

Jump TO Article



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Jump TO Article

A summary¹ of the Institute's submission to the 2013 Defence White Paper

The 2009 Defence White Paper was an excellent document, but, since it was developed, the context which underpinned it has changed.

Changes since 2009

Regional strategic environment

China has now eclipsed the United States economically and India is catching up with her. Both China and India have further developed their maritime capabilities. China is exerting greater influence and is asserting its territorial claims in the East and South China Seas. In response, the United States has shifted its strategic focus to engage more with Asia.

The United States has declined militarily and economically in both relative and absolute terms. Wars in Iraq and Afghanistan, together with the 'Arab Spring', have underlined the limits of American power and the American economy has been very slow to recover from the global financial crisis. The United States is heavily indebted, with China now its principal creditor. Nevertheless, the United States is likely to remain the world's only superpower for the next two decades at least.

The United States–China relationship has become stronger and is maturing as China asserts an international role commensurate with its growing economic and military power and the United States attempts to accommodate China's aspirations within the current world order. The three-way relationship between China, India and the United States will dominate the region's future strategic environment. Australia must continue to foster good bilateral relationships with each of these powers, as well as with the states in our immediate neighbourhood.

The planned drawdown of the ADF from Afghanistan, the Solomons and East Timor

The Australian Defence Force (ADF), particularly the Army, has been heavily committed to counter-insurgency operations in Afghanistan for a decade. The planned drawdown by 2014 will place renewed focus on Australia's leadership responsibilities for defence and security in its immediate neighbourhood. Retention may become an increasing problem, especially in Army. This may be exacerbated by similar withdrawals from East Timor and the Solomon Islands in 2013, increasing the importance of maintaining opportunities such as Rifle Company Butterworth.

The force posture review

The Defence Force Posture Review examined the siting and capacity of ADF bases and training areas, and the ADF's ability to sustain high-tempo operations in our neighbourhood and region. Its conclusions and recommendations seem well founded and should be implemented. The Review also noted that the landing-helicopter-dock amphibious ships (LHDs),

which will enter service shortly, would drive future force posture considerations. We agree.

The Government's commitment to return Australia's budget to surplus

The 2009 Defence White Paper included a funding commitment of 3 per cent real increase until 2018 and 2 per cent thereafter until 2030. All subsequent budgets have breached this commitment and many of the planned capital procurements have not been progressed as planned. There has also been a significant reduction in ADF non-operational activities, with flow-on impacts now being felt on morale, retention and operational readiness.

Personnel are not a commodity that can be purchased off-the-shelf as and when needed, nor can they be switched on and off at will like an electric light. It takes at least 10 years to develop middle-ranked commissioned and non-commissioned officers, and once developed, they must be retained and their skills maintained. There must be a long-term financial commitment to sustain the personnel needed for both likely contingencies and a strategic reserve (as a basis for force expansion).

While returning the budget to surplus may be politically (if not economically) necessary, it must be implemented in Defence such that a balanced and credible defence capability is developed.

Use of Australian military bases by United States forces

The rotation of United States marines through Darwin will retain this capability in the region, while reducing political pressure on Japan and helping share the basing load with regional allies. However, it must not be used by Australia as an excuse for reducing its own investment in a credible Australian Army. The extension of this basing assistance to the United States Navy in Fremantle (an Indian Ocean base) and to the United States Air Force in northern Australia is welcomed.

New naval capabilities

The amphibious ships (LHDs) and air-warfare destroyers (AWDs) soon to come into service will significantly enhance Australia's regional maritime security capability and our capacity to undertake humanitarian assistance. Planning for the new submarine project is progressing and all options are being considered. A decision on the way forward, however, must be made very soon.

Current Strategic Environment

Global

Europe's influence has declined further as it struggles to avoid economic collapse, and peace in the Middle East seems as far away as ever. The 'Arab Spring' is still playing out and it remains uncertain whether or where secular democratic or Islamist governments will emerge. The trend for China and Middle East powers to acquire land for food production overseas (as an insurance against starvation at home) has gathered pace; as has China's no-strings-attached assistance

¹The full submission is available on the Institute's website at www.rusinsw.org.au.

to developing countries, presumably to 'purchase influence'. Brazil has emerged as a major economic and cultural force. Iran's slow march to acquire nuclear weapons remains on track, despite Israeli and Western attempts to discourage it.

Region

In our region, the major players continue to be the United States, China and India, all of whom are nuclear powers. Australia will need to co-operate with all three countries, both bilaterally and through regional fora, including military co-operation.

North Korea and Pakistan also have acquired nuclear weapons and the capacity to deliver them, with Australia potentially within range. Both struggle to manage internal dissent. Should either become a 'failed state', the fate of its nuclear weapons would become a major concern, especially in the case of Pakistan which is seen by many observers as the home of 'terrorism central'.

