



2016 DEFENCE WHITE PAPER

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Michael Wesley
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Editors' Note

This is the third Defence White Paper special edition of *Security Challenges*. Across nineteen articles and comments, the edition provides the first in depth analysis of Australia's 2016 Defence White Paper.

The editors would like to begin by sincerely thanking all of the contributors, as well as our excellent copy-editor and publication team for helping us produce an extensive, in-depth scholarly review within two months of the document's release. We are grateful for the time and expertise of our writers, and their enduring commitment to the journal.

The edition begins as past special editions have, with an analysis of the politics of the 2016 Defence White Paper, Australian grand strategy and the strategic environment. This sets up the context for analysis of the paper's coverage of defence strategy, the role of ANZUS, and funding. The four key domains, Land, Aerospace, Maritime and Cyber are each covered in depth, as are Defence Science and Innovation, Defence Industry and Defence Engagement.

Finally, we have asked a number of leading regional analysts to examine in short comment pieces how the 2016 Defence White Paper discusses key Asia-Pacific states including Indonesia, China, Japan, India and the South Pacific region. Finally a short piece discusses the greater role of public consultation in the 2016 Defence White Paper.

If you would like to also offer your thoughts on the Defence White Paper, or respond to one of the pieces here, the editors would be delighted to accept both comment pieces (2,000-4,000 words) and articles (5,000-7,000 words). The submission guidelines can be found on our website and at the end of this edition.

Finally, the editors would like to farewell Peter Dean who is moving on from his time editing the journal. Our thanks to Peter for all his hard work and commitment to improving scholarly analysis of the Asia-Pacific's security challenges.

Andrew Carr and Iain Henry
Managing Editors
April 2016

The Politics of the 2016 Defence White Paper

Andrew Carr

The 2016 Defence White Paper was started with the best of intentions, but released well past its expected date and with a new Prime Minister and Defence Minister at the helm. This article reviews the thirty month development of the 2016 Defence White Paper and the politics around its development and release. It argues that while the change of ministers and prime ministers clearly had an impact on the process and final text, it is just as important to recognise the changes which occurred during the Abbott Government as the changes between Tony Abbott and Malcolm Turnbull.

The Liberal Party and National Party Coalition, led by Tony Abbott, was elected on 7 September 2013 with a promise to restore good governance. A key area of emphasis for change was the Defence portfolio. Drawing on the lineage of the Howard Government, they set out to deliver a new Defence White Paper which would offer consistent strategic and financial guidance to the Department of Defence, establish a steady, consultative and considered process and arrive within eighteen months. Over their term in office doubts would emerge about the ability of the Abbott Government to achieve these aims. As the Opposition Australian Labor Party (ALP) has charged, the process saw “two Prime Ministers, three Defence Ministers, three Assistant Ministers, two Parliamentary Secretaries and a 12-month delay”.¹ There were also major policy shifts, cabinet leaks, and a stunning public dispute between Tony Abbott and the new Prime Minister Malcolm Turnbull in early 2016 with the White Paper the main stage of conflict.

In spite of these changes, the actual document was well received as a statement of the mainstream view of Australia’s changing environment and the nation’s capacity to respond. Kim Beazley, a former ALP Defence Minister broke his party bonds to describe it as “a first class statement on Australia’s strategic situation” while Paul Dibb has lauded it as the best White Paper in thirty years.² Some critics of the mainstream view in Australia, such as Professor Hugh White, were unhappy with the document’s inherent conservatism, but this is not surprising given the nature of these

¹ Senator the Hon. Stephen Conroy, Senator David Feeney, MP, Senator Gai Brodtmann, MP, ‘Transcript: Doorstop, Subject: Defence White Paper’, 25 February 2016, Australia Labor Party.

² Kim Beazley, ‘DWP 2016: A Throw Back to a Harder Era’, *The Strategist*, Australian Strategic Policy Institute, 2 March 2016, <www.aspistrategist.org.au/dwp-2016-a-throwback-to-a-harder-era/> [Accessed 31 March 2016].

documents.³ Defence White Papers tend to reflect national policy consensus rather than creating it, and any abrupt shifts tend to happen in response to circumstances or at moments of crisis, not through long public reviews. It would be far more 'strategic' if the reverse were true, but such is the strange nature of these highly public, costly, controversial and possibly inconsequential documents.

This paper traces the politics of defence in Australia from September 2013 to March 2016 and its influence on the 2016 Defence White Paper (DWP2016). It focuses on the behaviour of the Abbott Government, in particular, for two reasons. First, the major debates about Australian defence policy during this period were either initiated by Tony Abbott or were in response to him and his advisors. During his time in office he emerged as the leading spokesman for the muscular pro-US-alliance, pro-Japan approach to Australian defence policy, a role he continues to play to this day. He was Prime Minister for twenty-four of the thirty months it took to write DWP2016. His shadow continues to loom over the document after its release, particularly the vexing question of how much had been changed by the transition of leadership. As this paper will show, it is just as important to recognise the changes which occurred *during* the Abbott Government as the change *between* Abbott and Turnbull when interpreting the decisions and language of DWP2016.

The second reason for the focus on the Abbott Government is because defence policy continues to have little salience for other members of the political class or the wider public. The consensus in Canberra, one accepted by the Press Gallery, Coalition and the ALP is that discussions of security help the Coalition politically. When it came to the government's handling of terrorism in particular, Peter Jennings, Chair of the Expert Panel for the Defence White Paper, has noted that "there was a sense of how the political advantage was maximised. I don't blame the government for doing it, for seeing if it could push Labor to break, so it could then be seen as weak on national security".⁴ In these conditions and under the cover of 'bipartisanship', the ALP effectively abandoned the field. The Opposition publicly accepted most of the Abbott Government's defence policy agenda in the hope the discussion could then shift to other policy areas. The only serious exception was Labor's desire to fund a domestic defence industry, particularly through building the future submarine project in Adelaide. Defence policy issues continued to have little public salience during this period, as has been largely true of the Australian public's attitude for the past few decades, save brief moments of crisis such as the 1999 East Timor intervention or the 2001 terrorist attacks in the United States.⁵ The political

³ Hugh White, 'Defence White Paper Fails to Deal with the Strategic Risks We Face in the Asian Century', *The Sydney Morning Herald*, 1 March 2016.

⁴ Niki Savva, *The Road to Ruin: How Tony Abbott and Peta Credlin Destroyed Their Own Government* (Melbourne: Scribe, 2016), p. 177.

⁵ Department of Defence, *Guarding against Uncertainty: Australian Attitudes to Defence* (Canberra: Commonwealth of Australia, 2014), p. 101.

story of the 2016 Defence White Paper, is therefore the story of the rise, fall and return of Tony Abbott.

The Best of Intentions: Tony Abbott Assumes the Helm

The Abbott Government took office determined to lead “a grown up, adult government that thinks before it acts”.⁶ There was a firm belief in the Coalition that the ALP had badly handled defence and national security policy. They argued that the 2013 Defence White Paper had glossed over the challenge from China, the National Security Strategy had mistakenly declared the era of terrorism over, and the Asian Century White Paper had only focused on the economic opportunities of Asia. Meanwhile Defence spending had been substantially cut, key decisions on the future submarine project were endlessly delayed, and the ADF had to bear the brunt of the ALP’s failures on asylum seeker policy.

Many in the public seemed to agree, with the Coalition favoured at the time of the election by 46 per cent to 29 per cent for the party best able to handle national security issues.⁷ To initiate a new direction, Abbott announced his government would release a White Paper “with costed, affordable ways to meet Australia’s important defence and national security objectives” as well as a decision on submarines.⁸ The new government’s template for defence policy—as for many other areas of policy—was the experiences and procedures of the Howard Government. As has been shown elsewhere, the Coalition pledge to lock defence spending to 2 per cent of Gross Domestic Product (GDP), seems to have come from a desire to return to the ambition of the Howard Government.⁹ This legacy had two positive impacts on the DWP2016 process. First, the National Security Committee of Cabinet was—unlike for the 2013 White Paper—intimately involved in the writing of the document, considering twelve white paper-related submissions during its development.¹⁰ The second impact was to commit to full costings to be included in the document, in the end including tables of specific spending over a ten-year forward estimate. This places it ahead of the 2013, 2009 and even 2000 Defence White Papers for financial clarity.

While the Howard Government had largely relied on the Department of Defence to write the 2000 White Paper, the incoming Defence Minister,

⁶ Tony Abbott, ‘Address to the National Press Club’, 2 September 2013, Canberra: Liberal Party of Australia.

⁷ ‘Newspoll Survey Results’, *The Australian*, 3 September 2013, <polling.newspoll.com.au/image_uploads/130803%20Issues.pdf> [Accessed 31 March 2016].

⁸ Tony Abbott, *Our Plan: Real Solutions for All Australians the Direction, Values and Policy Priorities of the Next Coalition Government* (Sydney: Liberal Party of Australia, 2013), p. 48.

⁹ Andrew Carr and Peter Dean, ‘The Funding Illusion: The 2% of GDP Furphy in Australia’s Defence Debate’, *Security Challenges*, vol. 9, no. 4 (2013), pp. 65–86.

¹⁰ Marise Payne, ‘Minister for Defence—Launch of the 2016 Defence White Paper’, Media Release, 25 February 2016, <www.minister.defence.gov.au/2016/02/25/minister-for-defence-launch-of-the-2016-defence-white-paper/> [Accessed 31 March 2016].

Senator David Johnston, initially looked for external help to supplement the advice he received from the bureaucracy. This partly reflected the difficult standing of the department in 2013, as well as the incoming government's uneasy relationship with the wider public service. On the financial side, private consultants were brought in, at a cost of \$14.6 million, to validate Defence's numbers.¹¹ On the strategic side, two senior figures of the Australian security community were initially involved. Professor Alan Dupont was engaged by Johnston before the election to lead the writing of the Defence White Paper and Dr Ross Babbage was recruited with initial responsibility for the First Principles Review. However, once the government was in office, both appointments came under criticism from senior members of the Department of Defence and wider national security community due to their outside status and occasionally controversial views. The Prime Minister's office also turned against the appointments, as part of a larger power struggle for control with the minister's office over policy and staffing.¹² Both men were replaced in 2014 with larger, less politically risky teams to carry out these tasks. Formal responsibility for the Defence White Paper thus returned to its traditional home, the desk of the Defence Deputy Secretary Strategy, held during this period by Peter Baxter, the former director general of AusAid.

The expert panel was chaired by several of the country's leading strategic thinkers including Mr Peter Jennings, Executive Director of the Australian Strategic Policy Institute (ASPI); Rear Admiral James Goldrick (Ret'd); Dr Stephan Frühling, from the Strategic & Defence Studies Centre (SDSC) at the Australian National University (ANU); Rory Medcalf, who worked at the Lowy Institute for International Policy for most of the period before taking a professorship at ANU; Dr Andrew Davies also from ASPI; and Mr Mike Kalms a partner from KPMG. Along with presenting an alternate view and helping test Defence's assumptions, the panel also contributed through its commitment to public consultation. As part of the White Paper process, a report *Guarding against Uncertainty: Australian Attitudes to Defence* was released, built on public polling, community meetings in every state and territory and 269 submissions. The report identified several important findings. Most notably, there were

repeated concerns that much of the Australian community did not have a good understanding of their present-day defence force. This did not reflect a lack of goodwill or interest on either side ... Many people told the panel that they did not feel they received enough information or explanation about the ADF and defence policy.¹³

¹¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016), p. 25.

¹² Aaron Patrick, *Credlin & Co.: How the Abbott Government Destroyed Itself* (Melbourne: Black Inc. Publishing, 2016). See also Savva, *The Road to Ruin*.

¹³ Department of Defence, *Guarding against Uncertainty*, p. 5.

Perhaps most concerning given the bipartisan pledge to raise Defence's budget to 2 per cent of GDP, "the long-term trend [in public opinion] across the 1975 to 2013 period is for a gradual decrease in defence spending".¹⁴ Australians also seem to have only moderate concern about China's behaviour and there seems little true warmth towards the rest of Asia.¹⁵ Given the rise of tensions in the Asia-Pacific, and the booming price tag for a 'regionally superior' Australian Defence Force, this sense of exclusion by the public should worry policy makers. It remains to be seen how committed the government is to closing the gap between the views of officials—who widely support higher spending and are increasingly cautious about regional stability—and the general public.

Perhaps the most significant point of difference between elites and the public is the question of whether Australia needs to maintain a domestic defence industry. The Abbott Government came to office with little desire to continue government funding for all domestic industry and generally favoured a most-efficient-case logic for government contracts. The first Defence Minister David Johnston repeatedly stressed that "A submarine is not industrial or regional policy by other means or another name. Industry must demonstrate an ongoing capacity to meet international benchmarks with respect to productivity, cost and schedule".¹⁶ The *Defence Issues Paper 2014*, which served to guide consultation for the White Paper also repeated this goal stating "the Government flagged that it will need to see productivity in the sector improved to internationally competitive levels before it will commit to further major construction projects in Australia".¹⁷ The Coalition's attitude of "ending the age of entitlement for industry" was initially applied to a number of policy areas, such as the car industry.¹⁸ While controversial with many in the public—allowing a populist opening for Labor as will be discussed later—there was great merit to the government adopting such an approach in these 'dog days' of the Australian economy, following the end of the mining boom and a global slow down.¹⁹

Despite the early intentions to restore due process, the Prime Minister's growing enthusiasm for defence and security issues began to increasingly drive the agenda. Though never formally announced, the Abbott Government seemed to have concluded in late 2014 that an Australian build was unfeasible for the future submarine project, due to cost, quality and

¹⁴ Ibid., p. 98.

¹⁵ Ibid., pp. 89-139.

¹⁶ David Johnston, 'The Submarine Choice', Speech by the Minister for Defence, ASPI Conference, Canberra, 9 April 2014, <www.aspi.org.au/__data/assets/pdf_file/0011/20720/Johnston-Speech.pdf> [Accessed 31 March 2016].

¹⁷ Department of Defence, *Defence Issues Paper 2014* (Canberra: Commonwealth of Australia, 2014), pp. 24-25.

¹⁸ Sid Maher, 'Car Industry Cuts Helped Seal FTA Deals: Hockey', *The Australian*, 3 December 2014.

¹⁹ Ross Garnaut, *Dog Days: Australia after the Boom* (Melbourne: Redback, 2014).

timeframe concerns.²⁰ Abbott and his security advisor Andrew Shearer seemed highly attracted to what became known as 'Option J': purchasing Japan's Soyru-class of submarines and modifying them for Australian requirements. This was partly due to their reputation as world-class diesel submarines, but also due to what the government saw as clear 'strategic' benefits from stronger engagement between the two US allies. Abbott not only declared that Japan was Australia's "closest friend in Asia" he suggested a formal commitment to its security was in the offing, declaring his country a "strong ally" of Japan.²¹ This was later downplayed by senior Australian officials.²² Japanese officials, however, reciprocated, declaring a "quasi-alliance" was developing.²³ While there are serious merits for Japanese submarines as the purchase of choice for Australia, and for connecting the 'spokes' of the US alliance system together, the ad hoc, personality-driven approach of the Abbott Government to such a momentous decision raised serious concern in the defence community during this period.

Another example of Abbott's growing involvement can be seen in the instructions in June 2014 for Defence to examine the potential of turning the Canberra-class Landing Helicopter Docks (LHDs) into miniature aircraft carriers. This would also involve purchasing the F-35B Lighting II which has a Short Take Off and Vertical Landing (STOVL) capability.²⁴ Making such a request itself is not unusual, but many analysts were surprised to see the idea taken so seriously by the Prime Minister given the substantial and obvious case against it. As a report by ASPI quickly concluded, "the cost-benefit analysis is not in favour of developing LHD/STOVL aviation for the ADF. The scenarios in which an LHD/STOVL capability would be realistically required and make an important operational impact are vague, at best".²⁵ In other words, even if the project was feasible, it is not clear what it

²⁰ Marian Wilkinson, Karen Michelmore and Mario Christodoulou, 'Tony Abbott Changed Submarine Tender Policy Overnight when Faced with Leadership Spill', *Four Corners*, ABC, <www.abc.net.au/news/2015-03-17/tony-abbott-changed-submarine-tender-policy-leadership-spill/6324620> [Accessed 31 March 2016]; Brendan Nicholson and Rick Wallace, 'Home Built Submarines Deemed Too Expensive, Too Risky' *The Australian*, 9 September 2014.

²¹ Craig Mark, 'Politics of the "Closest Friend": Abbott, Japan and the Asia-Pacific', *The Conversation*, 10 October 2013, <theconversation.com/politics-of-the-closest-friend-abbott-japan-and-the-asia-pacific-19069> [Accessed 31 March 2016]; Robert Ayson, 'Australia-Japan: Abbott Uses the "A" word', *The Interpreter*, Lowy Institute for International Policy, 3 December 2013, <www.loyinstitute.org/post/2013/12/03/Australia-Japan-Abbott-uses-the-A-word.aspx> [Accessed 31 March 2016].

²² Graeme Dobell, 'Japan as a Small "a" Ally', *The Strategist*, Australian Strategic Policy Institute, 22 September 2014, <www.aspistrategist.org.au/japan-as-small-a-ally/> [Accessed 31 March 2016].

²³ John Garnaut, 'Australia-Japan Military Ties Are a "Quasi-Alliance" Say Officials', *The Sydney Morning Herald*, 26 October 2014.

²⁴ David Wroe, 'Jump Jets on Navy's Agenda as Tony Abbott Orders Air Strike Rethink', *The Sydney Morning Herald*, 3 June 2014.

²⁵ Richard Brabin-Smith and Benjamin Schreer, 'Jump Jets for the ADF?', *Strategic Insights*, no. 78, Australian Strategic Policy Institute, November 2014, pp. 7-8.

could be used for. The proposal was quietly abandoned during the White Paper process.

