that, in response to the East Timor operations, it achieved its heavy lift requirements through a successful chartering program. Defence stated:

> The Shipping capacity sought by the ADF was able to be sourced from civilian resources. To support the ADF operation in East Timor, the critical issue was to be able to guarantee strategic lift capacity early in the planning process. To meet planning lead times, charters were generally secured in less than a week. The chartered ships may then not have been required to arrive at the port of embarkation for a further month.[43]

6.47   In relation to the provision of merchant shipping for the East Timor operation, the MUA noted that 'as it turned out, the merchant fleet backup was in part supplied by Indonesian seafarers.'[44]

Regulatory issues

6.48   A number of groups, in evidence to the inquiry, suggested that a range of government regulations were impeding the shipping industry. The AMDC stated:

> The Australian merchant fleet is relatively small and the number of ships on the Australian shipping register has fallen significantly

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41   Mr Paddy Crumlin, Maritime Union of Australia, *Transcript*, p. 211.
42   Commodore James Goldrick, Department of Defence, *Transcript*, p. 278.
43   Department of Defence, *Submission 37*, p. 1.
44   Maritime Union of Australia, *Submission 12*, p. 2.

during the last decade. The view of the Australian shipping industry is that it remains subject to a legislative regime which renders it uncompetitive with its foreign competition in coastal trade and this is inhibiting investment in new and replacement tonnage.[45]

6.49   The AMDC drew attention to the operation of section 23AG of the *Income Tax Assessment Act 1936*. The AMDC commented that 'Australian seafarers to engage themselves in the international trades and to pay Australian taxation, they do so at a marked disadvantage.'[46] The AMDC stated:

> The impact of section 23AG of the Income Tax Assessment Act is such that the definition of 'foreign country'—that is, where a person can accumulate their requisite 91 days to qualify for the income tax exemptions—does not include the high seas. In comparison, a trained and skilled person can work ashore in a ship management company in Hong Kong for 3½ months and they will get their 91 days to qualify for the exemption. They will be paying tax in Hong Kong also to qualify for the exemption. A master may work on a ferry in Hong Kong harbour and never leave the confines of Hong Kong's—now China's—jurisdictional boundary. That person would also qualify for the 91 days. However, a person operating on an international trading vessel—for example, an internationally trading container ship—passes through the high seas as an inherent part of their trade. Every time that vessel moves into the high seas, the 91-day clock stops ticking. Every time they pass into the territorial waters of the next country they are visiting, the 91-day clock starts ticking again. The consequence of this is that they never get their 91 days.[47]

6.50   The Australian Taxation Office (ATO) confirmed that 'seafarers who work in international waters are not eligible for exemption under section 23AG because their service is not foreign service.'[48] The ATO noted that this view was challenged in the Federal Court which 'confirmed the ATO's view that service aboard a ship in international waters was not foreign service and as such the exemption under section 23AG could not be attracted.'[49] The Treasury stated:

> Section 23AG was introduced to prevent double taxation. Australian residents working in international waters, who do not

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45   Rear Admiral Rowan Moffitt, Chairman, AMDC, *Transcript*, p. 83.

46   Mr Trevor Griffett, Australian Maritime Defence Council, *Transcript*, pp. 85-86.

47   Mr Trevor Griffett, Australian Shipowners Association, *Transcript*, p. 270.

48   Australian Taxation Office, *Submission 40*, p. 1.

49   Australian Taxation Office, *Submission 40*, p. 1.

have access to the section 23AG exemption, are generally not subject to foreign tax on their associated income. In any instance where they were subject to foreign tax, however, they would be eligible to receive foreign tax credits in Australia so as to prevent double taxation. As such, Australian resident seafarers need not rely on section 23AG to prevent the double taxation of their associated income.[50]

6.51   A further regulatory concern relates to the operation of section 12 of the *Shipping Registration Act 1981.* The Shipping Registration Act provides that every Australian-owned ship is to be registered in Australia. The Australian Shipowners Association (ASA) suggested that there may be disadvantages for Australian companies to have to register their ships in Australia. To avoid this, an Australian owned company would have to transfer its business outside of Australia. The ASA commented that in 'this case, both the benefits to Australia of the registration of the ship and the benefit to Australia of the business of ownership of the ship would be lost to Australia.'[51]

6.52   The ASA noted that the recommendations of a 1997 review of the Shipping Registration Act proposed an amendment to section 12 which would make it no longer mandatory for an Australian ship owner to register his or her ship in Australia. The Department of Transport and Regional Services (DOTARS) commented that the 'proposed amendments have not been reflected in a draft Bill due to other priorities in the Government's legislative program.'[52]

6.53   The MUA also notes that the growth of Single and Continuous Voyage Permits (SVPs and CVPs) which are issued by DOTARS have had a detrimental effect upon Australian shipping. Voyage permits are issued in the event that Australian flagged and operated vessels were not available for this domestic trade. The MUA commented that 'it was not the intent for these permits to circumvent or replace Australian shipping as the protection for the involvement of Australian vessels is fundamental to Federal legislation being the Navigation Act.'[53] The MUA stated:

> In summary the growth of SVPs and CVPs effectively translates into loss of control of a key component of the domestic transport sector, and in particular for cargoes like bulk cargoes used in the production of steel and bulk petroleum cargoes which cannot be carried effectively by other modes of domestic transport. The

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50   Treasury, *Submission 42*, p. 1.

