



Submission No 7

**Inquiry into the Economic, social and strategic trends in Australia's region
and the consequences for our defence requirements.**

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21 June 06

The Hon Bruce Scott MP
Chairman
Joint Standing Committee on Foreign Affairs Defence and Trade
Defence Sub Committee
Parliament
CANBERRA ACT 2600

Dear Mr Scott,

Please find attached the Defence submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) inquiry into the economic, social and strategic trends in Australia's region and the consequences for our defence requirements.

The Government's decisions on defence requirements – specifically capability – are a coherent and logical response to the existing and emerging strategic environment, responding to the threats of the present and preparing for the challenges of tomorrow.

I hope our submission is of practical assistance to the Sub-Committee's inquiry.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Pezzullo'.

Michael Pezzullo
Deputy Secretary Strategy



Australian Government

Department of Defence

Submission

**To the Joint Standing Committee on Foreign Affairs, Defence
and Trade**

**Inquiry into the Economic, Social and Strategic Trends in
Australia's Region and the Consequences for Our Defence
Requirements**

INTRODUCTION

This submission by the Department of Defence is to the Joint Standing Committee on Foreign Affairs, Defence and Trade, Defence Sub-Committee Inquiry into the economic, social and strategic trends in Australia's region and the consequences for our defence requirements.

The Asia-Pacific region is being shaped by the forces of globalisation, economic growth, and the increasing economic and diplomatic influence of China and of an emerging India. The strategic relationships between nations in the region will evolve in response to these dynamics. These changes are likely to be complex and fundamentally important for Australia's future security, and consequently for Australia's defence planning.

The Government's Defence strategy is articulated in the Defence White Paper, Defence 2000 – Our Future Defence Force, and the subsequent reviews, Defence Update 2003 and Defence Update 2005 (DU 2005). This submission draws largely on the strategic assessments of global and regional security trends contained in the most recent Defence strategic review, DU2005.

DU 2005 is the articulation of a regular process of reviewing regional and global trends that affect Australia's security and it confirms the key judgments about the factors affecting Australia's security and defence requirements made in 2000 and 2003 and builds on them further – highlighting the longer-term trends associated with the impacts

of globalisation; the combined threats of terrorism, counter proliferation, and fragile states – all present in the Asia Pacific region; United States strategic primacy; and the maturing relationships between the major powers of our region which will shape Australia's strategic environment into the future.

Australia's defence strategy is cognisant of and forms part of a whole-of-government approach to Australia's security.

STRATEGIC TRENDS IN AUSTRALIA'S REGION

The Asia-Pacific region is being shaped by the forces of globalisation and economic growth. The strategic relationships between nations in the region will evolve in response to these dynamics and specifically, to the increasing economic and diplomatic influence of China. These changes are likely to be complex but fundamentally important for Australia's future security.

Economic and strategic trends

Globalisation continues to be a defining trend for the Asia Pacific region. Globalisation is accelerating the movement of ideas and technologies, increasing the interdependency between countries and making borders more porous. Such change to the strategic environment is blurring the division between domestic security issues and international, or state-on-state, security issues. Globalisation has accelerated trends that are having an impact on security policy and defence capability and decision-making including increased unpredictability and uncertainty; the technological revolution, asymmetric threats, and the threats of non-state actors.

At the same time, the Asia-Pacific region is increasingly significant in terms of the global economy and regional defence development. Economic growth across the region is strong and growing and the region contains three of the top four (and four of the top ten), global defence spenders – China, India, Russia and Japan, and some of the fastest growing defence budgets.

Different rates of economic growth are changing the relationships between the major powers. The United States' strategic primacy and its continued engagement in the region is the foundation for Asia-Pacific security for the foreseeable future and is a key goal of US strategic policy. The United States today has a preponderance of military capability and strategic influence that is unique in modern history. It will remain the world's largest economy with the biggest defence budget for many years to come.

China's economic performance is the most significant influence on other Asia-Pacific economies, but other countries in the region continue to show independent improvement based on sustainable development.

Barring a significant economic shock, most forecasters predict China's growth to remain high over the next 20 years, although not reaching the heights of the 1990-1995 period.

Industrial production and exports, particularly to the US and elsewhere in the region, continue to grow, and attract more foreign investment.