There were also repeated media reports of the Prime Minister's desire to send small groups of ADF forces to deal with global issues. After Malaysian Airlines flight MH17 was shot down over the war zone in Ukraine in July 2014, killing thirty-eight Australians, there was allegedly talk in the Prime Minister's office of sending in up to 1,000 ADF troops to secure the site.²⁶ This was met with widespread incredulity.²⁷ There was also a well-sourced report in *The Australian* that in November 2014 Abbott had wanted to send 3,500 ADF troops to Iraq to fight Islamic State, well in advance of the United States.²⁸ While it is unobjectionable for a prime minister to explore options for changing military equipment or sending the ADF overseas to support national interests, the combined picture of these specific initiatives suggested a leader with a weak grasp of the capabilities of the ADF and effective military strategy.

Over the course of 2014, the Abbott Government increasingly struggled in the polls, especially after the release of their May budget. This shift in popularity led the ALP to slowly increase its willingness to discuss defence issues. Over the last few years, the two parties have begun to slowly diverge on a number of key issues, though the constant demand for 'bipartisanship' tends to reduce their willingness and capacity to debate defence issues in public. In terms of the strategic environment, the Coalition has remained much more hawkish on international terrorism than the ALP. Foreign Affairs Minister Julie Bishop repeatedly declared that terrorism is the "most significant threat to the global rules based order to emerge in the past 70 years—and included in my considerations is the rise of communism and the Cold War". A claim few if any scholars agreed with, and which seemed disproportionate to Australia's contributions to the fight.²⁹ In contrast, Labor has sought to make climate change a central part of the national security agenda, a view the Coalition and most strategic scholars dismiss. While there is no willingness from either party to 'choose' China over the United States, there are differences on what Australia's choice of the United States

²⁶ Paul Kelly, 'Leader for a More Dangerous World', *The Australian*, 13 August 2014.

²⁷ Julieanne Strachan and Matthew Knott, 'Abbott's Mission to Ukraine Branded "Nuts"', *The Sydney Morning Herald*, 27 July 2014.

²⁸ Joe Lyons, 'Tony Abbott Sought Military Advice on Go-It-Alone Invasion of Iraq', *The Australian*, 21 February 2015.

²⁹ Paul Dibb, 'Julie Bishop exaggerates: Cold War puts Islamic State in the shade', *The Australian*, 30 April 2015; Sam Roggeveen, 'Julie Bishop, ISIS and the Cold War', *The Interpreter*, Lowy Institute for International Policy, 30 April 2015, <www.lowyinterpreter.org/post/2015/04/30/Julie-Bishop-ISIS-and-the-Cold-War.aspx> [Accessed 31 March 2016].

means, and whether the region should “make room for China as it rises”³⁰ or whether it is China which needs to “embrace the liberal world order”.³¹

In terms of capability acquisition the ALP has insisted on the need for a strong domestic defence industry, while the Coalition—at least for the first year of the Abbott Government—was willing to go offshore to obtain value for money. Finally, in terms of financial burden, the ALP has been erratic in its approach to Defence’s budget, proposing large increases in the 2009 White Paper, then reneging on them within ten days in light of the Global Financial Crisis.³² The Gillard Government publicly committed to increasing defence spending to 2 per cent of GDP, but that was only after having cut around \$18.2 billion from Defence’s budget. By contrast, the pledge to increase spending to 2 per cent of GDP will probably be seen as Abbott’s most enduring contribution to Australian defence policy. As Prime Minister he implemented it at great cost to his debt reduction agenda, and he continues to advocate for it after leaving office.

As the Abbott Government shifted position across its term, and with the shift of leadership to Malcolm Turnbull, the extent of disagreements between the Coalition and ALP has slightly moderated. But there are still quite fundamental differences of opinion about the nature of the changing order and Australia’s role in the region which are often swept away, rather than openly discussed. As Iain Henry shows in his article for this special issue, it is far from clear that the mainstream view of Australia’s strategic environment is the best way to understand the Asia-Pacific today. By not utilising the institutions of the Australian political system to debate these issues and the nation’s approach the country will be less well prepared for a major shift in policy, should future circumstances require it.

‘Good Government Starts Today’: Resetting the Abbott Prime Ministership

In December 2014, after a little over a year in office, Abbott announced a reshuffle of his cabinet, including the Defence portfolio. The minister, David Johnston, had been seen as increasingly beleaguered in the preceding months. While regarded as adept on technical detail, and liked for his genuine interest in defence issues, Johnston was considered to lack wider strategic nous. Frustratingly for the Prime Minister, Johnston also seemed to struggle to drive home the Coalition’s political advantage on national security policy issues. While Scott Morrison at Immigration captured the image of a

³⁰ Deborah Snow, ‘Tanya Plibersek Softly-Softly on China’, *The Sydney Morning Herald*, 12 August 2014.

³¹ Tony Abbott, ‘Abbott: I Was Right on National Security’, *Quadrant Online*, 26 March 2016, <quadrant.org.au/opinion/qed/2016/03/abbott-right-national-security/> [Accessed 31 March 2016].

³² Mark Thomson, ‘Defence Funding and Planning: Promises and Secrets’, *Security Challenges*, vol. 5, no. 2 (2009), p. 93.

minister at war—albeit against people seeking asylum—the actual Defence Minister at a time when the ADF was deployed in combat overseas seemed ill-suited for the part.

Johnston particularly struggled in the face of the ALP's demand to use defence policy as industry policy, to protect jobs and support companies. The economically dry preference of the government was obviously a harder sell to the public, but Abbott and Johnston were portrayed as having become indifferent to the fate of the local defence industry, with allusions to the collapse of the car industry common. Though the government had come into office cautious about the merits of industry, it was flabbergasted in late 2014 by newly revealed problems in the construction of the Air Warfare Destroyers (AWD). This involved cost overruns of over a billion dollars and significant "delays caused by poor work standards, incorrect drawings and lack of coordination".³³ A few months after these problems were revealed, Johnston showed the depths of his anger by declaring that when it came to the Australian Submarine Corporation (ASC), which had been involved in the AWD project, he "wouldn't trust them to build a canoe". The comments caused Johnston to be censured in the Senate, and were widely attributed as a cause of his sacking from the portfolio.³⁴

In a sign of Abbott's strong desire to run the Defence portfolio—something common to many prime ministers—Kevin Andrews was appointed the new Defence Minister. Andrews was a controversial choice given he had no background in the portfolio, though he did offer extensive ministerial expertise, ranging back to the Howard Government era.³⁵ Andrews quickly embraced the portfolio and seemed to be a stronger advocate for the government and its policy choices than his predecessor. Andrews' biggest headache in the office came just two months into the job, when a potential leadership challenge directly led to a number of substantial changes to defence policy.

In early February 2015 a motion to 'spill' the leadership of the Liberal Party was initiated by unhappy backbench members of parliament. While Abbott survived the motion, the Prime Minister made numerous promises of policy change, including to Defence, as part of his bid to retain his position. South Australian politicians, both ALP and Coalition, had long been concerned that a deal with Japan on the future submarine project would mean the closure of

³³ Ian McPhedran, 'Defence's Air Warfare Destroyer Delayed Project \$500m over Budget', *News.com.au*, 15 August 2014, <www.news.com.au/national/defences-air-warfare-destroyer-delayed-project-500m-over-budget/news-story/e6b66dd0b5c272759f23596b9003d010> [Accessed 31 March 2016].

³⁴ Jennifer Rajca, 'Labor Calls for Defence Minister David Johnston To Be Sacked after Criticising Australian Shipbuilders', *News.com.au*, 26 November 2014, <www.news.com.au/national/labor-calls-for-defence-minister-david-johnston-to-be-sacked-after-criticising-australian-shipbuilders/news-story/19f9a2e857b94f27fc630be5e89d4443> [Accessed 31 March 2016].

³⁵ Heath Aston and Latika Bourke, 'New Defence Minister Kevin Andrews Takes Flak for "No Interest" in the Military Comment', *The Sydney Morning Herald*, 22 December 2014.

shipyards in the state and the loss of jobs. These concerns had been stoked for months by ALP-leader Bill Shorten who resorted to at times xenophobic language about the Japanese to argue for an Australian build.³⁶ In order to obtain the vote of South Australian Senator Sean Edwards in the internal ballot, Abbott promised that the ASC could compete for work on the submarine contract.³⁷ This decision was apparently undertaken without the knowledge of other colleagues in the National Security Committee.³⁸ After the spill was defeated, Minister Andrews announced that a 'Competitive Evaluation Process' (CEP) would now be undertaken to decide who would build Australia's future submarines. At the time of the announcement, it was not clear what a competitive evaluation process was, and Andrews struggled to say how it was distinct from a tender, leading to some mirth from the media.³⁹

A reasonable case can be made that, however nakedly political the process, the CEP has been a strong policy benefit for Australia. Contrary to traditional arguments that good policy is good politics, this was an inverse where bad politics has led to good policy.⁴⁰ By holding a competitive assessment the Abbott Government achieved two useful outcomes. First, it shifted the leverage from the supplier to the buyer. Rather than Australia seeking Japanese submarines, the process now required Japan, along with French and German participants, to seek Australian endorsement. Through the formal process, and via public relations campaigns in the media, the three countries have all competed to argue they can offer a lower price and more local build options than their competitors. This should lead to savings for Australia in the final price, as well as adding more rigour to the decision-making process.

The other advantage is that it has helped to bring the decision and relative merits of the options much more clearly into the public eye. As a \$100 billion (or more) process, the working assumption of prime ministers Kevin Rudd, Julia Gillard and Tony Abbott was that the decision was so important it had to be made behind closed doors with little explicit public engagement. This however let sectional interests run riot. The economic ideology of the Labor and Liberal parties quickly became a key deciding factor for whether there should be a domestic build or not, rather than the technical, strategic or financial requirements. The CEP by contrast has enabled much greater

³⁶ Troy Bramston, 'Bill Shorten's Submarine Speech Plumbs the Depths', *The Australian*, 11 September 2014.

³⁷ Lisa Cox, 'Senator Sean Edwards Gives Bizarre Interview about Tony Abbott's Submarine Promise', *The Sydney Morning Herald*, 10 February 2015; Savva, *The Road to Ruin*, p. 159.

³⁸ Wilkinson et al., 'Tony Abbott Changed Submarine Tender Policy Overnight when Faced with Leadership Spill'.

³⁹ Tony Wright, 'Post Non-Spill Submarines? Read My Bubbles', *The Sydney Morning Herald*, 10 February 2015; Jared Owens, 'Defence Minister Kevin Andrews Struggles To Explain New Submarine Policy', *The Australian*, 10 February 2015.

⁴⁰ Andrew Carr, 'Australia's Submarines: Bad Politics Can Lead to Good Policy', *The Canberra Times*, 26 February 2015.

public insight into the process, with the three contenders each publicly making their case and Opposition and independent politicians feeling emboldened to offer their views on the right approach. Whatever the decision, the more open process of debate and discussion will help to build public ownership for what will be “the largest Defence procurement program in Australia’s history”.⁴¹

Abbott, Turnbull, and a White Paper Stuck in the Middle

While the CEP led to a strengthened policy process, the politics did not significantly improve for Tony Abbott. In April 2015, the Abbott Government used the release of a major inquiry by the RAND corporation into the Australian naval shipbuilding industry to declare that it was now “prepared to commit to a long-term investment” in the industry.⁴² As the report made clear, this reversed the government’s desire to put efficiency first, given the “production of naval warships in Australia involves a 30 percent to 40 percent price premium over the cost of comparable production at shipyards overseas”.⁴³

In August 2015, the Prime Minister formalised the government’s switch to support local industry, announcing a ‘historic’ surface fleet project would be built in Adelaide.⁴⁴ The essentially political nature of the Prime Minister’s decision was apparent in the impact on the White Paper process. As *The Australian* reported soon after “the move caused havoc for defence planners, who have had to rewrite much of the white paper to accommodate the rescheduled shipbuilding program and have delayed the release of the policy blueprint”.⁴⁵

While the Turnbull Government was later criticised for DWP2016’s embrace of domestic industry, the shift in the Coalition’s approach to industry support largely occurred during 2015 as the Abbott Government sought to restore its public standing. Despite the significance of the changes, Abbott remained unpopular. In September 2015, Abbott faced a second party-room ballot on

⁴¹ Kevin Andrews, ‘Minister for Defence—Strategic Direction of the Future Submarine Program’, Media Release, Canberra, 20 February 2015, <www.minister.defence.gov.au/2015/02/20/minister-for-defence-strategic-direction-of-the-future-submarine-program/> [Accessed 31 March 2016].

⁴² Kevin Andrews, ‘Minister for Defence—Release of the RAND Corporation Report’, Media Release, Canberra, 16 April 2015, <www.minister.defence.gov.au/2015/04/16/minister-for-defence-release-of-the-rand-corporation-report/> [Accessed 31 March 2016].

⁴³ John Birkler et al., *Australia’s Naval Shipbuilding Enterprise: Preparing for the 21st Century* (Santa Monica: RAND Corporation), <www.rand.org/content/dam/rand/pubs/research_reports/RR1000/RR1093/RAND_RR1093.pdf> [Accessed 31 March 2016], p.xxxviii.

⁴⁴ 891 ABC Adelaide, ‘2,500 Shipbuilding Jobs “Safe” for Adelaide as Prime Minister Announces Local Navy Frigate and Corvette Ship Build’, *ABC News*, 4 August 2015, <www.abc.net.au/news/2015-08-04/major-shipbuilding-plan-expected-for-sa/6668956> [Accessed 31 March 2016].

⁴⁵ Cameron Stewart, ‘\$70bn Defence Boost Builds Sea Defences’, *The Australian*, 12 September 2015.

his leadership, this time losing a vote to Malcolm Turnbull. While Turnbull made the case for change based on economic leadership, polling at the time found that three-quarters of Australians preferred Turnbull to have responsibility for issues of national security compared to Tony Abbott.⁴⁶

A cabinet reshuffle soon followed, leading to the end of Kevin Andrews's tenure and appointment of Marise Payne as the third Defence Minister under the Coalition. Andrews, who had supported Abbott during the spill, took the unusual step of pre-empting Turnbull's cabinet announcement and announced his resignation at a press conference. In stepping down, Andrews declared that "during the past 9 months ... the fragile trust between government and defence was restored" which seemed to slight his Coalition predecessor David Johnston.⁴⁷ Andrews also declared that he was "disappointed that Mr Turnbull did not accept my offer to work with him", stating "frankly my remaining in this job was not about me. It was all about the stability of our defence force in Australia and its leadership".⁴⁸

Andrews also left a final hand grenade for the new Defence Minister. He told the media that the Defence White Paper was "finalised and ready for release".⁴⁹ This has been privately disputed by Defence officials who say a first draft was ready at the time of the leadership change, but the document had not yet been seen by Prime Minister Abbott. The effect of Andrews's statement was to put immediate pressure on Turnbull and Payne to release the document straight away. In the end they would take nearly six months to review it before release.

This cautious approach bears the hallmark style of Marise Payne. A nineteen-year veteran of the Senate, she had served extensively on security and foreign policy committees during her time, although with little public recognition or impact on major debates. The choice of Payne was widely endorsed, though Abbott's close friend and confidant Greg Sheridan was a notable critic.⁵⁰ While only six months into the role at the time of writing, Payne seems to have avoided putting a major foot wrong, though she has yet to clearly drive the public debate around defence issues either. There have also been some criticisms, such as the difficulty of access to her and

⁴⁶ Heath Aston, 'Poll Finds Tony Abbott's Assumed Security Strength a Misconception', *The Sydney Morning Herald*, 27 November 2015.

⁴⁷ 'Kevins Andrews Steps Down as Defence Minister—Video', *The Guardian*, 20 September 2015, <www.theguardian.com/australia-news/video/2015/sep/20/kevin-andrews-steps-down-defence-minister-video> [Accessed 31 March 2016].

⁴⁸ Lenore Taylor, 'Kevin Andrews Tried To Appoint Advisor to Defence Job in Days after Leadership Coup', 2 March 2016, *The Guardian*, <www.theguardian.com/australia-news/2016/mar/03/kevin-andrews-tried-to-appoint-adviser-to-defence-job-in-days-after-leadership-coup?CMP=share_btn_tw> [Accessed 31 March 2016].

⁴⁹ Ibid.

⁵⁰ Brendan Nicholson, 'Marise Payne's Defence Post Choice "Inspired Choice"', *The Australian*, 21 September 2015; Greg Sheridan, 'No Defence for Breaking Continuity of Vital Defence Ministry', *The Australian*, 24 September 2015.

management of her office, but pleasingly gender seems to have played little role in her reception.

Without access to all of the classified draft versions of the White Paper, it is difficult to assess how significant the change of Prime Minister and Defence Minister was on the final text of the 2016 Defence White Paper. Many have speculated about substantial changes to the language on Japan and China, but this has been privately countered by officials. Given the generally diplomatic language in Prime Minister Abbott's public speeches, as well as the experience of the 2009 White Paper, it is unlikely DWP2016 would have staked out a bold new rhetoric or courted controversy. It would appear that the major capabilities Australia is acquiring have remained unchanged, although Turnbull and Payne have clearly embraced Abbott's shift to larger domestic construction and using defence policy to support local industry. As one former official has scathingly assessed of DWP2016: "Much of the investment program seems designed to help industry rather than maximise security—and only an incurable optimist would imagine one can do both".⁵¹ For instance, as Lee Corder notes in his article for this edition, the desire to have a 'continuous build' approach to shipbuilding will likely require a slower, less efficient production in order to maintain employment opportunities.⁵² Turnbullian language such as 'innovation' and 'agile' also seems to have filtered its way into the document, as did references to climate change.

There do seem two areas where changes have been made or at least a difference between the Abbott and Turnbull camps can be identified. First, there has been a re-interpretation of the 2 per cent of GDP target for Defence. In the days before the White Paper's release, Abbott released an opinion piece setting out his conditions for support, chief among them was maintaining the GDP link.⁵³ In the actual document however, GDP is still used as a target, but crucially it seems to have shifted to a once-off process with specific dollar figures replacing GDP as the focus. This was of course a necessary step for planning, but DWP2016 also seems to embed this shift to focus on dollars as the government's long-term approach:

To strengthen Defence's long-term budget and planning certainty, the Government has decided that the 10-year funding model will be not be subject to any further adjustments as a result of changes in Australia's GDP growth estimates. This de-coupling from GDP forecasts will avoid the need

⁵¹ Hugh White, 'Defence White Paper Fails To Deal with the Strategic Risks We Face in the Asian Century', *The Sydney Morning Herald*, 1 March 2016.