51   Australian Shipowners Association, *Submission 10*, p. 8.

52   Department of Transport and Regional Services, *Submission 38*, p. 2.

53   Maritime Union of Australia, *Submission 12*, p. 4.

adverse impact on Australia's strategic national and defence interests should be self-evident.[54]

6.54   In 2000, Maritime Unions made claims to the Federal Court about the issue of SVPs. Justice Kenny of the Federal court dismissed these claims and 'found that the permits were issued in full compliance with the provisions of the Act.'[55]

6.55   The ASA and MUA, in view of their concerns about Australian merchant shipping, both noted that there was a need for a 'shipping policy'. The ASA commented that the 'Australian shipping industry would be happy to cooperate with properly considered and agreed strategic policy obligations that might form part of an overall Australian government shipping policy.'[56] In relation to this point, the ASA commented that it 'is notable that the *White Paper* makes no reference to the role of civilian shipping in Australia's maritime strategy.'[57]

6.56   The MUA noted that in contrast to Australia, the US Government has acknowledged the strategic significance of merchant shipping. The MUA reproduced a key statement from relevant US policy on this matter:

> American commercial crew and US flagged ships are necessary for the national security of our country. They provide the manpower and equipment necessary to transport vital supplies and personnel around the globe in times of national emergency.[58]

6.57   The Independent Review of Australian Shipping (IRAS) commented that the 'experience of the industry is that the Department of Defence has made no overtures in connection with Australia's merchant navy capacity.'[59] IRAS stated:

> Commercial imperatives drive private investment in the shipping industry and there is no discernible influence on those imperatives from a defence point of view. This is made the more puzzling in light of the growing practice of Navy outsourcing a number of its previously traditional tasks which require maritime skills and expertise. These include ship provedoring, port management, crew training and through-life vessel support services.
>
> The Australian shipping industry believes it should and would support a defence requirement in a defence emergency but in the

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54   Maritime Union of Australia, *Submission 12*, p. 5.

55   Minister for Transport and Regional Services, the Hon John Anderson, MP, *Media Release*, Federal Court Finds Against Maritime Unions, 23 June 2000.

56   Australian Shipowners Association, *Submission 10*, p. 3.

57   Australian Shipowners Association, *Submission 10*, p. 1.

58   Maritime Union of Australia, *Submission 12*, pp. 5-6.

59   IRAS, *A Blueprint for Australian Shipping*, p. 8.

absence of any discernable interest from Government in this regard, it is not an issue that influences the shipping industry's investment behaviour.[60]

Independent Review of Australian Shipping (IRAS)

6.58   During 2002 the Australian Shipowners Association (ASA) sponsored an Independent Review of Australian Shipping (IRAS), co-chaired by the Hon Peter Morris and the Hon John Sharp. The review was completed in September 2003.[61]

6.59   The review commented that 'IRAS was initiated by the industry to identify options to build on the industry's strengths, to propose adjustments so that the industry can grow, and to point to external factors that inhibit the industry's prosperity.'[62] In particular, IRAS sought to 'identify where Australian practices need to be brought into line with international shipping practices.'[63]

6.60   IRAS examined Australian participation in international shipping services and addressed a range of regulatory constraints on Australian operators including the operation of the *Shipping Registration Act 1981* and the *Income Tax Assessment Act 1936.* Some of these concerns were also provided to the committee's inquiry and are discussed in the previous section. IRAS proposed the following measures 'that will address all of the concerns by:

- a simple change to the *Shipping Registration Act 1981* that would remove the prohibition on Australian entities registering ships outside Australia.

- a simple change to the *Income Tax Assessment Act 1936* that would, by solving the dilemma of the meaning of the word "country" not being taken to include the high seas, remove the differential treatment of Australian resident taxpayers who are seafarers vis-à-vis Australian resident taxpayers who are employed ashore.

- an acceptance by all stakeholders in the Australian shipping industry that best international shipping practices are capable of being embraced by Australians and that doing so will create job opportunities and will create opportunities for Australians both at sea and ashore in the future—opportunities that are difficult to envisage without acceptance of change.

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60   IRAS, *A Blueprint for Australian Shipping,* p. 8.
61   Available at the Australian Shipowners Association website: http://www.asa.com.au/shippingpolicy.asp
62   Independent Review of Australian Shipping (IRAS), *A Blueprint for Australian Shipping,* September 2001, p. 1.
63   IRAS, *A Blueprint for Australian Shipping,* p. 1.

■ an acceptance by government that the Australian shipping industry is not seeking subsidy or special treatment and that Australian skills, with minor legislative adjustments, can be competitively applied in the global shipping industry so that Australia can benefit from being both a shipper and a shipping nation generating export income.'[64]

6.61   In relation to Australian participation in Australian domestic shipping services, IRAS focused on the regulatory provisions of Part VI of the *Navigation Act 1912* which provides for permits and licences available for vessels, including foreign owned, to participate in the coastal trade.'[65] IRAS stated:

> The interaction of a number of different pieces of legislation causes a competitive disadvantage to Australian operators whose ships operate permanently on coastal trades compared to the less onerous regulatory environment applicable to foreign vessels that work on the coast under permits.
>
> This is clearly anti-competitive and reflects the fact that Part VI of the *Navigation Act 1912* was created when the circumstances of coastal shipping were very different to those of 2003. The impact has been exacerbated by ad hoc steps taken to liberalise the coastal shipping market for non-Australian operators without taking into account the competitive disadvantage imposed on Australian operators. Such vessels are not burdened by the Australian tax system, employment conditions and employees costs.[66]

6.62   In view of these concerns, IRAS proposed that the 'provisions of the *Navigation Act 1912* that regulate the conduct of coastal shipping should be reviewed.'[67]

6.63   In addition to these matters, IRAS also commented on the economic impact of the reduction of the Australian fleet, and the 'looming shortage of persons with prerequisite seagoing qualifications.'[68] IRAS made twelve proposals which seek to improve Australian shipping.