Some aspects of China's current growth have strong parallels to the situation in ASEAN in the lead up to the 1997 economic crash – including the unprecedented rate of infrastructure investment as a proportion of GDP.

China's status as both a major source of manufactured goods, and an enormous market for regional exports (including a substantial level of energy imports), means that an economic downturn in China would have repercussions across the region.

China's continued integration into the global community is in the interests of all countries of the region. China's strategic interests lie in a secure flow of resources to support its economic modernisation, and the development of goods and services. The pace and scale of China's defence modernisation might create potential for misunderstandings, particularly with the development of new military capabilities that extend the strike capability and sustainability of its forces. It is important that the development of China's military capability is transparent and that its capability decisions remain consistent with its legitimate security needs.

The developing relationship between China and the US will be important for the future security of the region as a whole. The relationship is both competitive and cooperative. The economic interdependencies between China and the US are significant and will increase, and China's growth will bring some increasing competition with the US for strategic influence.

Japan is taking a more active role in regional and global security. It is involved in the war on terrorism and has continued its valuable contributions to peacekeeping. Japan's economy has shown sustained ongoing recovery since 1997 and Japan is strengthening its military capabilities to meet emerging threats, but its main challenge will be managing its strategic relations with both China and the US.

Japan's strategic relationship with the United States is developing through increased interoperability, increased Japanese and US interoperability and cooperation in missile defence. China and Japan have substantial economic and security interdependencies. Both countries ability to manage this relationship, particularly the competitive aspects, will be crucial for the region's future economic development and political stability.

The status of Taiwan continues to be a defining issue and a source of friction in the relationship between China and the US. It is important that any issues concerning relations across the Taiwan Straits be resolved peacefully. Although miscalculation could spark an escalation in tensions, all parties are aware that military conflict over Taiwan could have disastrous consequences for the whole region.

The Democratic People's Republic of Korea (DPRK) remains a major security concern for all countries. Its pursuit of a nuclear weapons capability threatens to destabilise Asia-

Pacific security.

The Republic of Korea (ROK) is moving towards greater military self-reliance but still largely depends on the US military to defend against the DPRK. Current South Korean military reforms are designed to make the armed forces a smaller but more proficient force capable of rapid deployment and high-technology warfare.

Russia retains significant interests in the Asia Pacific region, particularly in North East Asia. It has moved to improve its relationship with China and India, and has played an important role in negotiations with North Korea in the last few years – notably in the six party talk process.

India is enjoying substantial economic growth and has become a centre for the development of technology. It is likely to translate this growth into greater strategic weight. India is improving its relationship with China, and its level of trade and defence engagement with South East Asia. Its new framework for defence relations with the US will increase its access to US military technology and provide a blueprint for improved cooperation. The US has also agreed to help India develop its civilian nuclear power program in return for Indian non-proliferation commitments.

Pakistan remains vulnerable to Islamic extremism and to exploitation by extremist groups. A stable and secure Pakistan strengthens the ability of Afghanistan to secure its future and resist terrorists. The stability of Pakistan's Government, and its relationship with India and the US, is vital to the stability of the region. But traditional rivalry still drives Defence spending. India's defence budget continues to grow sustained by steady economic growth, but growth in Pakistan's defence spending outstrips economic growth.

Afghanistan has not reached the point where it can resist the influence of terrorists. Establishing good governance and political order will reduce the opportunity for the return of the Taliban forces and their terrorist associates. It will ensure that Afghanistan is no longer a safe haven for terrorists to plan, organize and train, and dissuade other states from sanctioning terrorism.

South East Asia's security has been strengthened by the development of democracy in Indonesia, continuing economic development, and the evolution of regional security architecture, including ASEAN, and the ASEAN Regional Forum as fora for discussion and enhanced cooperation on regional issues.

South East Asian economies are all experiencing growth, benefiting from China and Japan's good performance and strong growth in intra- and extra-regional trade and domestic demand. Nevertheless, real increases in defence budgets for much of South East Asia have not kept pace with the level of economic growth over the last two years.

The littoral and archipelagic environment of South East Asia poses significant security challenges, particularly in relation to counter-terrorism and maritime surveillance. Importantly, the South East Asian region is home to some of the world's busiest and most

important sea lines of communication, including the Malacca and Lombok Straits, and the Sulu Celebes Sea. The multilateral cooperation between nations in the region, which is increasing, will be fundamentally important to manage the broader security environment.