⁵² Lee Corder, 'The Future of Maritime Forces in an Integrated Australian Defence Force', *Security Challenges*, vol. 12, no. 1 (2016), p. 12.

⁵³ Sam Roggeveen, 'Abbott Sets Benchmark for Turnbull's Defence White Paper', *The Interpreter*, Lowy Institute for International Policy, 22 February 2016, <www.lowyinterpreter.org/post/2016/02/22/Abbott-sets-benchmark-for-Turnbulls-Defence-White-Paper.aspx> [Accessed 31 March 2016].

to have to regularly adjust Defence's force structure plans in response to fluctuations in Australia's GDP.⁵⁴

Paragraph 8.10 of DWP2016 therefore explicitly breaks the link between what the government will spend, and Australia's GDP. This is a welcome step, given the 2 per cent target was an arbitrary number, tied to an unrelated benchmark and which inverted sensible strategic policy practice.⁵⁵ Mark Thomson has identified clear evidence of "profligate planning" in DWP2016 due to the 2 per cent target.⁵⁶ Despite the change in approach the Turnbull Government will have to watch Defence's spending closely to avoid further waste and inefficiency.

The other change between Turnbull and Abbott was not immediately apparent on the document's release. Instead, on 2 March 2016, six days after the White Paper's release, Greg Sheridan reported that draft sections of the paper had been leaked to him. Most controversially, Sheridan stated that Abbott-era drafts had expected Australia's submarine fleet to begin arrival in the mid to late 2020s, while the language of the Turnbull document now talked about the mid-2030s. Abbott was quoted by Sheridan for his article as saying he was "not just disappointed, I'm flabbergasted at this decision".⁵⁷

The leak of a draft white paper set off a media firestorm, and internal recriminations within the Liberal Party. Abbott supporters such as Sheridan used the change to suggest Turnbull was weak on defence policy, and unresponsive to the worsening strategic environment. Meanwhile Turnbull, Payne and the senior leadership from Defence decided to call in the Australian Federal Police (AFP) to investigate the leak.⁵⁸ The Secretary of the Department of Defence, Dennis Richardson, has rejected the claims made by Sheridan and Abbott, arguing before a Senate Estimates committee that "I was not aware of a single professional view in Defence which supported the mid-2020s" as the launch date for the first submarines.⁵⁹

One plausible explanation for the different positions comes from Sheridan's article which states "The Abbott government had included in its white paper draft the more cautious figure of the late 2020s, but in all its internal planning and discussions, the government under Mr Abbott and Mr Andrews was

⁵⁴ Department of Defence, *2016 Defence White Paper*, p. 179, para 8.10.

⁵⁵ Carr and Dean, 'The Funding Illusion'.

⁵⁶ Mark Thomson, 'Funding and Delivering the 2016 Defence White Paper', *Security Challenges*, vol. 12, no.1 (2016), p. 7.

⁵⁷ Greg Sheridan, 'Malcolm Turnbull Pushed Back Tony Abbott Submarine Dates', *The Australian*, 2 March 2016.

⁵⁸ 'AFP To Investigate Submarine Report Leak', *The Australian*, 2 March 2016.

⁵⁹ Senate Foreign Affairs Defence and Trade Legislation Committee, Estimates, 'Defence Portfolio', Thursday 3 March 2016, Proof Committee Hansard, p. 3.

determined to get the first submarine built by 2026-27”.⁶⁰ In other words, the earlier target was more of an enthusiasm from the executive, one resisted by Defence, rather than an explicit ‘decision’. As Richardson told the Senate committee: “We have consistently advised government that it was highly unlikely that the first of the Future Submarines could be delivered by 2026 and that an extension of life for the Collins class submarine would almost certainly be required”.⁶¹ Andrew Davies and Mark Thomson from ASPI have argued that a mid-2020s delivery of the first submarine was possible if purchased ‘off-the-shelf’ from Japan, without any of the modifications the Australian Government was seeking (such as extended distance and new combat systems). But they point out that this option evaporated with Abbott’s creation of the CEP and his decision to expand the role of Australia’s domestic industry in the final build.⁶² As such, the main reason why a mid-2020s delivery is now impossible, is because of decisions made by the Abbott Government.

Outside the quarters of the former prime minister and his supporters, DWP2016 seems to have earned a largely favourable public response. On the day it was released, Opposition Shadow Defence Minister Stephen Conroy stated that “based on our initial review and in the spirit of bipartisanship, we are broadly supportive of the Defence White Paper”.⁶³ Given the document maintains many of the capability commitments put in place under Labor in 2009 and 2013 this is unsurprising. The ALP especially welcomed the commitment to domestic construction, though continued to argue this should be extended to also include the entire development of the future submarine project in Adelaide. Two notable statements of support came from the architects of the 1980s Defence of Australia (DOA) policy, with Kim Beazley and Paul Dibb both praising the new White Paper.⁶⁴ There are large aspects of the DOA framework back within this document, with a greater emphasis on northern Australia (a key Coalition concern for development and growth)⁶⁵ the South Pacific and maritime Southeast Asia as the main areas of activity and attention. This is quite distinct from the Howard Government’s thinking in the mid-2000s which seemed to want to float Australian strategic policy free of its geographic constraints, and from

⁶⁰ Sheridan, ‘Malcolm Turnbull Pushed Back Tony Abbott Submarine Dates’.

⁶¹ Senate Foreign Affairs Defence and Trade Legislation Committee, Estimates, ‘Defence Portfolio’, p. 2.

⁶² Andrew Davies and Mark Thomson, ‘New Subs—Not so Fast’, *The Strategist*, Australian Strategic Policy Institute, 3 March 2016, <www.aspistrategist.org.au/new-subs-not-so-fast/> [Accessed 31 March 2016].

⁶³ Conroy et al., ‘Transcript: Doorstop, Subject: Defence White Paper’.

⁶⁴ Kim Beazley, ‘DWP 2016: A Throw Back to a Harder Era’, *The Strategist*, Australian Strategic Policy Institute, 2 March 2016, <www.aspistrategist.org.au/dwp-2016-a-throwback-to-a-harder-era/> [Accessed 31 March 2016]; Paul Dibb, ‘DWP 2016: The Return of Geography’, *The Strategist*, Australian Strategic Policy Institute, 1 March 2016, <www.aspistrategist.org.au/dwp-2016-the-return-of-geography/> [Accessed 31 March 2016].

⁶⁵ Australian Government, *Our North, Our Future: White Paper on Developing Northern Australia* (Canberra: Commonwealth of Australia, 2015).

some of Abbott's rhetoric about his "government's commitment to giving our armed forces global reach" and to "uphold our values around the world".⁶⁶

Internationally, the most important and perhaps predictable responses came from the United States and China. The US ambassador to Australia, John Berry, stated that "as allies, we welcome the Government's sustained investment in defence capabilities and readiness and its support for rules-based international order", along with welcoming the document as a "well-considered, comprehensive approach to addressing evolving security challenges of the coming decades".⁶⁷ The Chinese Government's response meanwhile stated it was "dissatisfied" with the "negative" language used to describe China, and repeated its previous call for Australia to abandon its Cold War-era mentality, code for ending the alliance with the United States.⁶⁸ An early analysis of Chinese media coverage of the 2016 Defence White Paper concluded that overall "the response was measured and rather low-key".⁶⁹ As was the case in Indonesia and Southeast Asia.⁷⁰

Conclusion

In September 2013 when Tony Abbott was first elected Prime Minister many expected a repeat of the Rudd experience with the Defence White Paper. That is, the production of a document bearing all the idiosyncrasies and personality of the Prime Minister. Instead, it was the changing fortunes of his government which left the largest mark on the document. When Abbott was ascendant, good process including demands for explicit costing and deep engagement with Cabinet governance were established. As he slid in the polls, the Defence portfolio and White Paper was increasingly—though futilely—used as a leverage for restoring political standing. Principles were dropped, policies changed, and the ADF seemed to become a default tool for solving global problems. Sometimes the outcomes were for the better—

⁶⁶ Tony Abbott, 'Why We Need To Beef up Defence', *The Australian*, 22 February 2016; Tony Abbott, 'Abbott: I Was Right on National Security', Quadrant Online, 26 March 2016, <quadrant.org.au/opinion/qed/2016/03/abbott-right-national-security/> [Accessed 31 March 2016].

⁶⁷ Greg Jenett, 'Defence White Paper: Australia Joins Asia's Arms Race with Spending on Weaponry and Military Forces to Reach \$195b', *ABC News*, 25 February 2016, <www.abc.net.au/news/2016-02-25/defence-white-paper-released-increased-spending/7198632> [Accessed 31 March 2016].

⁶⁸ Eliza Borrell, 'South China Sea: Beijing "Dissatisfied" with "Negative" Remarks in Australia's Defence White Paper', *ABC News*, 26 February 2016, <www.abc.net.au/news/2016-02-25/china-'dissatisfied'-with-defence-white-paper-comments/7201062> [Accessed 31 March 2016].

⁶⁹ Jackson Kwok, 'Chinese Media Respond to the Defence White Paper', *The Interpreter*, Lowy Institute for International Policy, 3 March 2016, <www.lowyinterpreter.org/post/2016/03/03/Chinese-media-responds-to-the-Defence-White-Paper.aspx> [Accessed 31 March 2016].

⁷⁰ Tim Huxley, 'Southeast Asia's Muted Reaction to the 2016 Defence White Paper', *The Strategist*, Australian Strategic Policy Institute, 16 March 2016, <www.aspistrategist.org.au/southeast-asias-muted-reaction-to-the-2016-defence-white-paper/> [Accessed 31 March 2016].

such as the CEP for the future submarines—but many of the other costs are still to be counted.

The new government of Prime Minister Malcom Turnbull and Defence Minister Marise Payne are yet to truly make their mark in the portfolio. They will have to demonstrate credibility not through writing a white paper as past governments have sought to do but by coherently implementing one. This is a much harder challenge, however only then will we be able to say that the 2016 Defence White Paper has escaped the politics of its creation.

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Australia's Grand Strategy and the 2016 Defence White Paper

Michael Wesley

Australia has traditionally done without a grand strategy, relying on Defence White Papers to set out a military strategy that is largely subordinate to the grand strategy of its great power ally. However, three changes mandate that Australia should begin to develop its own grand strategy: the demise of uncontested regional unipolarity; the bifurcation between Australia's security and economic interests; and Australia's growing geopolitical importance. This article takes the 2016 Defence White Paper as a platform on which to ponder the challenges of Australia's grand strategising around five key issues: context, capability, constraints, coherence and competitiveness. It concludes by considering the political obstacles that lie in the way of forging an Australian grand strategy.

Grand strategy is not a term in much use in Australian strategic policymaking or commentary.¹ Part of the reason seems to stem from the pragmatic bent of Australian policymaking, a preference for getting on and doing things rather than coming up with abstract concepts and grand schemes. This is not to say, however, that strategy has been absent from Australian policy; indeed the practice of compiling Strategic Guidance papers as the basis of Australian defence policy planning began at the end of the Second World War.² Later, Defence White Papers were used effectively to plan and signal Australia's defence capabilities and thinking, and were on occasion joined by foreign policy, development aid, counter-terrorism and even 'Asian Century' white papers.

Grand strategy as a concept really flourished in the United States in the perceived strategy vacuum that followed the end of the Cold War and the consequent obsolescence of the strategy of containment. In the United States and Britain, there has been a vigorous debate about the utility, nature and purpose of grand strategy.³ Strategists have become embroiled in extensive debates about whether the perceived failures in post-Cold War American foreign policy can be attributed to the lack of capacity to develop a grand strategy for the United States in dealing with the twenty-first century

¹ There are some exceptions, for example Andrew Shearer, 'Changing Military Dynamics in East Asia: Australia's Evolving Grand Strategy', *SITC Research Briefs*, January 2012, <eprints.cdlib.org/uc/item/5sf691qt> [Accessed 11 April 2016].

² Stephan Frühling, *A History of Australian Strategic Policy Since 1945* (Canberra: Defence Publishing Service, 2009).

³ See for example Richard K. Betts, 'Is Strategy an Illusion?', *International Security*, vol. 25, no. 2 (Fall 2000), pp. 5-50; Hal Brands, *What Good is Grand Strategy? Power and Purpose in American Statecraft from Harry S. Truman to George W. Bush* (Ithaca: Cornell University Press, 2011).

world.⁴ Many of these discussions and debates have been closely followed in Australia, probably because as a close ally of the United States, Australia will be significantly affected by the presence and quality of American grand strategy.

Indeed, Australians' relative lack of interest in a grand strategy for their own country probably stems from a pragmatic realisation that Australian strategic policy has always been derivative of the grand strategy of its great power ally. Australian strategic policy has always taken as its starting point the grand strategic frameworks developed by the British Empire and then the United States. Where our major ally's grand strategy was seen to have incorporated Australia's interests and views of the world, Australia has been a willing contributor to the implementation of that grand strategy. And where our great power ally's grand strategy has been seen to ignore Australia's interests or is perceived to be mistaken in understanding global and regional trends, Australian strategic policy has formulated a compensating—though not independent—response.

For these reasons, Australian strategic policymaking has always been strongly invested in regional unipolarity: it has been most confident and stable when its great power ally held primacy in the Indo-Pacific. Conversely, periods when its ally's primacy has been challenged, such as by the growth of Japanese power in the Pacific during the inter-war years, have been periods of uncertainty and turmoil in Australian strategic policy. For a growing number of policy makers and commentators in Australia, there is a growing consensus that we are entering just such a period now. We have, paradoxically, drawn closer to our American ally even as our doubts about its ability to maintain or recapture its position of primacy in the region have mounted. It is at this time, when the power structure of our region undergoes profound transition from unipolar to bipolar or multipolar, that Australia must evolve more than a strategy derivative of the grand strategy of our major ally.

My major preoccupation in this article is to ponder the major challenges a successful Australian grand strategy would need to address. The framework that I develop is then used to interrogate the 2016 Defence White Paper, a document that flirts with a bigger picture view of Australia's strategic imperatives, but ultimately retreats into a traditional vision of Australian strategic policy. I conclude by discussing some of the elements that must inform the development of an Australian grand strategy in the years ahead.

⁴ For example Daniel W. Drezner, 'Does Obama Have a Grand Strategy?', *Foreign Affairs*, July/August 2011; Rosa Brooks, 'Obama Needs a Grand Strategy', *Foreign Policy*, 23 January 2013.

Grand Strategy: Its Nature and Functions

At its very basic foundations, grand strategy lifts strategy out of its traditional military setting and mandates that all elements of national influence need to be integrated into a plan or approach to statecraft. Colin Gray describes grand strategy as “the direction and use made of any or all the assets of a security community, including its military instrument, for the purposes of policy as decided by politics.”⁵ This is surely a timely recognition that in the era of nuclear weapons, globalisation and deep economic interdependence, the military elements of statecraft have become relatively less important—even though the overall structure and distribution of force remains a foundational element of international affairs. Strategy in the twenty-first century must therefore be an integrative exercise, able to evaluate all facets and strands of influence and vulnerability and combine these into a comprehensive picture of national priorities, opportunities and risks.

A survey of the voluminous writing on grand strategy reveals that there are five essential elements that need to be combined to develop a grand strategy for Australia.⁶ The first is *context*—a detailed, nuanced and intuitive understanding of the evolving circumstances that affect national interests. Colin Gray adopts a sweeping definition of context, arguing it must seek to incorporate political, military, sociocultural, geographic, technological and historical factors.⁷ Arguably, such a laundry-list approach is neither necessary nor desirable; rather a first principles approach to national interests and the significant structures and trends that affect those will provide a much more immediately useful appreciation of a state's strategic environment. Some elements of context will be fixed or relatively predictable—such as geography or demographics—while others, like technology or relative economic performance, will be much less predictable. A focus on context takes grand strategy away from a focus solely on adversaries, to look at the grounds of competition, the bases of rivalry, and the positions and attitudes of allies and uncommitted stakeholders.

The second element of grand strategy are *capabilities*—the full range of instruments of influence available to the state, as well as a sober awareness of their limitations. Capabilities can be divided into attributes that are relatively immutable and those that can be modified by the state. In the context of defence planning, the former often take the form of geographic considerations; the latter are seen in terms of military capabilities that the state can invest in or disinvest from. Importantly, grand strategy takes the consideration of capabilities beyond the traditional strategic focus on military

⁵ Colin S. Gray, *The Strategy Bridge, Theory For Practice* (New York: Oxford University Press, 2011), p. 3.

⁶ My five elements are adapted from F. G. Hoffman, 'Grand Strategy: The Fundamental Considerations', *Orbis*, Fall 2014, pp. 472-85.

⁷ Colin S. Gray, *National Security Dilemmas, Challenges and Opportunities* (Washington DC: Potomac Books, 2009), p. 39.

capabilities, to include all levers of influence, actual or potential, available to the state. These include diplomatic relationships, patterns of economic interaction, knowledge relativities, and relationships of cultural solidarity.

The third element of grand strategy—and the counterpart to capabilities—are *constraints*. Constraints refer to the vulnerabilities of the state, the attributes of its position in and connections to the world that it believes confer advantages to opponents and which it feels compelled to defend. Too often strategists and defence planners concentrate on capabilities but ignore constraints. However, these two elements are intimately connected. The more vulnerabilities a state feels compelled to defend, the less of its entire strategic budget it has to invest in levers of influence that can deliver its strategic preferences. Conversely, the more secure a state feels, the more it can afford to invest in levers of external influence. My argument here is that influence and deterrence capacities draw on the same national capabilities, as bounded by the state's willingness to invest in instruments of statecraft, its access to advanced technologies and intelligence, and the willingness of the national population to support a given level of investment in international action.