Port and shipping security

6.64   Port security has heightened significance since the terrorist attacks of 9-11 and the subsequent war on terror. In this environment, port and shipping operations require attention because of their vulnerability to terrorist

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64   IRAS, *A Blueprint for Australian Shipping,* p. 2.
65   IRAS, *A Blueprint for Australian Shipping,* p. 2.
66   IRAS, *A Blueprint for Australian Shipping,* p. 2.
67   IRAS, *A Blueprint for Australian Shipping,* p. 3.
68   IRAS, *A Blueprint for Australian Shipping,* pp. 3-4.

attack. During hearings, the AMDC commented that of 'particular concern to ports currently is their vulnerability to security related incidents'.[69] The AMDC stated:

> …obviously we are very much at the front line of any security initiatives that are taking place. The Australian government has decided that maritime security will be handled primarily by the Department of Transport and Regional Services. They have set up a body internally to handle this and a number of us are members of the various committees. The response that the Australian government will be taking is based on the initiatives agreed to by the International Maritime Organisation last year. That provides for a series of mandatory arrangements and also guidelines for ports and for shipping operations.[70]

6.65   IRAS also addressed the issue of port and shipping security. IRAS noted that on 1 July 2004 the International Ship and Port Facility Code (ISPS) comes in to effect. The ISPS focuses on:

- ensuring the performance of all ship security duties;
- controlling access to the ship;
- controlling the embarkation of the persons and their effects;
- monitoring restricted areas to ensure that only authorized persons have access;
- monitoring of deck areas and areas surrounding the ship;
- supervising the handling of cargo and ship's stores; and
- ensuring that security communication is readily available.[71]

6.66   IRAS noted that many of the ISPS requirements would already be satisfied by effective operators, but the ISPS code 'may require quite a considerable consolidation of security-related contingency and avoidance planning procedures and documentation.'[72] In particular, seafarer identification was a critical part of the ISPS code. Currently, seafarers identity documents do not usually carry photographs. The ISPS will require a seafarers passport. IRAS noted that 'Australia has acted separately to upgrade, in the short term, to a requirement that all seafarers entering Australia carry a passport' which will come into force in November 2003.[73]

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69   Rear Admiral Rowan Moffitt, Chairman, AMDC, *Transcript*, p. 83.

70   Mr John Hirst, AMDC, *Transcript*, p. 89.

71   IRAS, *A Blueprint for Australian Shipping*, p. 28.

72   IRAS, *A Blueprint for Australian Shipping*, p. 28.

73   IRAS, *A Blueprint for Australian Shipping*, p. 28.

6.67   The Australian requirements for security checking of visiting ships
        requires a list of names of the crew to be provided to the Department of
        Immigration and Multicultural and Indigenous Affairs (DIMIA) for
        checking against an alert list. In addition, the majority of visiting ships
        may be inspected by the Australian Customs Service 'but not in every
        case.'[74] IRAS noted some concerns with these security procedures:

> The weakness of this system is that it depends on the crew listing
> being accurate. If for whatever reason the names on the crew list
> are not the real names of the crew and the fake names do not
> trigger an alert when reconciled with the alert list then they are
> automatically taken to hold a Special Purpose Visa. Assuming that
> customs officers inspect the foreign vessel when it enters the
> country. and assuming they also inspect the crew, it is very
> difficult for the officers to be sure that the people on the list are the
> people on the vessel. Additionally, once the initial inspection of
> the ship is complete, crew are free to go ashore whenever they like.
> If they do not return, the system relies upon the ship's master to
> alert the authorities of the missing crew.[75]

6.68   In addition, IRAS noted that the 'increased frequency of SVP's and CVP's
        increases the security risk associated with foreign ships.'[76] IRAS concluded
        that the Government's objective of obtaining the lowest cost transport was
        inconsistent with measures which seek to increase security. IRAS
        commented that seeking 'the lowest cost transport services inevitably
        leads to the increased use of low cost/low quality foreign shipping with
        foreign crews, which in turn has the potential to weaken Australia's
        border protection measures.'[77]

6.69   IRAS reported that the United States was also introducing measures
        which would increase port and shipping security. In particular, the US is
        restricting ships that are assessed as coming from high risk nations or
        manned with crew from high risk nations. In view of these measures,
        IRAS commented that 'Australia is exposed to the very serious risk of
        having our access to the US market cut off or reduced because of our
        dependence on lowest cost foreign shipping with foreign crew, which
        could be assessed as high risk by US authorities.'[78] The MUA raised this
        issue during public hearings:

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74   IRAS, *A Blueprint for Australian Shipping,* p. 29.
75   IRAS, *A Blueprint for Australian Shipping,* p. 29.
76   IRAS, *A Blueprint for Australian Shipping,* p. 29.
77   IRAS, *A Blueprint for Australian Shipping,* p. 29.
78   IRAS, *A Blueprint for Australian Shipping,* p. 30.