Indonesia's size, historical legacy and economic potential naturally make it a strategic priority for Australia. Terrorism is currently one of the major security concerns for all countries of South East Asia. Indonesia, the Philippines and Thailand are all battling problems with political violence and have pivotal roles to play in counter-terrorism in the region. Border control cooperation between Malaysia, Indonesia and the Philippines is particularly important for the security of the region.

Although East Timor's stabilisation issues are unlikely to be resolved in the short-term, the critical task is restoring law and order to a level where trust in East Timor's governing structure and legal institutions is restored. Without that, the conduct of humanitarian operations, management of displaced persons and restoration of productive economic activity will remain difficult, and stability and prosperity will remain illusive.

The South West Pacific remains vulnerable, with many countries still struggling with internal conflict, unstable governance, underdeveloped economies, and the inability to deliver basic services to their populations. Recent events in the Solomon Islands have demonstrated this underlying volatility and the inability of local authorities to respond adequately to lawlessness.

The countries of the South West Pacific also remain vulnerable in the absence of long-term solutions to issues of managing and enforcing sovereignty. The nature of existing and emerging threats such as terrorism, drug trafficking and international crime is such that a governance problem for one state is likely to be a problem for many others. Papua New Guinea's problems with small-arms proliferation and organised crime are particularly concerning. In Fiji, ongoing tensions between the RFMF and the Government have served as a distraction from a much needed focus on military reform.

Demographic and social trends

Demographic trends, including age patterns and population growth in the Asia-Pacific region vary dramatically. While an aging population will be a real concern for all Asian nations by 2025, East Asia will bear the heaviest burden. Japan's median age in 2000 was 41, and the Republic of Korea (ROK) currently has the lowest population growth rate of OECD countries. In contrast, countries such as Pakistan and Cambodia enjoy a relatively young median age – as at 2000, the median age in both countries was in the teens and positive natural population growth (2.4% and 2.2% respectively). While some countries, such as ROK, have developed comprehensive policies to address the implications of an ageing population, not all countries – notably China – will be well prepared.

China's population growth peaked in the 1985-1990 period, and the one-child policy has

driven annual population growth down to below one per cent. Recent estimates suggest that China's labour force will peak in 2008. In the longer term, the 'aging population' phenomenon that is causing global concern will be a significant burden to China – and the sheer size of China's population will cause the impact to be amplified more than anywhere else in the region.

Between 2000 and 2025 China's median age will rise significantly from 30 to 39: higher than that projected for the US at the same time. Only Japan is predicted to outpace China. The difficulty in determining the full impact of such a change is the lack of comparable examples. A comparison with the Japanese experience is less useful: when Japan had the same proportion of its population over the age of 65 as China did in 2000, its GDP per capita was three times that of China's in 2000. By 2025, when nearly 60 per cent of China's population is predicted to be over 40, its GDP per capita will almost certainly be far below that of Japan at the same stage (around \$US20,000 per capita). Although the differences between the two countries are obvious, the fact that Japan's GDP growth has halved since the 1980s when it began the move towards zero population growth – in spite of its more affluent economic position – should be causing concerns for the Chinese government. Although other countries in the region are likely to confront a similar problem in the longer term, none yet faces a challenge as momentous as that facing China by 2025.

At the other end of the scale, positive population growth in those countries of the region with a less promising economic outlook will increasingly burden social infrastructure. This could potentially contribute to state fragility by degrading crucial social services such as: health care and the ability to cope with an epidemic such as HIV/AIDS; education; and employment.

Terrorism, WMD proliferation and Fragile States

The combined threats of terrorism, the proliferation of weapons of mass destruction, the consequences of state fragility and the risk of convergence of these challenges is a major and continuing threat to international security and the most immediate strategic challenges for Australia. These issues remain a major and continuing threat to our security, and places high demands on the ADF, its preparedness, sustainability and capabilities.

Although terrorism is not a new threat, today's terrorist is aided by globalising forces such as information and communication technologies, international transportation networks and global capital. They have become adept at crossing borders, developing networks and accessing resources. As attacks in the last five years have demonstrated, terrorists can still emerge to strike at us, exploiting our vulnerabilities despite significant investment in intelligence, counterterrorist capabilities, exercising arrangements and building local and regional capabilities. It is likely we will need to maintain our efforts to counter terrorism over the long-term.