The fourth component of grand strategy is *coherence*—the ability to integrate all the components of grand strategy into a common, interdependent framework. On one side of the ledger, this requires integrating strategic preferences and vulnerabilities to develop a single picture of the state's external imperatives. On the other side of the ledger, coherence mandates the integration of all of the sources of national influence. Hoffman argues that coherence must be achieved horizontally—among the various levels of national influence—and vertically—among goals, means and resources.⁸ The challenge of coherence is particularly acute given the functional differentiation that governs the organisation of government bureaucracies. Even in the age of proliferation of National Security Councils and other coordination mechanisms, defence, foreign policy, trade and investment, development aid and technology and innovation policies are often made in their own bubbles. The challenge of coherence becomes even more acute when there are significant elements of national influence that are managed by non-state entities—many of whom may be strongly resistant to viewing their activities as potential levers of state influence.

The final element of grand strategy is *competitiveness*—the ultimate imperative of placing the state in a position of advantage vis-a-vis others with competing strategic interests. This requirement has several components. Most obviously, this requires a clear understanding of who those competing states are, and what their grand strategies are. But beyond this, it also requires a clear understanding of the interests and strategic preferences of allies and non-committed stakeholders; while not necessarily competing with

⁸ Hoffman, 'Grand Strategy: The Fundamental Considerations', p. 480.

those of one's own state, they may not necessarily be complementary to one's own strategic interests. This broad range of understandings in turn forms the basis of the imperative to shape the conditions within which the competition for strategic influence takes place. The ability to shape the strategic conditions of competition confers enormous advantages on the state able to achieve this.

Taken together, these five imperatives pose a major challenge to a state's strategists, a factor that has contributed to the widespread pessimism about the perceived inability of the United States to 'do' grand strategy any more.⁹ They pose particular challenges to the Australian system, which arguably has never had to develop a grand strategy of its own, having seen its strategic planning in the past as derivative of its great and powerful allies' grand strategies. However, as regional systemic change begins to open up major gaps between Australia's imperatives and those of its major ally, it is increasingly important for Australia to develop its own grand strategy. To this end, it is useful to reflect on Australia's most recent exercise in defence strategy planning, as a way of scanning the distance that will need to be travelled if and as it contemplates putting together an Australian grand strategy.

The 2016 Defence White Paper

With some very important variations, particularly around budgeting, personnel and procurement decisions, the 2016 Defence White Paper has strong continuities with its predecessors stretching back over almost thirty years. It is strongly geographically-grounded, attempts to reconcile an independent defence capability with alliance interoperability, and invests heavily in Australia's maritime and air capabilities. As much a signalling as a planning document, the 2016 White Paper provides a *tour d'horizon* of Australia's official assessments of its strategic environment, as well as a conceptual framework marrying investments in defence capabilities with the challenges that have been identified.

Consistent with a thirty-year tradition, the Defence White Paper draws Australia's strategic environment into three concentric circles. The inner circle is "a secure, resilient Australia, with secure northern approaches and proximate sea lines of communication ... protected against attack and coercion and where Australia exercises full sovereignty over its territories and borders."¹⁰ The White Paper extends Australia's interests in the inner circle from Australia's Exclusive Economic Zone and offshore territories to its northern approaches, the Southern Ocean and Australia's Antarctic territories. It also claims to cover keeping Australia safe from "non-

⁹ Adam Garfinkle, 'The Silent Death of American Grand Strategy', *The American Review*, May 2014.

¹⁰ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016), pp. 68-9.

geographic” threats such as cyber attack, anti-satellite weapons and ballistic missile systems.

The second concentric circle encompasses “a secure nearer region, encompassing maritime Southeast Asia and the South Pacific”.¹¹ The White Paper states that

Australia cannot be secure if our immediate neighbourhood including Papua New Guinea, Timor-Leste and Pacific Island Countries becomes a source of threat to Australia. This includes the threat of a foreign military power seeking influence in ways that could challenge the security of our maritime approaches or transnational crime targeting Australian interests. (para 3.7)

It also states that “Instability or conflict in South East Asia would threaten Australia’s security and our vital and growing economic relationships in that region.” (para 3.8) The vectors of threat through an unstable maritime Southeast Asia are identified as transnational crime and terrorism and threats to Australia’s maritime trade routes.

The third concentric circle refers to “a stable Indo-Pacific region and a rules-based global order”.¹² Despite the geographic ambit of the first part of this phrase, it is clear that Australia’s Indo-Pacific stability interests are strongly oriented towards concerns about the sanctity of trade routes. The White Paper also makes it clear that the references to the rules-based global order are also largely motivated by concerns about challenges to freedom of navigation and territorial settlements:

A stable rules-based regional order is critical to ensuring Australia’s access to an open, free and secure trading system and minimising the risk of coercion and instability that would directly affect Australia’s interests. A stable rules-based global order serves to deal with threats before they become existential threats to Australia, and enables our unfettered access to trading routes, secure communications and transport to support Australia’s economic development. (para 3.9)

There are three “strategic defence objectives” that relate directly to these three concentric circles of strategic interests. In response to the inner circle, the White Paper sets the task of “Deter[ing], deny[ing] and defeat[ing] attacks on or threats to Australia and its national interests, and northern approaches.” The second strategic defence objective, relating to the second concentric circle, is to “[m]ake effective military contributions to support the security of maritime South East Asia and support the governments of Papua New Guinea, Timor-Leste and of Pacific Island Countries to build and strengthen their security.” To address the outer concentric circle, the third defence strategic objective is to “[c]ontribute military capabilities to coalition operations that support Australia’s interests in a rules-based global order.” (para 3.11)

¹¹ Ibid., p. 69.

¹² Ibid., p. 70.

Australia's Grand Strategy Imperative

Australia has had little incentive until now to invest in creating a grand strategy, and has not suffered as a result. It has a strong tradition of developing Defence White Papers as statements of military strategy which is undoubtedly a strong foundation for developing grand strategy. At this point in time, Australia has no government process or document for developing or articulating a grand strategy; and so the Defence White Paper, as the closest thing we have to grand strategy, needs to establish a framework on which grand strategy can be engaged with, debated, developed and articulated.¹³

However, there are three reasons why Australia can no longer afford for its strategy to be derivative of its great power ally's grand strategy. Whereas for all of Australia's strategic history, its great power allies' grand strategies were mostly compatible with Australia's own strategic interests, leaving a small number of cases in which Australian policy had to compensate in areas where its interests diverged from its allies', the three trends occurring at present are likely to tip this balance, to a position where Australia may well find its strategic interests increasingly differ from that of its ally on more and more occasions.¹⁴

The first shift is the demise of regional unipolarity. While the United States remains the most powerful military force in Asia and the Pacific, there are two trends that have eroded its superiority to the extent of ending regional unipolarity. The first is the growing investment by Asian countries in anti-area access denial (A2AD) weapons. The major mover in this area is China, whose development of maritime and missile forces has significantly raised the risks for the US Navy operating in the western Pacific; but other regional states, in response to China's own military build-up, have also begun to invest in these capabilities.¹⁵ The second development is the displacement of the United States and Japan as the leading economies of the region by the rise of China and its increasingly central role in the regional economic order. At this stage, it remains unclear whether the end of unipolarity in Asia and the Pacific will yield to a bipolar or a multipolar order; where the region's medium-term strategic structure lands depends heavily on economic trajectories and strategic choices among Asian states in the decades ahead.

The second shift is the bifurcation of Australia's security and economic interests. For much of Australia's history, our security and economic relationships reinforced each other, first within the British Empire trading system, then within the Asia-Pacific trade cycle linking the United States with Japan, South Korea, ASEAN, Australia and New Zealand. The reform and

¹³ My thanks to an anonymous reviewer for suggesting this point.

¹⁴ This is briefly acknowledged in the White Paper, which states that "the interests of Australia and the United States will not always align", *ibid.*, p. 124, para 5.30.

¹⁵ Michael Wesley, *Restless Continent: Wealth, Rivalry and Asia's New Geopolitics* (Melbourne: Black Inc. Books, 2015).

internationalisation of the Chinese economy has broken the US-Japan-based Pacific trade cycle. China has emerged as the major trading partner of every major Asia-Pacific economy, central to many of Asia's distributed manufacturing networks, and a major influence on the prices and flows of commodities and energy. With one of the world's most complementary economies with China, Australia has experienced this shift dramatically in its own economic interests. The Sino-Australian economic relationship now contributes about 5 per cent of Australia's GDP. However, in line with many other countries in its region, Australia has been steadily tightening its security relationship with the United States. The bifurcation of Australia's security and economic interests poses difficult choices for Australia in a way that rarely occurred when its security and economic interests aligned; as discussed below, this poses major challenges for the coherence of Australia's grand strategy.

The third development is the shift in Australia's geopolitical significance. For most of Australia's strategic history, it has comfortably existed a long way from the main eras of strategic competition, in the North Atlantic and North Pacific. This meant that Australia had the luxury of choosing when and when not to become involved in conflicts, and when it did become involved—for example in the Middle East—without worrying about serious complications in its relations with its near neighbours. However, China's A2AD challenge to US primacy in the region has ended this period of relative geopolitical space for Australia. China's raising of risks for US forces in the western Pacific has motivated the dispersal of these forces so that now the United States and its allies have developed a dispersed defence perimeter in places such as Guam, Diego Garcia—and Australia. Australia's emerging role as a base for US forces has increasingly complex strategic implications as the region evolves.

Australia's Challenge of Grand Strategising

If Australia is to embrace the imperative of developing a grand strategy, the 2016 Defence White Paper provides a good demonstration of the challenges involved in achieving the five tasks of grand strategy identified in the first section of this article. In the interests of simplicity, we can see the White Paper as a piece of defence strategy; whereas grand strategy must include and integrate all elements of national influence and vulnerability. The White Paper provides a useful platform for thinking about the outlines of a future Australian grand strategy.

In terms of *context*, the White Paper argues that:

Six key drivers will shape the development of Australia's security environment to 2035: the roles of the United States and China and the relationship between them, which is likely to be characterised by a mix of cooperation and competition; challenges to the stability of the rules-based global order, including competition between countries and major powers

trying to promote their interests outside of the established rules; the enduring threat of terrorism, including threats emanating from ungoverned parts of Africa, the Middle East and Asia ... ; state fragility, including within our immediate neighbourhood, caused by uneven economic growth, crime, social, environmental and governance challenges and climate change; the pace of military modernisation and the development of more capable regional military forces, including more capable ballistic missile forces; [and] the emergence of new complex, non-geographic threats, including cyber threats to the security of information and communications systems. (para 2.6)

While this list provides a clear statement of the most prominent threats Australia faces at the moment, it is less useful as a clear statement of Australia's strategic context. Nowhere in the White Paper is the passing of regional unipolarity mentioned; yet this more than any other factor will be the key shaper of Australia's strategic environment into the future. Whether the region transitions to a bipolar or a multipolar system—or indeed whether the United States and its allies are able to restore uncontested unipolarity—will be the central and guiding shaper of Australia's grand strategy into the future. As it stands, the White Paper makes the highly problematic assumption—unstated and unjustified—that regional unipolarity continues, though under some challenge, and can be restored uncontested given the correct coordination of allied strategy.

This problematic assumption affects the strategic judgements concerning each of the concentric circles of Australia's strategic interests and their accompanying strategic defence interests. The decline of regional unipolarity has brought new interests into the South Pacific, and the consequent evolution of greater activism and engagement with Asian powers on the part of countries that formerly looked to Australia, New Zealand and the United States as the only relevant powers in the region.¹⁶ The deterrence imperative identified in the White Paper's first strategic defence objective becomes highly problematic in this context, where the growth of outside interests in Australia's near region is the result of mutual engagement between Asian powers and Pacific countries, often with Australia's encouragement. Asian powers' engagement in the South Pacific also calls into question the other side of Australia's traditional deterrent posture in its northern approaches and the South Pacific: that of being the primary provider of outside support to these often fragile states.¹⁷ As the intense Cabinet debate over Australia joining the Asian Infrastructure Investment Bank showed, the dual-use strategic/commercial nature of infrastructure building makes it unclear whether the development of these relationships represents virtuous commercial cooperation or serves as the bridgehead for a threatening presence in years to come.

¹⁶ Stewart Firth and George Carter, 'The Mood in Melanesia After the Regional Assistance Mission to Solomon Islands', *Asia and the Pacific Policy Studies*, vol. 3, no. 1 (2015), pp. 16-25.

¹⁷ Joanne Wallis and Michael Wesley, 'Unipolar Anxieties: Australia's Melanesia Policy After the Age of Intervention', *Asia and the Pacific Policy Studies*, vol. 3, no. 1 (2015), pp. 26-37.

The intention to “support the security of maritime Southeast Asia”¹⁸ as part of the second strategic defence objective also appears increasingly problematic. During the era of regional unipolarity, Southeast Asian states invested their security dollars predominantly in internal security, confident that their external security environment would be kept benign by American power. As unipolarity has waned, however, Southeast Asian states have followed a general trend across the region towards investing in their external security, particularly in maritime weapons systems.¹⁹ No longer passive consumers of security provided externally, Southeast Asian states are increasingly producers of security—and insecurity. Against this contextual background, the White Paper’s considerable investment in maritime weapons capabilities looks like part of this general trend. As maritime Southeast Asia increasingly becomes part of a power-balancing dynamic in Asia and the Pacific, it is hard to see what role Australia can play in supporting the stability of maritime Southeast Asia.

This regional arms build-up bears heavily on the White Paper’s claims regarding *capabilities*. The White Paper claims that the investments that are to be made in defence capabilities will result in a Defence Force “more capable of operations to deter and defeat threats to Australia, operate over long distances to conduct independent combat operations in our region, and make more effective contributions to international coalitions that support our interests in a rules-based global order.” (para 4.3) The White Paper acknowledges the trends in arms build-ups occurring in the region—noting that Asia’s defence spending is now larger than Europe’s, and that in the next two decades over half the world’s submarines will be in the Indo-Pacific—adding up to the judgement that “the defence capability edge we have enjoyed in the wider region will significantly diminish.” (para 2.38) However, the major implications of this judgement are simply avoided. Defence capabilities in an era of regional unipolarity for an ally of the regional security provider are a very different proposition to defence capabilities in an era of regional bipolarity or multipolarity. If the intent is to contribute to the restoration of the *status quo ante*—regional unipolarity—the capabilities outlined in the White Paper are inadequate; if the intent is to prepare for a bipolar or multipolar order (two very different strategic propositions), the White Paper’s acquisitions look more rational—but lack the accompanying strategic logic.

The evolving regional context also bears heavily on Australia’s *constraints*. As the White Paper acknowledges, Australia’s geography—suspended between the world’s two largest archipelagos, collectively separating the Pacific from the Indian Ocean—confers vulnerabilities as well as

¹⁸ Department of Defence, *2016 Defence White Paper*, p. 74.

¹⁹ Siemon T. Wezeman, ‘The Maritime Dimension of Arms Transfers to South East Asia, 207-11’, in *SIPRI Yearbook 2012: Armaments, Disarmament and International Security* (Oxford: Oxford University Press, 2012).

advantages. It means that Australia's security will always be affected by the coherence, stability and geopolitical orientation of its island neighbours, many of which struggle to maintain state capacity. The White Paper also identifies Australia's trade dependence, and thus reliance on maritime corridors through the Pacific and Indian oceans and air corridors across Asia, as a key vulnerability, and notes repeatedly the concern that these are increasingly under challenge. In Asia's coastal waters, uncontested US sea control is slowly succumbing to multiple interlocking spheres of sea denial. How Australia's defence capabilities will respond to these two major vulnerabilities is an element of grand strategy that is missing from the White Paper.

The central task of grand strategy—achieving coherence among all elements of national power and vulnerability—is completely absent from the White Paper. This is because bringing coherence to these elements is arguably beyond the capabilities of the Australian political system. It would mean confronting the bifurcation between our strategic and economic interests. Put very plainly, there is a gaping contradiction at the heart of Australia's grand strategy. Our economic activities have and continue to play a central role in facilitating the rise of the single greatest challenge to American power since the Second World War—meaning that our economic interests are directly undermining our strategic interests in continuing uncontested regional unipolarity. For the past twenty years, Australia has tried to square this contradiction diplomatically, by trying to 'socialise' China into complying with, rather than contesting regional unipolarity. This has plainly failed. China has demonstrated that it will at all turns contest the American role in the region, including through the institutions originally designed to socialise it. Yet confronting and reconciling this contradiction is something for the Australian political system to confront and resolve—and one must be pessimistic about the ability of our political class and business community to confront this squarely. In the meantime, we comfort ourselves with the belief that 'hedging'—contributing to China's rise but clinging to a United States in relative decline—is a grand strategy.

The final task of grand strategy is achieving *competitiveness*—the imperative of placing Australia in a position of relative advantage in its strategic posture, so as not to be competing on one's opponents' terms. There are two causes for concern here. One is, as mentioned above, Australia's declining capability lead over regional states. Amid a regional arms race, Australia will be a decreasingly significant security player in the decades ahead. The other cause for concern can be labelled the paradox of liberal strategy. The White Paper pledges itself to uphold the regional and global liberal "rules-based order" on repeated occasions. It points out, correctly, that many elements of the commons—be it maritime, cyber or space—are increasingly under challenge by assertive powers such as China and Russia. Defending the liberal order places the United States and its allies in a paradoxical position of having both limited and unlimited commitments. Because of the

liberal nature of the order, their commitments to illiberal allies—such as Egypt's Hosni Mubarak—are necessarily limited, and often they need to sacrifice key upholders of the liberal order. On the other hand, their commitments are unlimited in the sense that they feel compelled to defend the order wherever it is challenged, and often a long way from their core national interests. This places the defenders of the liberal order liable to imperial overstretch, to use Paul Kennedy's phrase, while their challengers have no commitments to uphold and the luxury of choosing the timing and location of their challenges at will.

Conclusion

It is very unfair to judge the 2016 Defence White Paper according to the exacting standards of grand strategy, because it clearly is not intended to be an exercise in grand strategy. And yet the discipline of grand strategy is not a task Australia can avoid for much longer. The contextual conditions that have allowed Australia for so long to have a strategy that is derivative of a great power ally's grand strategy are eroding quickly. As Asia and the Pacific transition from uncontested regional unipolarity to contested regional bipolarity or multipolarity, the rigour of grand strategy will increasingly be necessary for the maintenance of Australia's security. If the 2016 Defence White Paper is read through this lens, it forms a useful foil for pondering the tasks of grand strategy for Australia. The most basic tasks that must be achieved are a clear understanding of Australia's strategic context, and achieving coherence with respect to the contradiction that pulls our strategic and economic interests in different directions.