> There is a process going on in the United States, and the committee may be aware of it. It is going to be impossible for any seafarer to enter the United States unless they have seafarers' identity. It is about total security. Flag of convenience shipping is now debated in Congress as one of the country's greatest security threats. They are putting more money into their domestic merchant fleet—for reasons I have outlined—and they are now looking to reregulate their international fleet. It is interesting. In a way, what is happening in Australia does not take account of the real issues in shipping that are confronting nations post 9-11.[79]

Conclusions

6.70   As part of the inquiry into Australia's maritime strategy, the role of merchant shipping was examined. Historically, merchant shipping has played a vital role in supporting defence objectives. During the East Timor operation, the Australian Defence Force (ADF) chartered merchant shipping to support its heavy lift requirements. Defence suggested that it was satisfied with this chartering arrangement.

6.71   The Australian Shipowners Association (ASA) and the Maritime Union of Australia (MUA), however, presented a less optimistic picture of the Australian merchant fleet to support defence objectives. The ASA and MUA both suggested that Australian regulations are creating a disincentive to the growth of the Australian merchant fleet. These groups warned that, in times of national security, Defence would be reliant on non-Australian merchant shipping to support its objectives. The MUA noted that for the East Timor operation, the merchant fleet backup was in part supported by Indonesian seafarers.

6.72   The Independent Review of Australian Shipping through its report, *A Blueprint for Australian Shipping*, has addressed all of these issues and proposed a range of solutions. This report is currently being considered by Government. The committee recommends that the Government, as a matter of urgency, respond to the measures proposed by the Independent Review of Australian Shipping, and state whether or not it intends to introduce an Australian Shipping policy.

6.73   A further concern was raised that port security and merchant shipping is vulnerable to terrorist attack. The MUA suggested that terrorism becomes more of a risk with the increasing use of foreign flagged vessels. The US, for example, will, as part of its port and shipping security measures, restrict access to ships and crews which come from high risk nations. IRAS

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79   Mr Paddy Crumlin, Maritime Union of Australia, *Transcript*, p. 216.

warned that Australia is exposed to the very serious risk of having its access to the US market cut off or reduced because of our dependence on lowest cost foreign shipping with foreign crew. If this situation eventuates it has significant trade implications for Australia.

6.74   The current *White Paper* does not refer to the role of merchant shipping in supporting defence objectives. The committee recommends that, as part of the next Defence *White Paper*, the Government outline the role of merchant shipping and its support for defence objectives.

Recommendation 13

6.75   **The committee recommends that the Government, as a matter of urgency, respond to the measures proposed by the Independent Review of Australian Shipping, and state whether or not it intends to introduce an Australian Shipping policy.**

Recommendation 14

6.76   **The committee recommends that, as part of the next Defence *White Paper*, the Department of Defence outline the role of merchant shipping and its support for defence objectives.**

The Australian Defence Industry

6.77   A critical part of Australia's defence capability is the ability of Australia's defence industry to support defence capability requirements. The *White Paper* stated that 'Australian industry is a vital component of Defence capability, both through its direct contribution to the development and acquisition of new capabilities and through its role in the national support base.'[80]

6.78   Defence seeks to develop Australian industry through policy guidance set out in the Australian Industry Involvement Manual.[81] The Australian Industry Involvement (AII) program is the key tool for maximising the involvement of Australian industry in Defence acquisition projects.

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80   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 98.
81   Department of Defence, *Australian Industry Involvement Manual*, January 2001.

6.79   The *White Paper* noted that Defence industry:

 ■ repairs and maintains much of the ADF's equipment;

 ■ fuels its aircraft, ships and vehicles;

 ■ provides munitions;

 ■ feeds, clothes, houses and accommodates its people;

 ■ transports those people and their stores;

 ■ fits and tests new weapons and sensors to ADF platforms;

 ■ builds and adapts new weapons to suit our unique needs; and

 ■ helps to train the men and women serving in the Army, Navy and Air Force.[82]

6.80   The *White Paper* noted that it was unrealistic for Australia to aim for industrial self-sufficiency based on the grounds that Australia accounted for only one per cent of world military expenditure. In contrast, the *White Paper* commented that Australia 'needs support in-country for repair, maintenance and provisioning – especially in wartime when the ADF would need urgent and assured supply.'[83]

6.81   In relation to the Defence Capability Plan (DCP), the *White Paper* commented that 'Australian defence industry needs a predictable basis on which to plan.'[84] The certainty provided to the defence industry by the DCP was noted in evidence. Future Directions International stated:

> One of the great things for the defence industry was the Defence Capability Plan. It provided a level of certainty to enable industry to structure itself and look at its opportunities.[85]

6.82   The *White Papers'* concluding remarks about defence industry noted the need for better business practices particularly in the area of Defence acquisition reform.[86] Since the *White Paper* was released, Defence has been subject to further review of its acquisition program culminating in the Kinnaird review.[87] The Kinnaird review made 10 key recommendations which were broadly accepted by Government.[88] In particular, the Government decided to establish the Defence Material Office as a

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82   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 101.

83   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 99.

84   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 103.

85   Mr Lee Cordner, Future Directions International, *Transcript*, p. 129.

86   Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 105.