In the Asia-Pacific, events since 2001 have left us in no doubt that the region has active

groups of Islamist extremists who have the capability and commitment to plan and execute terrorist attacks. Events including the uncovering of the Jemaah Islamiyah cell in Singapore in 2001; the 2002 and 2005 Bali Bombings; bombings in Jakarta of the J.W. Marriott Hotel in 2003; and the Australian Embassy compound in 2004; and the arrests of suspected terrorists throughout the region confirm that extremists in South East Asia are no longer focused exclusively on local issues.

At the same time, the threat of proliferation of weapons of mass destruction has yet to be contained and, indeed, some states are moving closer to nuclear weapon capability. Longstanding issues, including those relating to North Korea, Iran and the Middle East remain the subject of international tension.

Defence continues to support Australia's multi-dimensional approach to combating the proliferation of weapons of mass destruction and associated materials. This approach includes ongoing support for traditional multilateral arms control and non-proliferation regimes, efforts to develop a stronger network of national export controls, and also a deep commitment to new and innovative mechanisms such as the Proliferation Security Initiative.

Fragile and failing states potentially undermine regional stability and prosperity, and attract forces detrimental to Australia's security interests, such as terrorist groups and organised crime. These countries are weakened by poor governance regimes, corruption and an inability to provide law and order, essential services and a basic level of economic and political stability. The key to successful development in a fragile environment is well-sequenced and coherent progress across the political, security, economic and administrative domains. Interventions by the international community across these domains can support and reinforce stability. Australia intends to continue to play a leading role in assisting our regional neighbours to deal effectively with these diverse challenges to national and international security.

As an example, we have signed Memoranda of Understanding on combating international terrorism with ten regional countries – Indonesia, the Philippines, Thailand, Malaysia, Brunei, Cambodia, PNG, India, East Timor and Fiji.

We are particularly focussed through these MoUs in strengthening practical cooperation in areas such as intelligence, law enforcement cooperation, and border security. These MoUs also provide an overarching framework for existing defence-based counter-terrorism cooperation – including intelligence sharing, training, counter-hijack and hostage recovery exercises, and more recent initiatives such as consequence management and national command and control seminars.

Technological revolution and the growth of regional military capabilities

The technological revolution has led to a diffusion of technology, particularly in the areas of information and communications. The proliferation of military technologies, including to non-state groups, is particularly relevant for Australia which has relied on

maintaining a technological edge in its defence capabilities.

Military capabilities in the Asia-Pacific region are growing but the trends are uneven. The growth is more pronounced in North East and South Asia than in South East Asia. Some of the disparities in military power across South East Asia are likely to grow.

Regional military forces are likely to acquire innovative capabilities. Equipment and platforms will benefit from greater use of advanced materials and technology. Unmanned aerial vehicles for surveillance and to deliver weapons and ever more capable fighter aircraft may be increasingly evident in our region.

The smaller, technologically advanced nations will continue to acquire advanced technology systems to reduce manpower liabilities and to maintain their capability advantage.

Middle-level powers will seek to extend their capacity to project power and to gain further advantage from networking and the fusion of intelligence, surveillance and reconnaissance systems. Existing conventional capabilities will increase in magnitude. This might be through the proliferation of submarines, new advanced multi-role fighters, ground forces with greater mobility and better armoured systems, increased firepower, and precision in targeting systems. There are likely to be more land-attack missiles, and improved air defence, including ships.

The less technologically advanced nations will seek to at least maintain their current levels of capability, but many of these countries will experience budgetary pressures. There remains the possibility that some countries might be tempted to resort to asymmetric options, such as WMD or terrorist methods, to bridge capability gaps. Asymmetric threats like these have reduced the value of defence built around geographic advantage, and the advantages of capabilities built to meet conventional threats alone.

AUSTRALIAN DEFENCE REQUIREMENTS

Australia's Defence Strategy

The threats facing Australia are multidimensional and Australia's response to current security challenges require a whole-of-government approach of which Australia's defence strategy is one important part.