These challenges remind us of that most Clausewitzian of all strategic imperatives—that strategy is ultimately a political act. Confronting both our changing regional context and the contradiction that pulls our strategic and economic interests in different directions is a task that is perhaps beyond the capabilities of our political system. The political price to be paid by any leader of a major party who clearly articulated these uncomfortable truths would surely be political ridicule and perhaps oblivion. But until such an honest conversation is possible, the best we can hope for will be strategy as outlined in the 2016 Defence White Paper—and the hope that hedging will allow us to muddle through.

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The 2016 Defence White Paper's Assessment of Australia's Strategic Environment

Iain Henry

Australia's strategic environment is most influenced by three factors: the status of the US-China relationship, America's willingness to defend the rules-based global order in Asia, and the stability of the Asian region. This commentary examines the 2016 Defence White Paper's analysis of these three factors and examines its overall narrative. As a public document, the White Paper is necessarily limited in its ability to frankly assess the most serious challenges in Australia's strategic environment and the threat they pose to national security. However, there is a risk that the document's optimistic narrative discourages a thoughtful consideration of the changes in Asia's regional order.

The US-China Relationship

Like the 2013 Defence White Paper, the new White Paper (DWP2016)¹ strikes a generally optimistic tone on the US-China relationship. It does caution that the US-China relationship will be "characterised by a mixture of cooperation and competition", and notes specific points of friction such as freedom of navigation and cyber espionage. However, DWP2016 generally downplays the risks associated with US-China tensions: because "the governments of both countries have publicly committed to a constructive relationship and it is not in the interests of either country to see an unstable international environment", DWP2016 assumes that cooperation, not conflict, will dominate the relationship (para 2.14).

Like previous White Papers, the 2016 iteration suggests the economic relationship between these two countries provides the ballast that will steady the ship during any security tempest.² DWP2016 seems to suggest that Chinese restraint—not concessions from other countries—will ensure a peaceful Asia. It notes that

¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

² See, for example, Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013), paras 2.19-2.20; and Department of Defence, *2016 Defence White Paper*, para 2.14.

newly powerful countries ... have a responsibility to act in a way that constructively contributes to global stability, security and prosperity. However, some countries ... have sought to challenge the rules that govern actions in the global commons of the high seas, cyberspace and space in unhelpful ways, leading to uncertainty and tension. ... Refusal to act in ways consistent with international law and standards of behaviour ... creates international uncertainty, endangers populations and impacts economic activity. (paras 2.24-2.25)

The White Paper suggests that “newly powerful countries ... have a responsibility to act in a way that constructively contributes to global stability”, but it does not acknowledge significant evidence which suggests that China has no intention of meeting these expectations. When President Barack Obama announced the “pivot to Asia” in November 2011, he proclaimed America’s intention to “advance security, prosperity and human dignity across the Asia Pacific”. Since then, China has carefully—but aggressively—pursued its goals in Asia. It has seized territory (the Scarborough Shoal) from the Philippines and refused to withdraw despite promising to do so.³ It stationed an oil rig in Vietnamese waters, and established an East China Sea air-defence identification zone without first consulting its neighbours. It has intercepted US aircraft and naval vessels in reckless ways, thus risking a repeat of the April 2001 EP-3 crisis. The Chinese Coast Guard continues to aggressively defend Chinese fishing vessels operating in the waters of Southeast Asian countries, like Indonesia.⁴

The issue of land reclamation in the South China Sea territorial dispute neatly illustrates DWP2016’s reluctance to confront the challenges posed by Chinese policies. DWP2016 expresses Australia’s concern “that land reclamation and construction activity by claimants raises tensions in the region”, and bluntly notes that “Australia is particularly concerned by the unprecedented pace and scale of China’s land reclamation activities” (paras 2.77-2.78). While the White Paper is forthright on this point, it does not join the dots and squarely address the overall results of China’s efforts. It talks about protecting the rules-based order in Asia but overlooks the fact that, as each day passes, China is slowly constructing and consolidating a new status quo in the South China Sea.

Rather than consider the possibility that these actions might represent deliberate, well-considered policy constituting a substantial security challenge for Australia, DWP2016 seems to assume misunderstanding or miscommunication. It suggests that “regional stability” can be served by China “being more transparent about its defence policies” (para 2.12).

³ See Ely Ratner, ‘Learning the Lessons of Scarborough Reef’, *The National Interest*, 21 November 2013; and Mira Rapp Hooper, ‘Uncharted Waters: Extended Deterrence and Maritime Disputes’, *The Washington Quarterly*, vol. 38, no. 1 (2015), pp. 127-46.

⁴ See ‘Indonesia Rebuffs China’s Demand that Fishermen be Released’, *The New York Times*, 23 March 2016.

Phrases such as this imply that misunderstandings—not deliberate efforts to change the status quo—are the root cause of current security tensions. It is unclear as to whether these optimistic statements are merely for public consumption, with more hard-headed analysis and planning occurring behind the scenes, or whether they reflect a reluctance to fully acknowledge the regional security challenges posed by China.

The future of the US-China relationship is of immense importance to Australian security, but the White Paper does not consider some of the most important questions about this relationship. What will the United States do if China continues to behave in an aggressive manner? Can Chinese aggression be deterred at a cost that America, Australia and other nations are willing to pay? To what degree should this possibility influence Australia's force posture?

The DWP's Analysis of the Rules-Based Global Order

As noted by Greg Raymond, DWP2016 contains a proliferation of the “rules-based global order” idea (fifty-six mentions in 2016, but only six in the 2013 White Paper).⁵ Frustratingly, DWP2016 does not provide a definition of the rules-based global order (RBGO) concept, but says it “supports the peaceful resolution of disputes, facilitates free and open trade and enables unfettered access to the global commons to support economic development” (para 2.19). It “means a shared commitment by all countries to conduct their activities in accordance with agreed rules which evolve over time”.⁶ Implicitly in some places, and more explicitly in others, DWP2016 credits the United States with the creation, sustainment and protection of the post-World War Two order. It notes that the RBGO is underpinned by “a broad architecture of international governance which has developed since the end of the Second World War ... including the United Nations, international laws and conventions and regional security architectures” (para 2.22).

Next, it alludes to the fact that the success and durability of the RBGO is dependent on “The global strategic and economic weight of the United States ... The world will continue to look to the United States for leadership in global security affairs and to lead military coalitions that support international security and the rules-based global order” (para 2.8). Put bluntly, DWP2016 acknowledges that the maintenance of the rules-based global order depends on American military power. The White Paper does acknowledge that the RBGO is under some pressure: “The framework of the rules-based global order is under increasing pressure and has shown signs of fragility ... newly powerful countries want greater influence and to challenge some of the rules in the global architecture established 70 years ago” (para 2.23).

⁵ Greg Raymond, ‘Playing by the Global Rules’, *The Canberra Times*, 26 February 2016.

⁶ Department of Defence, *2016 Defence White Paper*, p. 15.

Interestingly, DWP2016 seems to suggest that Australia does not support a total and uncompromising defence of the RBGO. Instead, Australia is “committed to making practical and effective military contributions to global security operations to maintain the rules-based order ... *where it is in our interest to do so*”.⁷ There is also some suggestion that the RBGO may not necessarily be fixed, as it contains “agreed rules which evolve over time”.⁸

The White Paper’s Optimistic Take on America’s Role in Asia

Despite acknowledging that the RBGO is under pressure and could gradually evolve, the 2016 White Paper presumes that the current order will be preserved. This is a significant assumption that results in unwarranted optimism about Australia’s future security situation. While the White Paper acknowledges that the RBGO is being challenged, it also commits Australia to “working with the United States and like-minded partners to maintain the rules-based order by making practical and meaningful military contributions where it is in our interest to do so” (para 2.27). This statement contains two assumptions—that challenges to the global order will be rebuffed by military force, and that the United States has both the interests and capabilities required to defend the RBGO.

However, despite the prominence of the pivot/rebalance, the United States has—so far—failed to prevent China’s minor revisions of the regional order, particularly in the South China Sea. Rather than squarely consider the degree to which the RBGO is underpinned by American military power and their willingness to use it, the White Paper simply notes that “The levels of security and stability we seek in the Indo-Pacific would not be achievable without the United States” (para 2.9), and that Australia will support “the United States’ role in underpinning the stability of our region through its rebalance” to Asia.⁹ The White Paper does not elaborate on what elements of the global order are worth defending with military force, or how the order might evolve. Given that current circumstances in Asia are already forcing regional countries to consider these issues, the White Paper could have more forthrightly acknowledged the indispensable role previously played by the United States. It also could have publicly considered the risk that the United States may decide—or has already demonstrated—that it is no longer willing to defend certain elements of the RBGO.

Australia needs to urgently consider the risks that would be posed by a change in America’s strategic posture. What elements of the global order does Washington truly consider non-negotiable? On what issues should we

⁷ Ibid., p. 15, emphasis added. The “where it is in our interest to do so” phrase is also used in paragraph 2.27.

⁸ Ibid., p. 15.

⁹ Ibid., p. 17.

encourage America to compromise with China, and on what issues should we encourage the United States to stand firm? What elements of the global order will we defend, either in a coalition or by ourselves? Might America sacrifice the interests of its allies to further its own?¹⁰

The Asian Security Order

The 2016 White Paper's depiction of Asia's security order is brusque and lacking in nuance. Its division of Asia into 'North Asia', 'South Asia' and 'South-East Asia' overlooks the activities and relationships that defy categorisation into a specific sub-region.

One of the most significant developments in recent years has been the intensification of the military relationships between Asian countries. Japan, in particular, has been active: boosting defence activity with Vietnam, the Philippines, India and Australia. Often, the subtext of this is Chinese activities in Asia, and the shared interest that these countries have in preventing further changes to the status quo. DWP2016 is silent on these trends—it offers no comment or judgement as to whether they are conducive to security and stability in Asia. The most specific it gets is that "Australia welcomes the prospect of Japan playing a larger role in international security" (para 2.91).

There is little discussion of what developments will worsen or improve stability and security in Asia. We learn that Australia welcomes "positive developments", such as leadership meetings between China, Japan and South Korea, but there is no serious engagement with the most substantive issues (para 2.90). These include the fractious—but slowly improving—China-Japan relationship, the role of the US-Japan alliance, Beijing's strengthening belief that defence cooperation in the region is part of an agreed or tacitly supported containment strategy, Sino-US competition for influence among South-East Asian states such as Myanmar and Thailand, and the possibility of Sino-Russian cooperation on certain security matters.

While previous White Papers have not explored these relationships and developments in great detail, these are important for any assessment of Australia's strategic environment in 2016. Readers of DWP2016 would have benefited from some analysis of these aspects.

The White Paper's Overall Narrative, and Its Flaws

The 2016 White Paper's overall narrative on Asian security consists of four contestable propositions: (1) the current RBGO should be maintained, (2) the United States has the capability and intent to defend it, (3) Australia will

¹⁰ For example, the 1979 abrogation of the US-Republic of China Mutual Defense Treaty and the establishment of diplomatic relations between the United States and the People's Republic of China.

assist America in this task, and (4) the responsibility for avoiding conflict lies on “newly powerful countries” who should refrain from challenging the existing order (para 2.24).

However, whatever went on behind the scenes, DWP2016 does not publicly subject these four assumptions to any critical analysis, and some internal contradictions are left unresolved. It proclaims Australia’s willingness to defend the RBGO, but also hints that this order can “evolve over time”.¹¹ The White Paper never squares this circle by explaining what elements of the RBGO might evolve over time, and under what circumstances. Some would argue that the RBGO is already evolving, as Chinese aggression in Asia slowly creates a new status quo. In this context, the use of the ‘rules-based global order’ phrase obscures the degree to which Chinese aggression has already changed the status quo in Asia, and some commentators have called for a greater acceptance of this idea.¹²

This rounds on the second assumption: that the United States has the capability and intent to defend the RBGO. In recent years America has conducted military operations in an effort to signal that it will not allow China to unilaterally change the status quo, but China has done exactly that. These operations—flying through the East China Sea Air Defence Identification Zone, two Freedom of Navigation Operations (FONOPs) within twelve nautical miles of contested features, and assisting the Philippines to resupply its ship-cum-outpost, the *Sierra Madre*—have not deterred further aggression, or reassured nervous allies.¹³ Such trends are an unwelcome but real challenge to the DWP’s comfortable assumption that America’s “rebalance demonstrates the commitment of the United States to the long-term security of the Indo-Pacific” (para 2.09).

The third assumption, that Australia will assist the United States in upholding the RBGO, is of course contingent on the second assumption, but as a signalling device it serves an important purpose. DWP2016 notes that “Australia does not have the capacity to unilaterally protect and further our global security interests. This means we will be working with our alliance

¹¹ Ibid., p. 15.

¹² See Iain Henry and Greg Raymond, ‘Facing Reality in the South China Sea’, *The Canberra Times*, 18 February 2016; Zack Cooper, ‘Saving Ourselves from Water Torture in the South China Sea’, *War on the Rocks*, 23 February 2016, <warontherocks.com/2016/02/saving-ourselves-from-water-torture-in-the-south-china-sea/> [Accessed 8 April 2016]; and Charles Glaser, ‘A U.S.-China Grand Bargain? The Hard Choice between Military Competition and Accommodation’, *International Security*, vol. 39, no. 4 (Spring 2015), pp. 49-90.

¹³ These operations were depicted as being intended to reassure US allies in Asia. See, for example, ‘White House Moves to Reassure Allies With South China Sea Patrol, but Quietly’, *The New York Times*, 27 October 2015. For detail on how the United States apparently assisted the Philippines in its efforts to resupply the *Sierra Madre*, see ‘AFP uses couriers to foil China spies’, *Philippine Daily Inquirer*, 29 April 2014. See also ‘Obama Runs China’s Pivot Gauntlet’, *Asia Times Online*, 22 April 2014. The possible role of US support for the Philippines in this incident is often overlooked by commentators.

partner the United States ... and other partners to achieve our common goals in protecting and promoting a stable rules-based global order" (para 2.21). With such statements, Canberra is trying to signal that if America is willing to defend the status quo more vigorously—and accept the risks concomitant with this—then Australia will shoulder its share of the burden.

DWP2016's fourth assumption—that responsibility for avoiding conflict lies on "newly powerful countries" (para 2.24), who should resist the temptation to challenge the status quo—is tempered somewhat by the acknowledgements that the RBGO can "evolve over time".¹⁴ This phrase hints that it may not be in Australia's interest to resist every challenge to the RBGO. However, this idea is not examined in any rigorous manner. Under what circumstances might the RBGO evolve, and in response to what pressures? If the RBGO "has helped support Australia's security and economic interests for 70 years" (para 2.23), under what circumstances would we not defend it, or certain elements of it? Will we accept changes to the global order if the alternative is conflict? If yes, which ones? Should and, if so, how do we encourage the region to accept that the old status quo has gone? What will the new 'red-lines' be, and how can these be communicated in a way that aids security and stability?

Many analysts will suggest that due to its status as a public document, these issues cannot be fully and frankly explored in the Defence White Paper. This argument has merit and this comment is not suggesting that all of Australia's strategic concerns need to be publicly expressed in the White Paper. It may be that the concerns identified above are being carefully considered by Canberra. Sadly, however, there is little evidence to support this claim. It is equally possible, and perhaps probable, that the White Paper's optimistic narrative is an accurate representation of official beliefs.

Perhaps encouragingly, it is also unclear as to whether the White Paper's narrative is fully supported by Australia's new Prime Minister, Malcolm Turnbull, who has subsequently commented that Australia will "embrace" an "emerging multipolar reality".¹⁵ Sam Roggeveen notes this sentiment is not well articulated in DWP2016, which instead "implies that Australia is dedicated to defending the existing US-led order".¹⁶ Turnbull's comments raise the prospect of his own assessments differing from those contained in the White Paper.¹⁷ Given that the 2016 White Paper was mainly written under Turnbull's predecessor, Prime Minister Tony Abbott, it remains unclear

¹⁴ Ibid., p. 15.

¹⁵ Malcolm Turnbull, '2016 Lowy Lecture', Speech to the Lowy Institute for International Policy, Sydney, Australia, 24 March 2016.

¹⁶ Sam Roggeveen, 'Between the Lines of Malcolm Turnbull's Lowy Lecture', *lowyinterpreter.org*, 24 March 2016.

¹⁷ It is also worth noting that DWP2016's narrative departs significantly from Turnbull's prior commentary on Asia. See Malcolm Turnbull, "'Same Bed, Different Dreams'—Asia's Rise: A View from Australia", Speech at the London School of Economics, 5 October 2011.

as to whether it represents a genuine articulation of the Turnbull Government's outlook.

The risks Posed by an Overly Optimistic Narrative

DWP2016's analysis of Australia's strategic environment is overly optimistic: it downplays China's challenge to the status quo and overstates America's willingness to defend it. Like the rest of Asia, Australia has not yet figured out how to respond to this unpleasant situation. But instead of confronting the unpalatable truth, the White Paper reassures us with ideas of preserving the US-led order in Asia.