Russia has 'pivoted' away from Europe to the Pacific, aided by melting sea-ice in the Arctic and massive investment in Vladivostok and its far east. It is developing a strong naval presence in the Pacific, consistent with its rapidly growing merchant naval interests there.

China has just undergone decadal leadership change, with the new regime possibly more nationalist and conservative than the last. It is likely to aggressively pursue territorial claims in the East and South China Seas, pushing its neighbours further into the protective arms of the United States, while at the same time at home it deals with entrenched weaknesses in its one-party system, corruption, an ageing population, diminishing export opportunities and rising wage costs, necessitating economic structural adjustment. There is political disenchantment among its burgeoning middle-class. Internal strains and backwardness in military technology *vis-à-vis* the United States may serve as a brake on its ambitions.

India displays all the advantages and disadvantages, including massive inefficiencies and corruption, associated with being the world's largest democracy. Nevertheless, it is more favoured by demographic trends than is China, has a dynamic private sector and may surpass China as the world's largest economy within 50 years. It maintains a very large army focused primarily its neighbours, Pakistan and China. It has an eastern navy in the Indian Ocean and a western navy in the Arabian Sea. At one end of the scale, anti-piracy is a major activity, while at the other, it is developing significant nuclear submarine and aircraft carrier fleets. The 2013 White Paper should provide for closer co-operation and joint training between the Indian and Australian navies and between the Indian Coast Guard and Australia's Border Protection Command.

Neighbourhood

We share our immediate neighbourhood with Indonesia, Timor-Leste, Papua New Guinea, the Solomon Islands, Vanuatu, New Caledonia, New Zealand, Fiji and Tonga. Several issues, both individually and more so when taken together, have created a more acute defence and security problem for us. They include:

- the presence of several small independent states which suffer from weak governance and corruption and teeter on the brink of failure;
- maritime security challenges, with the expansion of off-shore energy installations, and an increase in piracy, especially in the Indonesian archipelago;

- climate change, and its expression locally as sea-level rise affecting low-level island communities, and more severe weather events (such as cyclones, tsunamis, flooding and droughts) creating natural disasters and humanitarian (including food) crises;
- border protection issues, including drug and people trafficking and smuggling, and political, economic and environmental refugees, many if not most of extra-regional origin;
- protection of fishing rights and other infringements of natural resource rights in the exclusive economic zones of neighbourhood states;
- illegal natural resource exploitation (especially minerals and timber), often linked to weak governance and corruption;
- the spread of organised crime within the neighbourhood and the threat it poses to Australia;
- unsatisfied local autonomy and independence demands (e.g. Indonesian New Guinea, Bougainville, New Caledonia); and
- strong economic development of some countries in our neighbourhood (e.g. Indonesia and Papua New Guinea) contrasted to weak economic development of others (e.g. Timor-Leste and the Solomon Islands).

Australia's Strategic Interests, Defence Policy & Posture

Australia's strategic interests have not changed. The defence policy laid down in the 2009 Defence White Paper is still appropriate. Australia's defence posture was well addressed in the recent Defence Force Posture Review.

Defence Force Structure

General considerations

To undertake the lead role in our neighbourhood, Australia needs both: a standing defence force that can deal with the likely contingencies; and a credible, well-trained, cost-effective strategic reserve to deter the emergence of, and if necessary respond to, the less likely contingencies.

In geographic and infrastructure terms, much of our immediate neighbourhood has changed little since World War II. Amphibious operations should be considered the norm. The United States Marine Corps model should be examined carefully in formulating our defence force structure.

We also need to consider Australia's role *vis-à-vis* that of our neighbours in provision of defence and security aid. A model that has emerged over the last decade is for a neighbourhood 'combined task force' to be assembled, usually led by Australia, with Australia providing the force structure and most of the logistic support for it, and with other nations contributing niche capabilities as able and needed. There may well be other models that are equally good or preferred in different circumstances. The White Paper needs to specify the model(s) as the model(s) will be a key driver of force structure.

The ADF is broadly structured appropriately to meet the tasks Australia's strategic environment places on it, but fine-tuning is needed to enable absorption of the joint amphibious capability, especially in Army. Much of that structure, however, is hollow, being undermanned and under-equipped, and some major weapon systems required are not currently available and/or may not be obtainable. Of particular concern is that Army no longer has a strategic reserve. Indeed, Army is becoming our 'Achilles heel'. In this context, it needs to be understood that Navy and Air Force tend to be weapons-platform centric, whereas Army tends to be personnel centric.

Navy

The planned increase in Navy's capability (i.e. the LHDs and the AWDs) and the plans for a new submarine will enhance the capability and, in the case of the submarines, the eventual capacity of the Navy to meet its tasks. There will be one less amphibious ship than in the recent past (two rather than three) and it is planned to take some 30 or so years to build up to a fleet of 12 submarines. So, for the period covered by the White Paper, there will be reduction in amphibious capacity and only a very slow build-up of submarine capacity.