Australia's defence strategy is designed to be enduring, but is also regularly assessed and adjusted to meet changing strategic circumstances. The risk of convergence between Australia's strategic challenges remains a major and continuing threat to our security, and places high demands on the ADF, its preparedness, sustainability and capabilities. As such the Government aims to ensure that Defence maintains the appropriate mix of concepts, capabilities and forces to meet new and existing security challenges as they arise.

The first responsibility of Defence is securing Australia and its interests, and the ADF must have the capacity to prevent or defeat armed attack on Australia. In addition, Australia naturally takes a close interest in the security of its region. But Australian security interests are not defined by geography alone. It is important that we have an outward looking approach to the rest of the world that does not begin and end at our borders or our region. The global community is extensive and complex. Australia has many economic, political, trade, financial and cultural links around the world. As a major trading nation we have a significant stake in the maintenance of a global order that is the foundation for our ability to participate and trade with the global community.

Security threats will be increasingly interrelated across both national and international environments, and across organisational and jurisdictional boundaries. In the years ahead we will find ourselves facing challenges that cannot be anticipated or predicted easily. This means that the contribution the ADF will be called on to make to future national security will go beyond traditional warfighting against traditional types of adversaries.

At the same time, the current high demands placed on the ADF in responding to the threats and meeting other responsibilities is likely to continue, and our military forces can expect to conduct concurrent deployments domestically, regionally and internationally in support of Australia's interests. The ADF's most recent regional deployments have highlighted the need to plan carefully to address concurrency issues.

To meet these strategic needs, this Government is committed to the development of future forces that are versatile, robust, joint and integrated. In an increasingly uncertain strategic environment our force design principles aim to deliver versatility while our capability acquisition, people, training, doctrine and organisational strategies ensure that capability can be adapted when required.

Defence is also ensuring the ADF can, when necessary, assist nations in the region whose resources are overwhelmed by sudden large-scale natural disasters such as floods, earthquakes, tsunamis and cyclones. Although AusAID and the EMA are responsible for Australia's overall response to natural disasters, Defence possesses unique capabilities

that can be rapidly deployed to provide emergency relief and humanitarian assistance to a wide-range of contingencies. By preparing to respond to natural disasters, the ADF is also positioned to assist with evacuation operations that might arise from human-generated disasters such as the Bali bombings.

Defence will make a significant contribution to domestic security operations into the future, notably in areas like command, control and communication systems, integrated intelligence, surveillance and reconnaissance systems, dedicated lift and medical evacuation capabilities, bomb disposal and response capabilities for chemical, biological, radiological and nuclear attacks. Specifically, the ADF will be placed to take a greater role in responding to the domestic terrorist threat. Defence aims to supplement policing agencies by providing security and response forces for public events in Australia such as CHOGM, major international sporting events and APEC.

The capability and effectiveness of the ADF depends on the support of the wider Defence organisation, other Australian Government agencies and from the community, that national support base. Defence Industry is critical to meeting the needs of capability and sustainment. The Government will continue to work with Industry to build an internationally competitive defence industry that can support, sustain and upgrade defence assets.

Australia's defence policy response to the strategic environment has two major elements. The first is to shape and build a defence capability that is versatile, robust, joint and integrated, and which links easily with other arms of the Australian government. The second is to build strong security relationships – regionally and globally.

Key Strategic Relationships

Australia's strategic alliance with the US – the world's single global power – is as relevant and as important as ever. Our shared interests are expressed in our continuing engagement in security and defence areas and the continued evolution of the Alliance to meet new strategic challenges is an enduring strength of the relationship. The defence relationship is a substantial force multiplier for Australia's defence and intelligence capability. We will continue to work hard with the United States to improve interoperability and to ensure that Australian and US forces can work together ever more effectively.

Historical relationships such as those with New Zealand and the United Kingdom remain important but the Government recognises that Australia has global interests and that we need to work with a wide-range of countries and major international organizations to achieve our strategic goals. So we have sought to develop a broader range of defence relationships, including partnerships with countries such as Japan and South Korea, and security institutions such as NATO.

Within the Asia-Pacific region, Australia will continue to develop defence relationships and seek to build confidence and understanding through existing and emerging regional

fora.

Australia's defence relations in North East Asia and South Asia aims to reinforce stable, productive and mutually beneficial relationships between the major powers, particularly between the US, China, Japan and India. We strongly support the US's military engagement in the region. We will also continue to encourage Japan to play a more active role in global and regional security, commensurate with its economic and diplomatic weight.