Though understandable, our reluctance to frankly confront these challenges carries certain risks. Viewed from Washington DC, Australia's talk about upholding the RBGO might seem slightly spurious, given that Canberra has not yet 'walked the walk' by conducting its own FONOP within twelve nautical miles of Chinese-held features. Stephen Walt, the renowned realist scholar, has suggested that Asia's unwillingness to confront China, or to prepare for such an eventuality, shows that America's Asian allies are duplicitously attempting to free-ride on America's military power. Walt suggests that "the real question is not whether the United States is still committed in Asia, but how much our Asian allies are willing to help".¹⁸ Walt's views have not previously held much sway in Washington DC, but the rise of Donald Trump as a Republican presidential candidate raises the possibility that a future US President might have different expectations of allies like Japan, South Korea and Australia.¹⁹

The possibility of a perception gap between Washington DC and allied capitals in Asia is unsurprising, but it is concerning.²⁰ When America looks to Asia, it might see allies only half-heartedly supporting the rebalance, but when allied capitals look East, they see Washington focused on Syria, Ukraine, and other global hotspots. Instead of a well-executed rebalance to Asia, they see bungled FONOPs and aversion to any course of action that poses risk to the US-China relationship. They also see indications of a split between the views of the Pentagon and the Pacific Command, and those of the White House.²¹

This situation is risky: intimate alliances can be weakened by divergent interests, but also by cycles of mistrust and/or misunderstanding. Doubts about America's commitment to Asian security have previously created

¹⁸ Stephen Walt, 'What Has Asia Done for Uncle Sam Lately?', *Foreignpolicy.com*, 16 May 2014.

¹⁹ See John Lee, 'What Will President Trump Mean for US Allies?', *The Australian Financial Review*, 9 March 2016.

²⁰ See Michael Green et al., 'The ANZUS Alliance in an Ascending Asia', *Centre of Gravity Series*, no. 23 (Canberra: Strategic and Defence Studies Centre, 2016).

²¹ See David Ignatius, 'The U.S. Is Heading Toward a Dangerous Showdown with China', *The Washington Post*, 15 March 2016.

collective action problems in Asia. Today's situation is analogous to that in 1950, when no country in the Asia-Pacific was willing to commit to a proposed multilateral alliance without knowing that the United States would be a member. The American Ambassador to Australia reported that the Australian Foreign Minister, Percy Spender, believed "no single Pacific nation, or any combination of such nations, can be expected, unless it has reason to believe it will be backed by the US, to commit itself to a course which might prove futile and even disastrous".²² A similar situation exists today: without being confident in the direction, strength and sustainability of US policy, regional allies are reluctant to support the US rebalance in a stronger, more definite fashion. Australia's seeming reluctance to conduct a FONOP, similar to those performed by the US Navy, is a case in point.

The region desperately needs America to pay greater attention to its strategy for Asia, and Australia should encourage Washington to reconceive the pivot. The first step should be to accept the new status quo, with China controlling the Scarborough Shoal and newly reclaimed land features. The second step is to think carefully, deliberately, and realistically about what elements of the regional order America, and other countries, are willing to defend. This process will also require consideration of what the United States is *not* willing to defend. Finally, this strategy will need to be coordinated with US allies in the region, and credibly communicated to China. Allies will need to be reassured that the US presence in Asia will indeed persist, that security guarantees will remain reliable, and that agreed positions will be defended. China will need to believe the strategy to be real, the commitments credible, and accept that the overall goal is not containment.

On paper, this is a simple process. But the first step is daunting: it is to admit that as a result of Chinese aggression and our unwillingness to respond, the 'rules-based global order' so strongly touted by DWP2016 is evolving. Our strategic environment is already changing, but the 2016 Defence White Paper maintains Australia's position of denying this unpleasant reality.

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²² 'The Ambassador in Australia (Jarman) to the Secretary of State, Secret, Canberra, 24 March 1950', in US Department of State, *Foreign Relations of the United States, 1950*, vol. VI, *East Asia and the Pacific* (Washington, DC: US Government Printing Office, 1976), <digital.library.wisc.edu/1711.dl/FRUS.FRUS1950v06> [Accessed 8 April 2016], pp. 65-67.

Discovering Australia's Defence Strategy

Robert Ayson

On paper the strategic core of Australia's 2016 Defence White Paper exists in three matching pairs of strategic interests and objectives. These relate firstly to Australia's direct security, secondly to Australia's closer region in the South Pacific and maritime Southeast Asia, and thirdly to the wider Indo-Pacific and global security environment. Repeated injunctions that Australia should put its weight behind the global rules-based order indicate that the third of these is a major preoccupation. But how this goal connects to the ambitious force structure outlined in the White Paper is unclear. Instead, Australia's drive to position itself alongside the United States, maximise America's involvement in Australia's region and develop closer connections with American forces and military technology does more to explain how this White Paper comes together. So too does an implicit argument that the defence of Australia's maritime approaches begins further into the "Indo-Pacific" region than some may have assumed.

To find the strategic kernel of Australia's latest Defence White Paper, a working definition of strategy is required. This is no small order given the various understandings of that term in the strategic studies literature. But rather than identifying one approach at the expense of others, it is possible to combine some of the main elements from various understandings of strategy and still come out with something that is both meaningful and practicable.

A working definition of strategy for the present purposes needs to keep in mind three main aspects. First, strategy involves relationships between ends (which are often thought of as policy aims) and means (which in this context are military resources of various sorts which contribute to the capacity to use and threaten organised violence). If a Defence White Paper does not offer a clear view on the various military means that the government of the day believes are needed (including defence capabilities and the finances required to obtain them), it will not have done its job. But if a White Paper has not explained how those resources are connected to, and shaped by, the government's defence policy objectives, it will also have fallen short. Strong opinions on capabilities without a clear sense of what they mean for a country's wider purposes are clear signs of strategic myopia.

Second, this relationship between ends and means is not a question of getting policy coordinated domestically. That would confuse the formulation of a strategy designed to shape the wider environment with a process of national planning. The ends (or objectives) informing and energising Australia's strategy should relate to the influence that Australia wishes to

have on other strategic actors. These are mainly other members of the global system of states, which range from close allies to potential adversaries. But they also include non-state actors. Getting others to do what Australia would like to see them do—whether that is to cooperate in ways that offer Australia an extra sense of security, or to be persuaded not to take actions that would harm Australia's security interest—is a crucial and defining aspect of strategy.

The first two elements of strategy identified here are also related to one another. To the extent that other purposeful actors are seeking to use their ends-means connections to influence Australia (whether these actors are allies, adversaries or something in between), strategy becomes an interdependent relationship between bargaining agents. This points to the third element. Strategy is also about choice. There are choices, of course, to be made in the decisions over the allocation of scarce resources. But there are also choices about the overall position or posture Australia wishes to adopt in pursuit of its security objectives: in other words where Australia wants to position itself in the games of influence among the other bargaining agents in its external environment.

Some such postures, including the adoption of a middle ground between a traditional ally and a rising power, might appear to involve the avoidance of choice. And some choices may be more implicit than explicit. But they can still signal to others the movement towards and around a particular position. Moreover, because of the fluidity and feedback between our ends and means and between our strategies and the strategies of others, there is no such thing as a fixed or permanent choice. Or, at least in theory, so it would seem!

These three essential characteristics of strategy produce the following generic definition: *in our strategy we choose how to connect our ends and means to encourage suitable choices from other actors*. But this is too broad for identifying and evaluating strategy in a defence policy context, and more specifically in an Australian defence policy context. A more focused approach is warranted. It might read as follows: *with its defence strategy (as articulated in the 2016 Defence White Paper) the Australian Federal government signals its choices which connect Australia's defence policy aims (ends) to the use, threatened use and management of armed force (means) to encourage allies, partners and adversaries to make ends-means choices that suit Australia's security interests*.

These are not small choices for Australia, given the implications that can come from commitments to use and threaten armed force and the opportunity costs associated with the expensive long-term decisions over capabilities that every White Paper needs to grapple with. In other words, the Australian Defence Force (ADF) is the subject of some of the most important strategic choices any Australian government can make. Setting

down a clear and convincing basis for these decisions is the central task of the White Paper. And that means that sound strategic guidance needs to be offered.

The Apparent Strategic Guidance

Where then are we to find that strategic guidance in the 2016 document? A clear starting point in the 2016 Defence White Paper is found with the three pairs of strategic defence interests (which signal ends) and strategic defence objectives (which provide direction on what the ADF needs to be able to do to achieve them). In the first of these pairs the interest is depicted as “A secure, resilient Australia, with secure northern approaches and proximate sea lines of communication” and the corresponding objective is to “Deter, deny and defeat attacks on or threats to Australia and its national interests, and northern approaches.”¹ This argument should not come as a surprise to anyone who has read earlier Australian Defence White Papers. Even for those who argue that regional and global security developments have outstripped the defence of Australia logic, there is still a place for this approach as a starting point for Australian thinking. It is not whether it is going to be there or not. It is what else is added to the mix, and what relative priority is attached to these other components.

That brings us to the second strategic defence interest: “A secure nearer region, encompassing maritime South East Asia and the South Pacific.” The corresponding strategic defence objective is to “Make effective military contributions to support the security of maritime South East Asia and support the governments of Papua New Guinea, Timor-Leste and to Pacific Island Countries to build and strengthen their security.”² In combination with the first interest and objective (discussed immediately above) the reader would not be wrong in concluding that Australia's strategic geography (including a secure *nearer* region) is unmistakably important, and that no wise government in Canberra could afford to ignore this reality. But that view may change a little as they read on.

The importance of influencing the choices made by other strategic actors is also brought to light at this stage—in this second pairing these include the choices made by countries identified as local partners (including Papua New Guinea and Timor-Leste) and in the first pairing they include the choices made by possible adversaries whose “attacks on or threats to Australia” need to be deterred, denied and defeated. Australia can only get its ends-means connections working if these are influencing the ends-means connections of others in a favourable way.

¹ Department of Defence, *Defence White Paper 2016* (Canberra: Commonwealth of Australia, 2016) p. 68.

² *Ibid.*, p. 68.

But there is also an important distinction here. In the case of securing Australia (“and its national interests and northern approaches”), the deterrence, denial and defeating role falls squarely on Australia’s shoulders. It is for this purpose that a good measure of self-reliant defence capabilities have long been sought. As the executive summary opening chapter asserts with respect to this first pairing: “The Government is providing Defence with the capability and resources *it needs* to be able to *independently* and decisively respond to military threats, including incursions into Australia’s air, sea and northern approaches.”³

But in the case of Australia’s nearer region (the second interest-objective pairing), Australia’s role is instead to make “effective military contributions”. This immediately reduces the proportion of Australia’s direct responsibility for security outcomes. It also signals, as it should, that at least some of these neighbours (especially in maritime Southeast Asia) have capabilities and intentions that Australia will wish to support but not capabilities that Australia is seeking to supplant. In the immediate periphery, the White Paper asserts that “Australia must play a leadership role in our immediate neighbourhood spanning Papua New Guinea, Timor-Leste and Pacific Island Countries in support of our national interests” (para 1.16), but even here the responsibility is less total (and less independent) than it is for Australia’s own direct security.

The third strategic interest is a mix of two of the emerging themes in Australian strategic thinking. This is the quest for “A stable Indo-Pacific region and a rules-based global order.” The corresponding strategic defence objective is to “Contribute military capabilities to coalition operations that support Australia’s interests in a rules-based global order.”⁴ One of these themes is the notion that Australia should see its wider region in Indo-Pacific terms, an approach which connects its (sometimes previously overlooked) western interests in the Indian Ocean with its more northern and north-eastern interests in East Asia and the Pacific. Strictly speaking, because much of maritime Southeast Asia (including the Indonesian archipelago) is the connection point for the Indian and Pacific oceans, the separation of the second and third strategic defence interests is slightly problematic here. However, writers of defence white papers can rarely afford to be purists, and this point of connection in the wider region will be returned to later in this article.

The other emerging theme in Australian strategic thinking here is the importance of a global rules-based order. While it is certainly fair to argue that this is a long-standing interest on Australia’s part, the emphasis on

³ Ibid., p. 17, emphasis added. On self-reliance in Australian strategic policy, and its relationship to the mounting of independent operations, see Stephan Frühling, ‘Australian Defence Policy and the Concept of Self-Reliance’, *Australian Journal of International Affairs*, vol. 68, no. 5 (2014), pp. 531-47.

⁴ Department of Defence, *Defence White Paper 2016*, p. 68.

sustaining global rules reflects Canberra's understanding of the main patterns in its wider security environment. In other words, there are significant challenges, which are being posed by significant *challengers*, (both states and non-state actors) to a strong system of rules for international conduct that are in Canberra's interests to promote and protect. This may explain the slightly curious division of labour mentioned in the previous paragraph. It is almost as if the Indo-Pacific is defined functionally (that part of Australia's wider region where challenges to the rules-based order are to be most expected) as much as it is geographically. A section from the White Paper is worth quoting at some length here:

The Indo-Pacific includes North Asia, the South China Sea and the extensive sea lines of communication in the Indian and Pacific Oceans that support Australian trade. A stable rules-based regional order is critical to ensuring Australia's access to an open, free and secure trading system and minimising the risk of coercion and instability that would directly affect Australia's interests. A stable rules-based global order serves to deal with threats before they become existential threats to Australia, and enables our unfettered access to trading routes, secure communications and transport to support Australia's economic development. (para 3.9)

The Same but Different?

With this third interest-objective pairing, one has to wonder about the combination of problems and responses that is being identified and proposed. It is quite plausible to argue that global rules are being challenged in both the Indo-Pacific region and further afield, and this does give a semblance of a framework with which to view a changing world and Australia's response to it. But the challengers to these rules, the specific rules they are seen to be challenging, and where and in what context they are challenging it, can lead to some quite different visions of how the world is moving. All of this has potentially significant implications for Australia's strategic interests and involvement, and the necessary capability choices that might follow.

In East Asia, for example, the main challenges to order (and the rules that sustain it) are associated with the strategic competition between strong states, and the management of the changing distribution of power between them. The difficulties in finding consensus on what constitutes good maritime behaviour in the South China Sea, for example, reverberate from differences in views and action among China, the United States, Japan, Vietnam, the Philippines, Australia itself, and other states. Australia's partners in this rule adjudicating endeavour are other nation-states, and so too are its potential adversaries (if we wish to frame it in the way).

It follows that "Coalition operations that support Australia's interests in a rule-based global order" (those actions which Australia expects to contribute) are designed to change the minds of one or more other nation-states in Asia involved in the "competition between countries and major powers trying to

promote their interests outside of the established rules” (para 2.6).⁵ And the most likely target for these operations would appear to be Australia’s number one trading partner. This seems the obvious conclusion to draw from the White Paper’s criticism of China’s activities in the South China Sea, including land reclamation.⁶ There is also no doubt that China is being singled out in the repetition of a now standard position (shared by Japan and the United States) that: “Australia is opposed to any coercive or unilateral actions to change the status quo in the East China Sea.” (para 2.89)

By comparison, in the Middle East, the challenges (and the challengers) to global rules appears to be quite different, even if questions about national boundaries also come into play. That region’s problems have to do with states that are too weak to maintain their obligations to global rules, rather than states which Australia feels are acting as if they are strong enough to ignore their obligations. This shortage of Middle Eastern order has been filled and exacerbated by radical non-state actors and networks. Now it has to be admitted that “coalition operations that support Australia’s interests in a rules-based global order” in this case will also be composed of other nation-states. The most likely leader is Australia’s main ally. “Australia’s shared interest with the United States in a stable rules-based global order”, the White Paper argues, “has seen us operate side by side in every major conflict since the First World War.” (para 5.29) But these coalitions will have quite different memberships to the envisaged groupings in maritime Asia. And they will often call for different capabilities. While building up the security capabilities of local nation-states can be one of their priorities (as seen in Australia’s training assistance in Iraq) these coalitions will often be aiming to affect the behaviour, and perhaps to defeat the strategies, of non-state armed groups.

As the main non-state actor of contemporary concern, Islamic State⁷ appears to have very little interest in many (or any) of the rules of the global states system. That is unless the attempt to create a caliphate is treated as *de facto* state building. Islamic State remains a common adversary of most if not all nation-states. It is a challenge to the system of sovereign states, and is thus a recipe for a properly international coalition. In Asia, China (along with North Korea) may well be challenging the interpretation of some existing rules. But it has a vested interest in the perpetuation of the system of states. And what Canberra depicts as Beijing’s challenge to rules will not lead to a more or less unified international coalition ranged against it, but to a much smaller regional coalition (with some states in Australia’s region notably absent should any military action be contemplated).

⁵ The non-state exception here might be piracy as a challenge to global rules in maritime East Asia.

⁶ *Ibid.*, p. 58.

⁷ Instead of this widespread formulation, the White Paper refers to Daesh.

Ask people whether Islamic State (and other non-state groups who resort to terroristic violence) should be part of the evolving global system of rules and they will presumably say not at all. But ask people whether China should be part of that system, and presumably many (but not all) will say yes. This does not make it easy to make this happen. But the difficulty of a task does not render it any less important. There is certainly some acknowledgement of China's potential as a partner for Australia in the White Paper: the two are said to enjoy a "productive defence relationship". (para 5.64) And the contrast between the depiction of the United States and China is especially stark, as is the sense that Australia is cementing its positioning alongside the former. Asking why that is so leads us to consider what the real strategic guidance in the White Paper happens to be.

The Real Strategic Guidance?

Lurking close to the surface of the 2016 Defence White Paper is a chain of logic which seems a surer guide to the direction in which Australian strategy is heading than the triumvirate of interests and objectives discussed above. The first component of this logic is a judgement that the challenges to the prevailing set of global rules are so significant that they require Australia to adhere itself firmly to coalition responses to keep these rules in tact. And the obvious point of adherence is the United States, which underwrites these rules on the global stage and in the wider region of which Australia is a part. One might ask which of these points precedes the next: is the argument about rules the independent variable requiring an even stronger Australian connection to the United States or does the reverse apply? But in either case the connection between these factors is very firm.

Second, while the White Paper deals with challenges from non-state actors to this global rules system further afield (notably by Islamic State in the Middle East) its main underlying concern is the extent to which rules favourable to Australia's interests and values are being challenged in Asia. Canberra's central concern is firstly that American power in Asia, in relative as well as absolute terms, is not diminished. "The levels of security and stability we seek in the Indo-Pacific", the White Paper maintains, "would not be achievable without the United States." (para 2.9) Some confidence on this score is expressed: "The United States will remain the pre-eminent global military power over the next two decades" and "the active presence of the United States will continue to underpin the stability of our region" (para 2.8) say the writers of the White Paper. But it is clear they also want other like-minded countries to help sustain a preponderance of military power that is favourable to Australia.