87   *Defence Procurement Review 2003*, Malcolm Kinnaird, AO, Chairman, 15 August 2003.

88   Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Reforms Relating to the Procurement Process Within the Department of Defence, 18, September 2003, p. 2.

prescribed agency under the *Financial Management and Accountability Act 1997* 'to facilitate its evolution towards a more business like identity.'[89]

Australia's naval shipbuilding and repair industry

6.83   While evidence to the inquiry was positive about the certainty provided to defence industry by the DCP, concerns were raised about the ship building industry. Future Directions International stated:

> In the naval side of life, of course, because we have had a boom-and-bust ship construction and submarine construction program forever, that has presented considerable difficulties. As you well know, we probably have too many shipyards and too many companies trying to compete for a very small slice of the pie at this stage. That has to be restructured.[90]

6.84   The Australian defence industrial base has been subject to restructuring to stay competitive. The IRS noted that in order to assist defence industry to rationalise 'Defence has developed a strategic alliance approach to defence industry and Defence has identified four key defence industry sectors that have strategic significance to Australia, namely:

- shipbuilding and repair;
- electronic systems;
- aerospace; and
- land weapon systems.[91]

6.85   The IRS concluded that of 'primary importance to a maritime strategy is the naval shipbuilding and repair sector plan that seeks to establish a single prime contractor for naval shipbuilding and repair, as Defence has proposed that there is only enough work to sustain a single shipbuilding prime in Australia.'[92]

6.86   In 2002 Defence released *The Australian Naval Shipbuilding and Repair Sector Strategic Plan* (the NSR strategic plan).[93] The NSR strategic plan describes the Naval Shipbuiliding and Repair sector as experiencing a growth phase during the proceeding 15 years. However, the 'level of Defence's demand for warship construction during the next 15 years will be only half that of the last 15 years.' The NSR strategic plan, therefore, concluded that

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89   Minister for Defence, *Media Release*, Reforms Relating to the Procurement Process Within the Department of Defence, 18, September 2003, p. 2.

90   Mr Lee Cordner, Future Directions International, *Transcript*, p. 129.

91   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 39.

92   Information Research Service, *A Foundation Paper on Australia's Maritime Strategy*, p. 39.

93   Department of Defence, *The Australian Naval Shipbuilding and Repair Sector strategic plan*, September 2002.

'Industry restructuring and consolidation is inevitable.'[94] In view of the importance of this matter to Australia's self defence reliance, the NSR strategic plan argues that restructuring cannot be left solely to the industry, through market forces, to resolve.

6.87   The NSR strategic plan suggests that Defence, as a sole customer, has traditionally taken a project-by-project approach to defence acquisition, rather than taking a strategic approach which could help to 'shape and sustain industry capabilities.' Together with this point the NSR strategic plan notes that the previous six major naval projects were awarded to five different companies in five separate locations. The NSR strategic plan commented that taken 'together, these two factors guarantee that the sector as its stands is unsustainable, and that its capabilities and skills are at risk of being lost.' [95]

6.88   In responding to this problem, the NSR strategic plan concluded that 'a single shipbuilding entity model provides the only feasible structural arrangement to meet Navy's new construction capability requirements.'[96] The NSR strategic plan noted that this proposal does have some concerns including the possibility of monopolistic behaviour by the sole supplier. The NSR strategic plans claims that this will be offset by Defence's countervailing power as a sole purchaser. In addition, it is estimated that 70 to 80% of project cost would continue to be competitively subcontracted.[97]

6.89   The Australian Strategic Policy Institute (ASPI), however, did not wholly support Defence's conclusions as set out in the NSR strategic plan, and cautioned against reacting too early to events in the ship building industry.[98] ASPI stated:

> But how serious are these problems really? Concerns about future workload are hard to understand. All of the major firms will have contracts for warship upgrades over the next few years, and around 2008 the Government plans to start a major burst of new naval construction. Eight or nine big ships are due to be built in less then a decade, including three or more highly complex air-warfare destroyers. In fact the demand will far outstrip current

94   Department of Defence, *The Australian Naval Shipbuilding and Repair Sector strategic plan*, September 2002, p. 3.
95   Department of Defence, *The Australian Naval Shipbuilding and Repair Sector strategic plan,* p. 5.
96   Department of Defence, *The Australian Naval Shipbuilding and Repair Sector strategic plan,* p. 7.
97   Department of Defence, *The Australian Naval Shipbuilding and Repair Sector strategic plan,* p. 9.
98   Australian Strategic Policy Institute (ASPI), *Setting a Course for Australia's Naval Shipbuilding and Repair Industry*, August 2002, p. 3.

industry capacity, and new facilities would be needed to build such big ships, in such large numbers, so quickly.[99]

6.90   ASPI's projection of naval defence needs over the next decade made it conclude that 'with so much work coming, it is hard to conclude that the Government needs to take special measures to help the industry survive.'[100] In response to the proposal that there be ultimately one prime level contractor, ASPI warned that:

- With an effective monopoly, the tier one partner could easily become inefficient.

- Without competitive tendering at the prime contractor level it would be hard to benchmark costs and determine value for money.

- Although modern partnering agreements work well between some commercial firms, Defence might lack the commercial skills to protect the Commonwealth's interests in such an agreement.

- The Government might lose flexibility to vary the naval shipbuilding program if it was contractually committed to provide its partner with a flow of work.