Army

While current strategic guidance calls on Army to sustain a brigade group and a separate battalion group on operations indefinitely, given recent budgetary cuts it will now only be able to provide a brigade group; its tanks are to be mothballed; and it will purchase towed howitzers rather than self-propelled ones.

On present indications, the standard multi-purpose infantry brigade group will be an integrated Regular and Reserve formation consisting essentially of three infantry battalions, each of three rifle companies (rather than the standard four), with artillery, engineer and logistics support. It may also have a light armoured capability, but no tanks. One of the battalions will be a composite drawn from several Army Reserve units. Most experts consider that such a formation would be unsuitable for war-fighting on its own in our neighbourhood. It could disperse up to four semi-independent, unit-sized 'battle groups' or say ten sub-unit-sized 'combat teams' on peacekeeping or humanitarian tasks.

There will be three of these brigade groups functioning on a three-year readiness cycle. At any one time, only one will be available for deployment. In addition, there will be a battalion group which specialises in operating with Navy's amphibious ships. Special Operations Command will remain unchanged, with a special air service regiment and two commando regiments (one Army Reserve).

Army no longer has a strategic reserve. Formerly, this role was performed by the Army Reserve, but the latter is now fully committed to the support of current operations. The use of the Army Reserve as an operational reserve is strongly supported, but for Australia to be a credible neighbourhood leader, the re-creation of a strategic reserve in addition to an operational one is also essential. Of particular concern is the ability of the Army as a whole, not just a single battalion group, to operate as part of a joint amphibious force from the LHDs.

The Army currently is an extremely modest force – especially so when viewed alongside the military capability elsewhere in our region. At its present strength, war-fighting would be well beyond it. Whether it may be regarded as adequate depends on the threat assessment and must be resolved by the 2013 Defence White Paper.

Air Force

Like the Navy, the Air Force is well placed, on paper at least, to meet its operational commitments. Moreover, the recent acquisition of airborne early warning and control aircraft, unoccupied aerial systems and KC-30 tanker aircraft, with the impending acquisition of a replacement for the AP-3C maritime patrol aircraft, places the combat support forces in an enviable position.

Other air forces in our neighbourhood and region, however, either have already acquired or are also acquiring state-of-the-art fighter aircraft. In this context, there is

justifiable concern about the F35 Joint Strike Fighter (JSF) and whether this project can deliver a credible aircraft with the capabilities that we require, within an acceptable time frame and at a cost per aircraft that the Defence budget can afford.

With respect to capacity, Australia has operated 100 aircraft for air defence and strike operations. It is now claimed that, with more sophisticated aircraft, we can make do with 75 or less. While there may be some valid basis for such arguments, the geographic realities have not changed, nor has the potential for attrition in high-level war-fighting. Moreover, a force of mixed aircraft types will increase personnel training and logistic support overheads.

The 2013 White Paper should provide for the contingency that the JSF project 'falls over' and should make explicit the cost-risk trade-off involved in the capacity decision, without jeopardising the long-term air power capability.

Defence industry

A defence industry in Australia able to maintain and sustain all the weapons systems and platforms operated by the ADF is essential to the operational effectiveness of the ADF. The impact on our defence industry of the deferred expenditure on large projects is concerning. Industry needs certainty which the 2013 White Paper should provide.

Conclusion

The United States has stated publicly its disquiet at cuts to defence spending in Australia at a time when other key nations in our region are increasing theirs. Indeed, the cuts are viewed as threatening our credibility as an ally. There is a perception that Australia is taking advantage of the training of United States marines in Darwin to cut back its Army and is 'freeloading' on the American taxpayer.

Australia is expected to take lead responsibility within the ANZUS Alliance for the security of our immediate neighbourhood, which faces a range of potential defence and security threats necessitating responses such as peace-keeping, border protection, crime-fighting, resource protection, disaster relief and humanitarian assistance. While high-level war-fighting seems remote at this juncture, it cannot be ignored. The capability for it exists and is being expanded within the wider region. While political intent is currently benign, intent can change quickly.

The 2013 White Paper will need to address these issues. It will need to formulate a credible, cost-effective Defence Force able to exercise leadership in our neighbourhood, not one intended primarily to provide niche capabilities to allied forces in distant theatres. Such a defence force will not come cheaply, but is a vital national investment. The 'Achilles heel' of the last white paper was that subsequent budgets did not allocate adequate funds to its implementation. It is vital that the next budget allocates sufficient resources to enable the 2013 White Paper to be fully implemented. We can be sure that our neighbours and our United States ally will take a close interest in the outcome.

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29 November 2012

²While Group Captain Roser, Brigadier Leece and Air Vice-Marshal Treloar are the Institute's principal office-bearers, these are their personal views. Their views have been informed, in large part, by papers presented at Institute lectures and seminars and then published in *United Service*.