Indonesia remains our highest priority defence relationship in South East Asia. The Indonesian military (TNI) plays an important role in Indonesia's security and stability, and remains Indonesia's predominant national institution. Assisting TNI to develop as a capable and professional force – able to maintain Indonesia's security and to work with us in addressing common security concerns such as international terrorism and maritime threats – underpins our ability to protect Australians and our interests in Indonesia.

For the rest of South East Asia, the main purpose of our defence relations is to ensure that the states of in the region are well disposed towards Australia; positioned to cooperate with us in addressing issues of mutual concern; can provide for their own security needs and can make a contribution to regional security interests. In response to the threat from transnational terrorist groups, we are continuing to develop our counter-terrorism relationships with Thailand, Malaysia, Singapore and the Philippines. And our immediate goal in East Timor is to support the United Nations stabilisation operation with an Australian-led security element.

Our primary objective for the South Pacific is to prevent states in the region from failing by fostering and supporting stability and security. The potential impact on Australia from failing states includes such serious security threats as transnational crime and international terrorism. Consequently, our defence relations with South Pacific nations are part of a broader whole-of-government effort to address state decline by assisting with the development of disciplined regional security forces and the development of good governance; and to intervene when necessary to restore the rule of law.

There are a number of states in the region that continue to display worrying indicators of state fragility. These situations are likely to evolve with little notice, placing a non-discretionary demand on ADF capacity because we have committed ourselves to respond to lawlessness and humanitarian disasters throughout the near region. The challenge for the ADF is, first, to identify and predict when political instability is likely to escalate into violence. Second, elicit timely support from strategic coalitions, including regional and alliance partners and the United Nations. And third, make an effective transition from the initial crisis management to ongoing policing and governance support.

ADF CAPABILITY DEVELOPMENT PRIORITIES

Defence capability makes an important contribution to Australia's strategic weight. It expresses our commitment to security, and willingness and capacity to act in support of

our interests. In developing future capability the Government seeks to shape a security environment favourable to Australia's interests. This means ensuring we have the ability to work with partners and it means retaining a technological edge. It also means we adopt versatility as a key capability design principle in order to be able to respond across the range of potential threats.

As new and advanced capabilities enter the region, Australia is likely to maintain a capability edge, but the margin of superiority will be reduced. The cost of maintaining technological superiority is increasing, as is the cost of developing and sustaining skilled people capable of using it, increasingly our edge will be maintained through the successful integration of new capabilities with innovative warfighting concepts.

Defence of Australia continues to be the central focus of ADF capability planning. But the increasing complexity and diverse range of operations pose additional challenges. Although major inter-state conflict is less likely than in the past, it cannot be discounted. The ADF will continue to place an emphasis on selective high technology systems, knowledge superiority and superior training to provide a capability edge over an adversary. Our small population and resource base mean we cannot afford to become engaged in a protracted campaign of attrition.

Armed conflict is becoming more complex. We are seeing conflict evolve from the form it took during much of the 20th Century. Contemporary armed struggles are not always between states with clear political or military objectives, and conflict may involve non-state players like paramilitary forces, militias, or terrorists, rather than professional defence forces. These intra-state disputes have reinforced demands on armed forces for border protection, humanitarian relief, evacuations, peacekeeping and peace enforcement operations. We are developing a more responsive force by providing greater flexibility, versatility and adaptability.

The Government will continue to give priority to the development of the ADF as a network-enabled force that can contribute with increasing effectiveness to global, regional and domestic security. The high demand for operations of the last several years is likely to continue. To meet that demand, the ADF must be able to operate as a networked, joint force across information, air, land and maritime domains. It must be versatile, robust, joint and integrated.

Recognising our leadership role in our immediate neighbourhood, the ADF must have the ability to lead coalitions in the South West Pacific and contribute to coalitions in South East Asia in response to military contingencies and other non military crises, including major natural disasters; contribute to coalitions elsewhere when our interests are at stake; and contribute to vital domestic security. At the same time the ADF will retain the capacity to contribute to coalitions in areas further afield where our interests might be at stake – making tailored contributions proportionate with our capacity and security interests.