- An exclusive arrangement with an international technology partner would limit Australia's defence technology options and negotiating leverage.

- The monopoly tier one partner would be in a very strong position in relation to its subcontractors, many of them small and medium enterprises. There is a clear risk that power would be abused.

- The problems in naval ship repair and maintenance would remain unresolved.[101]

6.91   In contrast to the proposal to have one prime contractor, ASPI suggested that Government should not seek to force an outcome and instead let 'commercial forces decide how many shipbuilders we can support in this country.' In addition, ASPI proposed that Government:

- Smooth out the shipbuilding workload later in the decade, so the industry does not face a boom and bust cycle.

- Reform naval repair and maintenance, to better support the ships at sea and the industry.

- Sell ASC to the highest competent bidder, allowing new firms to enter the industry which might be able to bring non-defence work to the corporation.

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99   ASPI, *Setting a Course for Australia's Naval Shipbuilding and Repair Industry*, p. 3.
100 ASPI, *Setting a Course for Australia's Naval Shipbuilding and Repair Industry*, p. 4.
101 ASPI, *Setting a Course for Australia's Naval Shipbuilding and Repair Industry*, pp. 4-5.

- Avoid buying Australian-unique systems which seldom offer operational advantages to offset the very high costs and risks they impose.[102]

Conclusions

6.92 The Australian defence industry has an essential role in capability provision, systems integration, and ongoing servicing and maintenance for the Australian Defence Force. As part of the inquiry into Australia's maritime strategy, *The Australian Naval Shipbuilding and Repair Sector Strategic Plan* was examined. Defence is concerned that with the projected decline in demand for warships the naval shipbuilding and repair sector will face significant restructuring during the next decade. Defence argues that, ultimately, there will only be enough future demand to sustain only one shipbuilder.

6.93 The Australian Strategic Policy Institute (ASPI), in contrast, questions the conclusions reached by Defence and, in particular, does not share the view that future workloads in the industry are a concern. ASPI notes that 'all of the major firms will have contracts for warship upgrades over the next few years, and around 2008 the Government plans to start a major burst of new naval construction.'

6.94 ASPI, in particular, warns against a solution for the naval shipbuilding and repair industry which results in only one prime supplier. This monopoly could result in a range of market dysfunction including inefficiency and an inability to benchmark and determine value for money.

6.95 The committee acknowledges the observations made by ASPI regarding the proposals in the *Australian Naval Shipbuilding and Repair Sector Strategic Plan.* Defence still needs to argue the case for its proposals and it should not be subject to undue urgency in monitoring and assessing the naval shipbuilding and repair sector. While the committee has not examined this issue in great depth, Defence should undertake more analysis of this issue and ensure that it consults widely with the maritime industry and other government departments. The committee will revisit this matter when it conducts the review of the 2003-2004 Defence Annual Report.

Senator Alan Ferguson
Chairman
4 June 2004

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102 ASPI, *Setting a Course for Australia's Naval Shipbuilding and Repair Industry*, p. 5.

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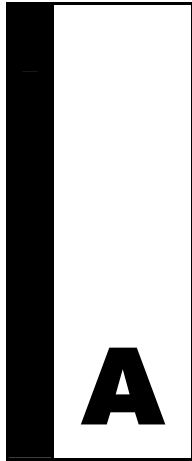
Appendix A – List of Submissions

Submission No	Individual/organization
1	Commodore Alan Robertson
2	W. F. Andrews
3	General Sir Phillip Bennett, AC, KBE, DSO
4	Alastair Cooper
5	Australia Defence Association
6	Centre for International Strategic Analysis (CISA) Commodore Lee Cordner, AM, Chief Executive Officer
7	Royal United Services Institute of Australia (RUSI), Victoria Council
8	Centre for Maritime Policy (CMP) at the University of Wollongong
9	Australian Naval Institute
10	Australian Shipowners Association
11	The Navy League of Australia
12	The Maritime Union of Australia
13	Dr Alan Ryan
14	Dr Alan Ryan
15	Dr Michael Evans
16	The Australian Centre for Maritime Studies
17	Air Marshal S D Evans, AC, DSO, AFC, RAAF (Ret'd)
18	Australian Maritime Defence Council
19	Dr Alan Dupont

20	Dr John Reeve
21	Department of Foreign Affairs and Trade
22	Brigadier JJA Wallace AM (Retd)
23	Mr Gary Brown
24	Queensland Government
25	Mr Ken Murray
26	Royal United Services Institution of New South Wales Inc. (RUSI)
27	ADI Limited Mr Brice Pacey
28	Royal United Service Institution of New South Wales Supplementary Submission
29	Department of Defence
30	Alastair Cooper Supplementary Submission
31	Dr Alan Ryan Supplementary Submission
32	Harold Adams, AM The Australian Centre for Maritime Studies Incorporated Supplementary Submission
33	Australian Maritime Defence Council Rear Admiral R.C Moffitt Supplementary Submission
34	The Royal Service Institution of New South Wales Brigadier D.R.Leece Supplementary Submission
35	Department of Defence Mr Shane Carmody Supplementary Submission
36	Harold Adams, AM The Australian Centre for Maritime Studies Incorporated Supplementary Submission
37	Department of Defence Supplementary Submission