In all of this Canberra's interest in combating global terrorism (as a major challenge to global rules) is secondary to this (Indo-Pacific) regional picture. But Australia's contributions to coalitions further afield, including in the Middle East, allow for even closer connections with the United States, the

main provider of security in Asia. The two approaches can therefore be complementary in this sense, rather than competitive.

Third, China's rise, which constitutes the most serious challenge to American predominance directly, and to the preponderance of power that suits Australia more generally, is seen as a net loss in strategic terms for Canberra. The question of rules is clarified by this context and is not nearly as important without it. China's approach in the South China Sea certainly does challenge the traditions of open maritime access that suit Australia's interests (and America's). Some will add that one cannot find scrupulous adherence among a number of other East Asian states to the rules regarding freedom of passage. But this is not the main point. The insistence of upholding rights under these rules is more than a legal exercise designed to encourage all states parties to cherish the existing global order. It is also an exercise in power which is mainly directed at China.

Fourth, in terms of influencing the choices that other actors make, two main varieties of this strategic purpose inhabit Australia's 2016 Defence White Paper in consequence of these earlier observations. On the one hand, Australia is keen to attach itself to coalitions that might dissuade China from continuing with certain behaviour which Canberra (and its main partners) regard as destabilising. There may also be a hope that Beijing will conclude, because of the array of countries arrayed against it, that coercion will not pay, and that any increase in Beijing's ability and willingness to project military power into the region will result in much smaller payoffs than Beijing anticipates.

On the other hand, to do this requires that steps be taken to encourage the United States to remain as militarily engaged in the region as is possible, to believe that its regional deterrence mission (also a form of coercion) is effective, and that growing its own military capabilities does indeed pay off. This means, amongst other things, that Australia needs to meet Washington's expectations that it will "share the burden of international security and make meaningful contributions to international coalitions". (para 5.29) It also means finding other forms of encouragement including Canberra's enthusiasm for American force posture initiatives in northern Australia which the White Paper says "will expand our cooperation, increase opportunities for combined training and exercises and deepen the interoperability of our armed forces." (para 5.26)

Fifth is the central strategic choice for Australia which should be of little surprise to readers of the White Papers of 2009 and 2013. The 2016 version places Australia's defence relationship with the United States front and centre. There is a slightly curious clause which acknowledges that "the interests of Australia and the United States will not always align", but that same sentence concludes with the judgment that "the capabilities outlined in this White Paper will allow us to continue contributing meaningfully to United

States-led operations in response to regional and global security challenges wherever our interests are engaged.” (para 5.30)

This has important implications for the ADF's force structure and the future money that will be spent on upgrades and new builds. The White Paper signals that Australia “will emphasise capabilities that allow us to operate more seamlessly with United States forces in maritime sub-surface and surface and air environments, as well as across the electro-magnetic spectrum.” (para 5.22) The strong emphasis on maritime capability modernisation reflects this logic, as indicated by the section on the most expensive item on Australia's defence shopping list. As is noted in the chapter on the future ADF, “regionally superior submarines with a high degree of interoperability with the United States are required to provide Australia with an effective deterrent”. (para 4.25)

No other factor than Australia's drive to position itself alongside the United States and to maximise America's involvement in Australia's region and exploit connections with American forces and military technology, offers a better explanation for the way that this White Paper fits together. “A strong and deep alliance”, we read in the Executive Summary, “is at the core of Australia's security and defence planning.”⁸ The section on Australia's international defence relationships confirms that “The Government's highest priority will continue to be our alliance with the United States.” (para 5.17) But the reader could be forgiven for concluding that this statement can stand on its own as a depiction of Australia's defence strategy.

Missed Opportunities and Opportunity Costs

This approach brings the advantages of clarity and simplicity. But there are also some costs to consider. In the first instance the whole edifice banks on continuing US pre-eminence. American preponderance comes first, a wider coalition involving like-minded regional countries second, and both are designed to forestall China's impact. Nothing so consequential as American military withdrawal from Asia or a collapse of its alliances, or the establishment of Chinese hegemony is required to test this proposition. All that is required is for China to be strong enough to challenge America's dominance and its ability to encourage others to favour the rules and traditions which help sustain its preponderance of power in Asia.

Arguably we are already at that point. It might be suggested that this is precisely why the rules of the global order, as they apply in Asia's strategic relationships, need protecting. But in the approach adopted in the White Paper, is Australia forgoing opportunities to regard China as a more meaningful regional partner, including in the evolution of global rules (which cannot and will not stand still)? China comes across as a strong power that

⁸ Ibid., p. 15.

is shaping Asia's security, but as a promoter of the wrong rules and the wrong order. The White Paper identifies a number of regional partners as supporters of the global rules-based order. In addition to the United States, these include a number of Asian powers such as India, Malaysia and the Republic of Korea. The depth of Australia's partnerships with Indonesia (whose increased maritime focus is welcomed—para 5.34) and Singapore ("Australia's most advanced defence partner in South East Asia"—para 5.50) are also highlighted. Partly by virtue of its involvement with Australia in training Iraqi forces, New Zealand is presented as a strong fellow supporter of the global rules-based order and, after the United States, the other ANZUS ally. Japan almost becomes a replica of Australia: "We each have alliances with the United States and we have common strategic interests in secure and free-flowing trade routes, a stable Indo-Pacific region and a rules-based global order." (para 5.59)

This last example makes the absence of China as a rules supporter stand out even more: Japan and China are after all among the strongest of adversaries in the wider Indo-Pacific region depicted by the White Paper. Of course, one would not expect China to be presented as one of Australia's dearest and longest-standing military partners. And one would not expect an Australian government in 2016 to share Hedley Bull's logic from the early 1970s that a strong China could be part of a multipolar regional equilibrium, and thus a balance against American power.⁹ There is scant sign in the White Paper of enthusiasm for Hugh White's call for the grand accommodation of a rising China.¹⁰ But it is not clear that the military means emphasised in the 2016 Defence White Paper are the best supporter of the global system of rules that China is expected to inhabit, nor that they will be effective in influencing Beijing in the direction that Canberra implies is necessary for order. Strong military enforcement of the rules by way of coalitions of the willing led by the United States could instead be a recipe for a costly confrontation. This White Paper suggests that Australia is set to rely too much on what Thomas Schelling calls the diplomacy of violence,¹¹ and not nearly enough on simple diplomacy.

Finding Australia's Strategic Focus

As well as a danger here, there may also be a disconnection. A general commitment to working with the United States to protect global rules, and especially doing so in Asia, might be enough to justify a force structure twice as large and as expensive as the one outlined in the 2016 White Paper. Or it might also justify a significantly smaller commitment. Part of the strategy equation is found here: the strategic actors (including the United States and

⁹ See Hedley Bull, 'The New Balance of Power in Asia and the Pacific', *Foreign Affairs*, vol. 49, no. 4 (July 1971), pp. 669-81.

¹⁰ See Hugh White, *The China Choice: Why America Should Share Power* (Collingwood: Black Inc., 2012).

¹¹ See Thomas Schelling, *Arms and Influence*, (New Haven, CT: Yale University Press, 1966).

China) whose behaviour and expectations Australia wants its ends-means connections to influence. But the specifics of the ends-means relationship that Australia requires for this effort remain harder to identify.

In this instance one might be tempted to fall back on the White Paper's claim that the three Strategic Defence Objectives that flow from the three Strategic Defence Interests are "equally-weighted" including in their implications for "the future force" (para 3.10). But this suggests a neat division of labour that simply does not exist. If there is a locus of effort it is not found by devoting one third of the effort (and funding) to keeping Australia, its approaches and interests secure, one third to helping maintain security in maritime Southeast Asia and the South Pacific, and one third to Indo-Pacific and global security (whatever that odd combination may actually mean¹²). These three components flow too easily into each other as to be kept perfectly separate. First, while there is a strong commitment to what used to be called the defence of Australia, the locus of that effort is in Australia's northern maritime approaches. Second, these approaches appear to be extending fairly significantly into maritime Southeast Asia. And, third, these Southeast Asian portions of Australia's maritime approaches are areas where the Indian and Pacific oceans intersect.¹³

In other words, this very Australian conception of the Indo-Pacific region is the sweet spot for Australia's defence strategy today. Growing concern about the strength of global rules in the South China Sea can become something like manna from heaven for justifying the maritime strategy that Australia is favouring and the advanced maritime capabilities upon which it is devoting so much of the capital portion of the budget. Encouraging a strong American commitment to these rules of the game in maritime Southeast Asia, including through a build-up in the US military presence in the northern parts of the Australian continent, also fits in well here. And encouraging other partners, including Japan, India, Indonesia, Singapore, Malaysia, and others, to support the existing rules, also take on extra meaning in this context. And so, perhaps, do the limits that are set on Australia's defence relationship with China.

Identifying this focus helps explain why Australia's 2016 Defence White Paper is big, bold, ambitious, and committed. Some serious questions remain. One is the challenge that the writers of this White Paper have set for their successors in suggesting that capital costs within ten years can rise from 29 to 39 per cent of the total defence budget, swapping places with personnel costs which fall from 37 to 26 per cent (para 8.14). That is one, but by no means, the only, reason for asking whether much room is being

¹² On the distinctions made in an earlier White Paper, see Hugh White, 'A Wobbly Bridge: Strategic Interests and Objectives in Force 2030', *Security Challenges*, vol. 5, no. 2 (2009), pp. 21-29.

¹³ The author is grateful for a comment from Andrew Carr that helped clarify this point.

left for Plan B. The choice the 2016 White Paper makes may not only prove to be expensive for Australia in budgetary terms, but on foreign policy grounds as well.

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The 2016 Defence White Paper and the ANZUS Alliance

Peter Jennings

The 2016 Defence White Paper outlines a major boost for the Australia-United States alliance in terms of its central role in Canberra's strategic thinking. The document's language is diplomatic but the decision-making intent is clear: Australia is increasingly hedging against a more assertive China and drawing on the ANZUS alliance as the most effective way to strengthen national security. The core of the 2016 Defence White Paper is focused on military equipment acquisitions designed to strengthen all elements of the Australian Defence Force (ADF) but with a particular emphasis on capabilities able to operate in 'maritime Southeast Asia' and to do so in close cooperation with the US military. The alliance features heavily in the White Paper's sections on force posture. It highlights the US enhanced Defence rotational presence in northern Australia, although the language here is strangely less positive than on other parts of alliance cooperation. Opportunities for trilateral or multilateral cooperation in the Indian Ocean and Asia-Pacific are also emphasised. Following the 2016 White Paper's release Canberra and Washington DC politicians and officials should consider whether this intense alliance engagement requires a more elaborate machinery of meetings and planning cells to drive new cooperation.

The 2016 Defence White Paper¹ acknowledges that "Australia's security is underpinned by the ANZUS Treaty" (para 5.20) but more typically the document refers to the "alliance with the United States" (Minister's Introduction) as the standard short-hand reference to the relationship. The modern alliance is emphatically bilateral. New Zealand is relegated to the rather lukewarm status of a "close defence relationship" (para 5.31). Enthusiasm for trilateralism is most regularly voiced for an array of Australia-United States-Japanese cooperation, which is said to be expanding "for our mutual benefit" (para 5.63). In spirit if not in the treaty itself the next White Paper could replace the 'NZ' in 'ANZUS' with a 'J'—clearly an emerging strategic focus.

Overall the White Paper describes a major boost for the Australia-US alliance in terms of its central role in Canberra's strategic thinking; plans for cooperation in the 'Indo-Pacific'; current and future military operations and force structure design. While past White Papers sought to describe the alliance, the unambiguous role of the 2016 White Paper is to "deepen our partnership with the United States" (para 1.25) and this is underpinned by many defence equipment investment proposals designed to promote greater interoperability between the military forces of the two countries.

¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

ANZUS and the White Paper's Strategic Outlook

Much of the credibility of the 2016 Defence White Paper is built on the accuracy of the strategic judgements contained in this following paragraph:

The United States will remain the pre-eminent global military power over the next two decades. It will continue to be Australia's most important strategic partner through our long-standing alliance, and the active presence of the United States will continue to underpin the stability of our region. The global strategic and economic weight of the United States will be essential to the continued stability of the rules-based global order on which Australia relies for our security and prosperity. The world will continue to look to the United States for leadership in global security affairs and to lead military coalitions that support international security and the rules-based global order. The United States is committed to sustaining and advancing its military superiority in the 21st century ... (para 2.8)

Hugh White, a prominent critic of Australian defence policy settings, argues that the White Paper fails to offer a "coherent response to the biggest shift in our strategic circumstances since the Second World War", namely the growth of Chinese power and, in White's view, the likelihood that Beijing will continue trying to minimise American influence in the Asia-Pacific.² I would argue to the contrary: the White Paper in fact tackles this very issue and after careful and detailed consideration has arrived at the opposite judgement to Hugh White. Faced with the 'China Choice' dilemma the Australian Government, with the Opposition's bipartisan support, shows in this White Paper that it chooses the United States over any other strategic option.

How believable are the White Paper's judgements about the longevity of American military dominance and its engagement in the Asia-Pacific? The history of Australian Defence policy statements is littered with strategic judgements that did not quite materialise as anticipated.³ Broadly though, the level of American spending on defence assures that it will be able to field forces with commanding capability advantages over potential rivals in the Asia-Pacific over the twenty years anticipated in the White Paper. In 2014 the US Defence budget of US\$581 billion dollars was equivalent to the next ten largest defence budgets and China's defence budget of \$129.4 billion was around 22 per cent of the US total.⁴ That level of defence spending

² Hugh White, 'Defence White Paper Fails To Deal with the Strategic Risks We Face in the Asian Century', *The Age*, 1 March 2016, <www.theage.com.au/comment/defence-white-paper-gravely-underestimates-the-strategic-risks-we-face-in-the-asian-century-20160228-gn5zch#ixzz432kdwaw> [Accessed 21 March 2016].

³ For example, the assumption of continuing high levels of Southeast Asian economic growth made in the 1997 statement *Australia's Strategic Policy* was soon overtaken by the Asian Financial Crisis. The 2000 Defence White Paper failed to anticipate the resurgence of a global terrorism threat. Australian policy statements from the 1976 White Paper assumed a continuing Indonesian control of East Timor. Strategic judgements are difficult to get right.

⁴ International Institute for Strategic Studies, *The Military Balance 2015* (London: Taylor and Francis, 2015), p. 21.

translates into US maritime and force projection capabilities unmatched (but not unchallenged) by any other country.

It is less easy to be confident about the nature of American engagement in the Asia-Pacific at a time when one candidate for the 2016 presidential election—Donald Trump—is advocating essentially an isolationist policy which in rhetoric implies that a President Trump would reduce American engagement in NATO and with Japan. Trump's real position is difficult to discern amid a flurry of contradictory off-the-cuff remarks while campaigning for the Republican nomination to run for the presidency. His views stand in stark distinction to mainstream Republican and Democrat thinking, which is bipartisan on the importance of American defence engagement in Asia. Another candidate for the Republican nomination, Ted Cruz, has expressed stronger support for America's alliances but is ambivalent about military commitments to the Middle East. A Hillary Clinton presidency will certainly continue the US policy of rebalancing military priorities and platforms towards the Asia-Pacific. A Donald Trump or for that matter, a Ted Cruz presidency might emerge as more pragmatic than their candidacies, but will inevitably force America's allies to rethink their defence relationships.

The White Paper's confidence about the sustainability of America's commitment to regional security is balanced somewhat by its judgements on China, set out in two key paragraphs:

While China will not match the global strategic weight of the United States, the growth of China's national power, including its military modernisation, means China's policies and actions will have a major impact on the stability of the Indo-Pacific to 2035. (para 2.10)

While major conflict between the United States and China is unlikely, there are a number of points of friction in the region in which differences between the United States and China could generate rising tensions. These points of friction include the East China and South China Seas, the airspace above those seas, and in the rules that govern international behaviour, particularly in the cyber and space domains. (para 2.16)

Overall, the White Paper's assessment points to increasing strategic competition. The document's language is diplomatic, as is appropriate for a public statement of policy thinking, but the decision-making intent is clear: Australia is increasingly hedging against a more assertive China and drawing on the ANZUS alliance as the most effective way to strengthen national security. As such the 2016 Defence White Paper resolves a long running policy debate about how best to articulate policy on China. The 2009 Defence White Paper is remembered (somewhat unfairly) as being too critical of Chinese strategy, while the 2013 White Paper rather over-corrected this course by welcoming Chinese military growth as "natural and legitimate" (para 2.29). The 2016 description of China's security posture is more balanced but also recognises an increasingly obvious reality that China has become more assertive under President Xi.

The Alliance and Military Capability Priorities

The core of the 2016 Defence White Paper is focused on military equipment acquisitions designed to strengthen all elements of the Australian Defence Force (ADF) but with a particular emphasis on capabilities able to operate in 'maritime Southeast Asia' and to do so in close cooperation with the US military. The White Paper notes that "Around 60 per cent of our acquisition spending is on equipment from the United States. The cost to Australia of developing these high-end capabilities would be beyond Australia's capacity without the alliance." (para 5.21) This emphasis results in a remarkable shopping list of high-end military technology, including the following key equipment projects:

- Space surveillance and situational awareness capabilities, including establishing "a space surveillance C-band radar operated jointly by Australia and the United States, and the relocation of a United States optical space surveillance telescope to Australia." (para 4.16)
- "Additional investment is planned in ADF space capability, including space-based and ground-based intelligence, reconnaissance and surveillance systems." (para 4.16)
- A fleet of 12 E/A-18G Growler electronic warfare aircraft to enter service from 2018. (para 4.18)
- Enhanced cyber cooperation with the United States. (para 4.19)
- Twelve "regionally superior submarines with a high degree of interoperability with the United States are required to provide Australia with an effective deterrent, including by making a meaningful contribution to anti-submarine warfare operations in our region." (para 4.25)
- The bulk of air acquisition programs are sourced from the United States, including "fighter and transport aircraft, naval combat systems and helicopters." (para 5.21)

While the White Paper is also striking for the priority it puts on Australian industry capabilities and the importance of sustaining continuous ship and submarine construction projects in-country, the reality is that access to US high technology in terms of weapons systems and sensors, intelligence surveillance and reconnaissance and command and control systems and fifth generation air combat capability underpins the capabilities of the ADF. Without the alliance we would have a considerably less capable Defence Force and one that would cost dramatically more than the anticipated 2 per cent of gross domestic product.