In providing ADF support to coalitions, the Government recognises the need to make a

real contribution to the coalition's capability. And to ensure that Australia is a credible contributor to global and regional security, the Government has taken capability decisions that increase the ADF's combat weight, its mobility and its sustainability.

Specific plans for future ADF capabilities are set out in our Defence Capability Strategy and the regular Defence Capability Plans. Defence is aiming to be able to deploy a fully networked joint task force with reach back to our new joint headquarters at Bungendore and to national intelligence and support capabilities. We also aim to be able to contribute force packages to a wide range of coalition and interagency operations, both domestically and internationally. Defence's capability will now allow the ADF to lead or contribute to coalitions in our region while at the same time providing the capability to make a meaningful contribution to other discretionary contingencies.

In the land domain the Government is taking steps to harden and network the Army to provide it with more mobility and fire support and maximise its network capabilities. To create an Army with greater combat weight, the Government will increase the size of the force, increase its weight and mobility and provide a new force structure based on combined army battle groups. The Government has also accepted that the role of the Army Reserve needs to be refined to provide a focus on high readiness individuals and small teams to contribute to operational deployments.

New amphibious ships and air warfare destroyers will ensure that our maritime forces will be more capable of conducting and sustaining mid to high intensity amphibious operations, for short durations, in the littoral environment and maintain a blue water warfighting capability. Elements of the maritime force would be able to operate as sea bases and, as key nodes in the network, provide more options for Government and ensuring the ADF greater freedom of action. These forces will have a greater level of interoperability with our allies and neighbours, able to lead regional coalitions and to make meaningful contributions to our major allies as well as providing an additional capability for humanitarian assistance.

The fleet will be enhanced through a series of key upgrades that will increase self protection, networking and warfighting capabilities. By 2015 the surface force will have significantly transformed with the arrival of the AWD and Amphibious Deployment and Sustainment System (comprising two LHDs and a sealift capability). The Armidale Class Patrol Boats will all be fully operational. The ANZAC frigates and last of the FFGs will have been upgraded to improve their capability to deal with advanced air and missile threats. The Super Seasprite will be operational with the Penguin anti-ship missile and MU90 torpedo, the Seahawk aircraft will have their operational and warfighting capabilities enhanced. The submarine force will also continue to be progressively enhanced through the continuous improvement program. A networked mine counter measure capability, combining MHC and Clearance Divers, to support both amphibious and, clearance operations in the littoral will be introduced. Enhancements to the AP-3C and transition to new manned and unmanned maritime surveillance and response capability will enable a broader spectrum of operations and maritime cooperative tasks to be undertaken.

The ADF will retain a credible air combat capability, capable of autonomous and coalition counter-air and air support operations as part of an integrated joint air-defence capability. The ADF's air combat capability will be enhanced through the upgrade of the Hornet including structural upgrades, increased precision weapon capability, enhanced situational awareness and networking, improved survivability, and multi role tanker transport to improve reach and persistence. The recent Government decision to acquire up to four new Boeing C-17 Globemaster III aircraft and associated equipment to provide the Australian Defence Force (ADF) with a heavy airlift capability will give Australia a new Responsive Global AirLift (RGA) capability, significantly enhancing the ADF's ability to support national and international operations, and major disaster rescue and relief efforts. Airborne early warning and control aircraft and air defence surveillance system enhancements will provide better situational awareness and command and control.

Warfighting capabilities will continue to be enabled by capability improvements in the intelligence, information and support domains. The development of the future Joint NCW capability will be based around an evolving, robust communications network and enhancements to the ADF's command and control systems as well as operational support systems. This will be supported by a robust and adaptable intelligence system.

Warfighting capability will also continue to be underpinned by key initiatives in personnel and workforce planning, facilities development, investment in science and technology and in developing sound operational support concepts, including consideration of the role of industry.

As future ADF capabilities are introduced they will be integrated and connected within a joint operating concept to ensure that their inherent potential is maximised and that they build on the ADF's existing capacity for joint warfare and operations.

CONCLUSION

The Government's decisions on defence requirements – specifically capability – are a coherent and logical response to the existing and emerging strategic environment, responding to the threats of the present and preparing for the challenges of tomorrow. Decisions about Defence requirements that have been taken within the framework of these principles to ensure that the ADF is effectively resourced and equipped to exercise its significant security responsibilities in the Asia-Pacific region and globally.