38	Department of Transport and Regional Services Transport and Infrastructure Policy Division G A Feeney – Firs Assistant Secretary
39	The Returned & Services League Of Australia
40	Australian Taxation Office
41	Department of Defence Supplementary Submission
42	The Treasury

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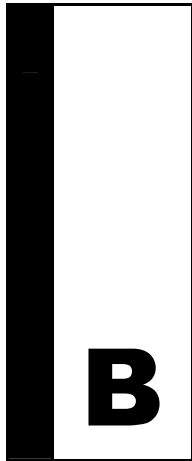
Appendix B –List of hearings and witnesses

Tuesday 25 February 2003 – Canberra

Department of Defence

Air Vice Marshal John BLACKBURN, Head, Policy Guidance and Analysis

Mr Shane CARMODY, Deputy Secretary, Strategic Policy

Commodore James GOLDRICK, Director-General, Military Strategy

Commodore Paul GREENFIELD, Director-General, Maritime Development

Air Marshal Angus HOUSTON, AO, AFC, Chief of Air Force

Lieutenant General Peter LEAHY, AO, Chief of Army

Vice Admiral Chris RITCHIE, AO, RAN, Chief of Navy

Commodore Kevin TAYLOR, Director-General, Maritime, Land and Weapons Industry Capability

Australian Strategic Policy Institute

Mr Aldo BORGU, Program Manager

Mr Hugh WHITE, Director

Strategic and Defence Studies Centre, Australian National University

Professor Paul DIBB, Chairman, Strategic and Defence Studies Centre

Australian Maritime Defence Council

Mr Trevor GRIFFETT, Member, Australian Maritime Defence Council; and Manager, Policy Development and Labour, Australian Shipowners Association

Mr John HIRST, Member, Australian Maritime Defence Council; and Executive Director, Association of Australian Ports and Marine Authorities

Rear Admiral Rowan Carlisle MOFFITT, RAM, Chairman, Australian Maritime Defence Council; and Deputy Chief of Navy

Mr Peter MORRIS, Member, Australian Maritime Defence Council; and Senior Director, Minerals Council of Australia

Mr Llewellyn Charles RUSSELL, Member, Australian Maritime Defence Council; and Chief Executive Officer, Shipping Australia Ltd

Private Capacity

Mr Gary Maurice BROWN (Private capacity)

Dr Michael EVANS (Private capacity)

Dr Alan Maurice RYAN (Private capacity)

Wednesday 26 February 2003 – Canberra

Australian Centre for Maritime Studies

Mr Harold John Parker ADAMS, Chairman of the Board

Department of Foreign Affairs and Trade

Mr Matthew John ANDERSON, Acting Director, Papua New Guinea Section

Mr Peter Leo DOYLE, Acting Assistant Secretary, International Organisations Branch

Dr David Graham ENGEL, Director, Indonesia Section, South and South East Asia Division

Dr Gregory Alan FRENCH, Acting Legal Adviser

Mr David Gordon STUART, Assistant Secretary, Strategic Affairs Branch

Mr Graeme LADE, Director, Philippines, Singapore and Malaysia Section

Mr Bernard Francis LYNCH, Director, Defence Policy and Liaison Section, International Security Division

Mr Jeff ROACH, Director, Consular Information and Crisis Management Section

Mr David Gordon STUART, Assistant Secretary, Strategic Affairs Branch

Future Directions International Pty Limited

Mr Lee George CORDNER, Managing Director

Private Capacity

Dr Alan DUPONT

Air Marshal Selwyn David EVANS (Rtd)

Dr John REEVE

Brigadier Jim WALLACE (Rtd)

Tuesday 11 March 2003 – Sydney

The Maritime Union of Australia

Mr Paddy CRUMLIN, National Secretary

ADI Limited

Mr Lucio Di BARTOLOMEO, Managing Director

Mr Philippe ODOUARD, Director, Major Programs

Mr Martin WILLIAMS, Chief Naval Architect

Royal United Services Institute of New South Wales Incorporated

Vice Admiral David Willoughby LEACH, AC, CBE, LVO, RAN Rtd, President

Brigadier David Ronald LEECE, PSM, RFD, ED, Rtd, Secretary and Public Officer

Private Capacity

Mr Alastair James Wishart COOPER

Commodore Alan ROBERTSON

Wednesday 12 March 2003 – Melbourne

Department of Defence

Air Vice Marshal John BLACKBURN, Head, Policy Guidance and Analysis, Strategic Policy

Mr Shane CARMODY, Deputy Secretary, Strategic Policy

Commodore James GOLDRICK, Director-General, Military Strategy, Policy Guidance and Analysis, Department of Defence

Commodore Paul GREENFIELD, Director-General, Maritime Development, Department of Defence

Mr David LEARMONTH, Head of Industry Division, Defence Material Organisation

Navy League of Australia

Commander Geoffrey EVANS, RANR Rtd, Chairman, Federal Advisory Council

Commander Graham McDonald HARRIS, RANR Rtd, National President

Australian Shipowners Association

Mr Trevor Alan GRIFFETT, Manager, Policy Development and Labour

Australian Defence Association

Mr Michael James O'CONNOR, Executive Director

Royal United Services Institute of Victoria

Air Commodore Michael John RAWLINSON, President, Royal United Services

Lieutenant Commander John David REDMAN, Committee Member

Monday 24 March 2003 – Canberra

Department of Defence

Air Vice Marshal John BLACKBURN, Head, Policy Guidance and Analysis, Strategic Policy

Mr Shane CARMODY, Deputy Secretary, Strategic Policy

Commodore James GOLDRICK, Director-General, Military Strategy, Policy Guidance and Analysis

Commodore Paul GREENFIELD, Director-General, Maritime Development

Commodore Kevin TAYLOR, Director-General, Maritime, Land and Weapons Industry Capability

Monday 16 June 2003 – Canberra

**Returned and Services League of Australia**

Rear Admiral Kenneth Allan DOOLAN (Retired), Member, Defence Committee

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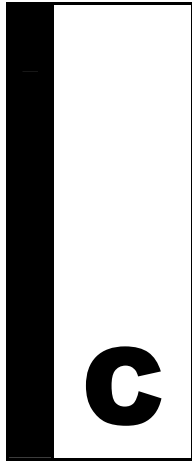
Appendix C – List of Exhibits

Exhibit No	Description
1	Robertson, Alan, *Centre of the Ocean World, Australia and Maritime Strategy* *(Submission 1)*
2	The Australian Naval Institute *(Submission 9)*
3	Appendices to the Maritime Union of Australia's submission *(Submission 12)*
4	Appendices to Air Marshal Evans's submission *(Submission 17)*
5	Attachments to Dr Michael Evans's submission *(Submission 15)*
6	Evans, Michael, *Developing Australia's Maritime Concept of Strategy: Lessons from the Ambon Disaster of 1942* *(Submission 15)*
7	Evans, Michael, *The role of the Australian Army in a maritime concept of strategy* *(Submission 15)*
8	Evans, Michael, *From Deakin to Dibb: The Army and the making of Australian Strategy in the 20th Century* *(Submission 15)*
9	Parkin, Russell, *A Capability of First Resort: Amphibious Operations and the Australian Defence Policy, 1901-2001* *(Submission 15)*

10   Ellis, S. *Taking Aims Against a Sea of Troubles? New Zealand's strategic outlook and maritime security policies, and the implications for the future of the trans-Tasman defence relationship.* Parliamentary Intern Paper for the Hon Roger Price, MP

11   Smith, Hugh, *The Strategists* (Submission 11)

12   Stevens, David, *Southern Trident: Strategy, History and the Rise of Australian Naval Power* (Submission 11)

13   Till, Geoffrey, *Seapower at the Millennium* (Submission 11)

14   Reeve, John, *Maritime Strategy and Defence of the Archipelagic Inner Arc* (Submission 11)

15   Brown, Gary, *Regaining Relevance – Fitting Australia's Defence Force Structure to the Contemporary Strategic Environment* (Submission 23)

16   Australian Centre for Maritime Studies, Chart entitled 'Maritime Australia'

17   *Department of Transport and Regional Services* A G Feeney – First Assistant Secretary (Submission 38)

18   *Maritime Union of Australia* Paddy Crumlin – National Secretary

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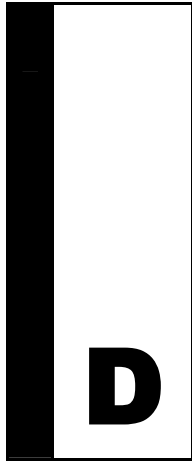
# Appendix D – Terms of reference for the inquiry into Australia's defence relations with the US

Since World War Two, Australia and the United States (US) have developed strong defence relations. In particular, the last decade has seen a new level of defence relations encompassing Australian involvement in the first Gulf War, the invoking of the ANZUS Treaty, and Australian involvement in US led coalitions in Afghanistan and Iraq.

The Defence Update 2003 commented that Australia's alliance with the US 'remains a national asset' and the 'United States' current political, economic, and military dominance adds further weight to the alliance relationship.'

How should the Australian-US alliance be developed to best meet each nations' security needs both in the Asia Pacific region and globally focusing on but not limited to:

- the applicability of the ANZUS treaty to Australia's defence and security;

- the value of US-Australian intelligence sharing;

- the role and engagement of the US in the Asia Pacific region;

- the adaptability and interoperability of Australia's force structure and capability for coalition operations;

- the implications of Australia's dialogue with the US on missile defence;

- the development of space based systems and the impact this will have for Australia's self-reliance;

- the value of joint Defence exercises between Australia and the US, such as Exercise RIMPAC;

- the level of Australian industry involvement in the US Defence industry; and

- the adequacy of research and development arrangements between the US and Australia.

[The committee commenced the inquiry in December 2003]

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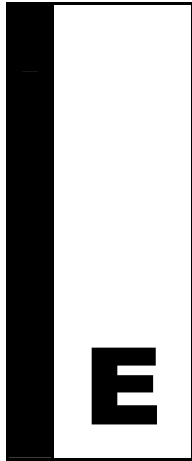
Appendix E – Comparison of regional air combat aircraft

- Relative comparison of size and internal fuel capacity
  - ⇒ Lockheed Martin F/A-22A Raptor
  - ⇒ Lockheed Martin F-35, CTOL, STOVL, CV
  - ⇒ Boeing F/A-18A HUG
  - ⇒ Sukhoi Su-27SK/300MK
  - ⇒ GD F/RF-111C/G
- Comparison of Su-27SK/30MK Flanker Vs F-35 JSF CTOL/CV
  - ⇒ Radar aperture
  - ⇒ Combat Thrust/Weight (Wet)
  - ⇒ Combat Wing Loading