Without actually saying it, the 2016 Defence White Paper puts to rest the myth that Australia is capable of high degrees of self-reliance in Defence. We could be more self-reliant, but only at the price of a considerably less effective ADF, or if we were to spend improbably larger amounts on Defence. Australian governments continue to preference high-end military capabilities—and the international influence that confers—over low-technology autarchy. The implication for defence industry is important. Far from developing an industrial ‘sovereign capability’ the important development here, implicit rather than openly expressed in the White Paper documents, is that Australian industry becomes part of an international network, or value chain. A continuous naval construction capability will be deeply dependent on international design skills and foreign sourced weapons systems and sensors. Paradoxically, perhaps, greater defence self-reliance depends on Australian industry developing closer connections with international industry value chains.

The White Paper’s emphasis on acquisition of American technology is matched with a corresponding emphasis on interoperability with the US military. Even equipment sourced from third countries must be optimised for interoperability with that of the United States. The document says in a rather understated way that: “The increased capabilities of the ADF will also enhance our ability to operate with the United States.” (para 4.3) Planning for common operations is most particularly emphasised in the Indian Ocean and the Asia-Pacific, but it is also considered to be relevant to coalition operations in the Middle East and elsewhere in support of what the White Paper relentlessly calls a “rules-based global order”.

To support greater interoperability the White Paper says that increased investments will be made in developing exercise grounds and training infrastructure:

These investments will support the future force’s heightened program of international engagement, including the annual rotation of United States military forces under the United States Force Posture Initiatives. The Government will expand the range of training, exercises and other activities with our international defence partners in northern Australia. (para 4.79)

The planned structure and capabilities of Australia’s air and maritime forces, Special Forces and intelligence, surveillance and reconnaissance assets is increasingly relevant to coalition warfare. The 2016 Defence White Paper puts more priority on this aspect of force development and downplays, what a senior defence official has referred to as the ‘bog standard’ language about the ADF’s independent role to deny and defeat attacks on the country.⁵ The White Paper structures the ADF in such a way that governments will have the option to fight with the United States far forward in Asia. Australian

⁵ Tony Walker, ‘It’s about a Rules-Based Order’, *Australian Financial Review*, 24 March 2016, p. 58.

defence thinking has come a long way since the 1987 Defence White Paper set out a concept for the defence of Australia based on operations in the air and sea approaches to the continent south of the Indonesian archipelago.⁶

The Alliance and Force Posture

While the equipment development priorities set out in the White Paper will, in some cases, take several decades before they are fully in service, the 2016 White Paper is striking for the emphasis it puts on the current roles and activities of the ADF. In military parlance, this is 'force posture'—how the force-in-being is used to shape current strategic relationships. The emphasis on immediate security concerns and how the ADF might be used to shape strategic developments in peace time is important. The Australia-US alliance again features heavily in the White Paper's sections on force posture. Two areas are highlighted: the US enhanced Defence rotational presence in northern Australia and opportunities for trilateral or multilateral cooperation in the Indian Ocean and Asia-Pacific involving Australia, the United States and other parties.

The White Paper is curiously cool about the increased role of the US Marine Corps in northern Australia. The document says:

The United States' strategic rebalance to the Indo-Pacific region, strongly supported by Australia including through the United States Force Posture Initiatives, will be an essential ingredient in preserving stability and security over the coming decades. The United States Force Posture Initiatives in northern Australia are being implemented under the legally-binding Force Posture Agreement signed at the 2014 Australia-United States Ministerial Meeting. They will expand our cooperation, increase opportunities for combined training and exercises and deepen the interoperability of our armed forces. (para 5.26)

Under the Force Posture Agreement, Australia and the United States will continue to work towards the full United States Marine Air-Ground Task Force of around 2,500 personnel and equipment rotating through Australia by 2020, during the six month dry season, while at the same time expanding our Air Force cooperation. We expect more rotations of United States aircraft through northern Australia and increased combined training and exercises. We will also continue to build our already strong naval cooperation through increased training and exercises. (para 5.27)

Note how these paragraphs repeatedly insist that the initiatives for enhanced cooperation in northern Australia are US initiatives. This contrasts with the language in the 2013 Defence White Paper, which characterised the initiatives as jointly involving Australia and the United States:

In November 2011, Australia and the United States announced two force posture initiatives as a natural development in our bilateral relationship that will support increased regional security cooperation.⁷

⁶ Department of Defence, *The Defence of Australia, 1987* (Canberra: Australian Government Publishing Service, 1987).

Absent from the 2016 White Paper was a restatement of the 2013 White Paper's interest in "potential opportunities for additional naval cooperation at a range of locations, including HMAS Stirling, Australia's Indian Ocean naval base."⁸ The 2016 document admits only that "We will also continue to build our already strong naval cooperation through increased training and exercises." (para 5.27) Further, on infrastructure investment, the 2013 White Paper says:

Defence will consider opportunities to work with the United States to identify opportunities for jointly funded improvements to base capacity and facilities at Darwin and Tindal, and to enhance training areas and supporting logistic infrastructure, as part of the enhanced practical cooperation measures between Australia and the United States announced in November 2011.⁹

This contrasts with the 2016 White Paper, which mentions in five separate paragraphs that Australian investment will be needed in Darwin for an expanded ADF presence, but makes no mention of joint funding involving the United States or the need to take account of United States needs for access to Australian infrastructure.¹⁰ Finally, the 2016 White Paper notes that "Australia and the United States will continue to work towards the full United States Marine Air-Ground Task Force [MAGTF] of around 2,500 personnel and equipment rotating through Australia by 2020." (para 5.27) The original date for the deployment of the 2,500 MAGTF was 2016-17.¹¹

Readers will appreciate that, subtle as these drafting changes are, every word in a Defence White Paper is, or should be, weighed with forensic care. The question should be asked: in a White Paper replete with positive references to the US alliance why is it that the language has gone cold on the enhanced rotational presence of US forces in northern Australia? Australia and the US have allowed negotiations over shared funding arrangements for the enhanced cooperation program to drag out for too long. Issues over comparatively trivial sums of money should not have impeded the broader strategic purpose of the MAGTF deployments, which has been repeatedly endorsed at the highest levels of the Australian and US governments. It remains to be publicly explained if the delays over funding are a symptom or a cause of the White Paper's cool language on the enhanced cooperation agenda.

⁷ Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013), <www.defence.gov.au/whitepaper/2013/docs/WP_2013_web.pdf> [Accessed 24 March 2016], p. 10, para 2.24.

⁸ *Ibid.*, p. 57, para 6.16.

⁹ *Ibid.*, p. 51, para 5.49.

¹⁰ The relevant paragraphs in the *2016 Defence White Paper* are: 3.13, 4.65, 4.66, 4.77, 4.78 and 4.79.

¹¹ "US Marine Rotational Force—Darwin", Australian Defence Facilities, 30 September 2013', Nautilus Institute, <nautilus.org/briefing-books/australian-defence-facilities/us-marine-rotational-force-darwin/> [Accessed 24 March 2016].

On the broader question of trilateral and multilateral cooperation in the region, it is important to note the qualitatively different role anticipated for cooperation between Australia, the United States and Japan. Among many references to Japan, the White paper says:

The Government will increase the number of multinational exercises the ADF participates in across our immediate region and the broader Indo-Pacific, working closely with the United States, Japan and other regional countries and international partners. This will result in a more regular surface and airborne Australian maritime presence in the South Pacific, South East Asia, North Asia and the Indian Ocean and an increase in land-based exercises. (para 5.9)

Japan is a major power in North Asia with advanced military forces and an increasingly active approach to regional security. Australia and Japan have a deep and broad relationship. We share democratic values, have been close economic partners for decades and more recently we have become close strategic partners. We each have alliances with the United States and we have common strategic interests in secure and free-flowing trade routes, a stable Indo-Pacific region and a rules-based global order. We welcome the Japanese Government's recent decision to adopt policies that will enable it to contribute more directly to regional and global security and stability. (para 5.59)

An intriguing possibility involves enhancing trilateral cooperation on ballistic missile defence:

Australia is committed to working with the United States to counter the ballistic missile threat. Australia and the United States have established a bilateral working group to examine options for potential Australian contributions to integrated air and missile defence in the region. (para 4.48)

Although Japan is not mentioned in this paragraph there are few other countries 'in the region' with whom such cooperation would be practical and more sharply relevant to strategic developments. We may know during the course of the second half of 2016 if government choses a Japanese design for the new submarine to replace the ageing Collins class submarines. This would certainly speed up cooperation in an already accelerating Australia-Japan defence relationship. More important though than the design of the submarine will be how the boats are used in bilateral and trilateral military cooperation between Australia, Japan and the United States. Regardless of the submarine design outcome, Australia-Japanese defence cooperation is set to deepen significantly.

While the 2016 White Paper has a commendable focus on enhancing regional defence cooperation with a long list of countries, the reality is that Japan offers the possibility of substantial cooperation involving high-technology weapons systems, a maritime focus, a shared commitment to the rules-based global order and overlapping (although not identical) strategic outlooks. Whereas other forms of multilateral cooperation may help to build "regional forums, including the East Asia Summit, as mechanisms for

supporting security and facilitating transparency and cooperation” (para 2.80), trilateral cooperation between the United States, Australia and Japan looks to have a much harder strategic edge to it and aimed at developing shared high-technology military skills rather than simply aimed at amorphous confidence building.

The 2016 Integrated Investment Program, released with the 2016 White Paper, also points out that the three countries will jointly be operating the F-35 Joint Strike Fighter:

The Joint Strike Fighter will be interoperable with other ADF elements equipped with United States derived systems as well as United States forces. The nature of the global partnership in developing and supporting the Joint Strike Fighter also extends an interoperability benefit more broadly with potential coalition partners, including within our region.¹²

There will be strong elements of commonality across the ADF, Japanese Self-Defence Forces and the US military, particularly on air and maritime platforms. This will facilitate significantly closer trilateral cooperation over time.

On broader defence cooperation with countries in the Indo-Pacific, it is important to note that the White Paper presents the US alliance as an enabler of Australian bilateral cooperation with other countries. Australia is an attractive defence partner for many countries—not least China—because of the high-technology capabilities and training standards of the ADF, which in significant part derives from the alliance relationship. For a number of countries in the region with non-aligned foreign policy instincts, Australia offers valuable defence training benefits without the political baggage of engaging with the United States.

Alliance Questions

Overall the 2016 Defence White Paper presents a picture of a significantly transformed Australia-US military alliance. A very conscious effort is being made to modernise cooperation and to extend it into the next generation of military technology across all domains. This is not business as usual for the alliance. The White Paper aims to turbo-charge the relationship. In so doing it answers the question posed by those who say Australia must in some way choose between its economic relationship with China and its strategic relationship with the United States. The choice has been made for some time and is strongly reaffirmed in the 2016 statement.

Inevitably some significant questions remain. The possibility of a Donald Trump or perhaps even a Ted Cruz presidency raises some concern about

¹² Department of Defence, *2016 Integrated Investment Program* (Canberra: Commonwealth of Australia, 2016), <www.defence.gov.au/WhitePaper/Docs/2016-Defence-Integrated-Investment-Program.pdf> [Accessed 24 March 2016], p. 96, para 5.10.

what would happen if a genuinely isolationist American administration came to power. It is difficult to imagine how isolationism is even feasible as an American strategy in such an intensely networked and globalised world. Whatever the outcome of the US presidential election—and the Australian federal election for that matter—the task remains with Canberra to make its case in Washington DC for the special relationship between the two countries. This gives rise to the need for a more intense alliance management framework to drive the multiple initiatives planned for the military relationship.

Unlike NATO, the ANZUS alliance has run on the absolute minimum amount of standing machinery to shape alliance activities. This has been both a strength and a weakness for alliance cooperation. The ease of exchange between the defence and intelligence personnel of the two countries has allowed cooperation to grow organically and with the minimum of bureaucratic red tape. It is questionable, though, that one annual meeting between Foreign and Defence ministers supported by a few senior-level officials meetings will be sufficient to sustain the new and faster momentum of cooperation. Indeed the confusion that attended the lease of strategic areas of the Port of Darwin to a Chinese company for ninety-nine years without any discussion taking place between the United States and Australia points to the urgent need to overhaul alliance communications. It should be noted that the Port of Darwin lease was announced at precisely the time Australian Foreign and Defence ministers were meeting their US counterparts in Boston for the 2016 AUSMIN meeting. Notwithstanding the meeting's commitment to closer naval maritime cooperation between the two countries, Australia did not advise the United States of the Darwin Port lease, and left American officials up to and including President Obama puzzled and annoyed at Canberra's lapse in consultation.¹³

Following the 2016 White Paper's release Canberra and Washington DC politicians and officials should consider whether our more intense engagement requires a more elaborate machinery of meetings and planning cells to drive new alliance cooperation.

Finally, the biggest strategic question is whether the 'rules based' global order—the phrase is used fifty-six times in the White Paper—is genuinely sustainable. The statement claims that:

¹³ For a range of views on the Port of Darwin issue see Paul Barnes, Sam Bateman, Allan Behm, Phoebe Benich, Anthony Bergin, Patrick Cronin, Neil James, Peter Jennings, Geoff Wade, and Feng Zhang, *Chinese Investment in the Port of Darwin: A Strategic Risk for Australia?* ASPI Strategic Insight, no. 101, December 2015, <www.aspi.org.au/publications/chinese-investment-in-the-port-of-darwin-a-strategic-risk-for-australia/SI101_Chinese_investment_Darwin.pdf> [Accessed 25 March 2016].

While major conflict between the United States and China is unlikely, there are a number of points of friction in the region in which differences between the United States and China could generate rising tensions. (para 2.16)

As it must this White Paper worries about the 'points of friction'. It is clear that an up-gunned alliance relationship with the United States is Australia's primary response to the increasingly risky strategic environment emerging in our wider region.

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Funding and Delivering the 2016 Defence White Paper

Mark Thomson

The 2016 Defence White Paper contains plans for the most ambitious expansion and modernisation of the Australian Defence Force since at least the Menzies build-up in the early 1960s. To back up the plan, the government has committed to a decade of explicit funding guidance, which will see defence spending reach 2 per cent of Gross Domestic Product in 2020-21 and rise to 2.2 per cent in 2026-27. The plan and its funding are not assured. Past defence funding commitments have tended to be unreliable, and future governments may struggle to balance a rising defence budget against competing demands to retire debt, reduce taxes and maintain government services in other areas. At the same time, the rapid increase in investment—especially in naval platforms to be built locally—will test the capacity of the Department of Defence and local industry to deliver capability on schedule, especially given the ongoing extensive, yet untested, reforms to the Department's processes and workforce.

Introduction

The 2016 Defence White Paper (DWP2016)¹ represents the most recent step for the ongoing modernisation and expansion of the Australia Defence Force (ADF), a process that began in 2000. It has been a troubled journey to get to where we are today, and further challenges lie ahead—in both securing the promised funding and turning that funding into operational capability. With that in mind, this article examines the affordability and deliverability of the plans for the ADF set out in DWP2016.

What follows is divided into four parts. First, the historical context for DWP2016 is briefly recounted.² Second, the funding promised in DWP2016 is examined in terms of the medium-term fiscal, economic and political outlook. Third, the ability of the Department of Defence (Defence) and industry to deliver the capabilities envisaged in DWP2016 is examined in light of ongoing reforms to Defence management and procurement practice. A concluding section analyses the overall prospects for DWP2016's goals in the years ahead.

¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

² For a more complete account of the past fifteen years of Australian defence funding, see Mark Thomson, *The Cost of Defence 2015-16* (Canberra: Australian Strategic Policy Institute, 2015), chapter 3.

How We Got to Where We Are Today

Towards the end of the 1990s, the Howard Government faced a quandary regarding the ADF. Following the long peace of the 1980s and much of the 1990s, the ADF was in a state of low preparedness, with hollow capabilities and looming block obsolescence. After a failed attempt to free up resources through outsourcing under the 1997 Defence Reform Program,³ the government was faced with a stark choice: increase defence funding or scale back the size of the ADF. In the aftermath of the East Timor deployment in 1999, it was hardly surprising that it chose to boost funding.

The 2000 White Paper promised, and delivered, a decade of 3 per cent annual real growth. Key projects included the first tranche of naval modernisation—including patrol boats, landing helicopter docks and air warfare destroyers—and the longer-term replacement of the air combat capability. But all was not smooth sailing. By 2003, cost increases saw capability delayed and cancelled.⁴ Soon after, it became clear that projects were slipping behind schedule due to mounting delays in government approval and widespread failure to deliver by industry. Money was handed back unspent. To complicate matters further, operations in Afghanistan and Iraq led to further new initiatives to bolster ADF expeditionary and counter-terrorism capabilities from 2001 onwards.

Around 2006 to 2007, the resource boom bolstered government finances and enabled (or at least encouraged) a series of major capability initiatives, including the initial \$1.9 billion order of four C-17 transport aircraft, the \$10 billion Enhanced Land Force initiative in 2006, and the \$6.6 billion Super Hornet fighter acquisition in 2007. Despite the additional programming of new funding and the continuing 3 per cent real growth funding wedge from the 2000 White Paper, by the time the Rudd Government took office in late 2007, the affordability of plans for the ADF looked uncertain, if not unlikely. The problem was that ambitions for the future ADF appeared to have outstripped growth in funding. To address the gap, the newly elected government began work on a new defence white paper in 2008. As in 2000, the question was whether to trim plans or increase funding.

The 2008 global financial crisis saw the planned white paper delayed until May 2009.⁵ To the surprise of many observers, the document embraced all pre-existing plans for the ADF and added a few new ones, including a doubling of the submarine fleet and a step up in capability for the frigates needed to replace the Anzac class in the 2020s. In terms of funding, the

³ Department of Defence, *Future Directions for the Management of Australia's Defence: Report of the Defence Efficiency Review* (Canberra: Commonwealth of Australia, 1996).

⁴ Aldo Borgu, *The Defence Capability Review 2003* (Canberra: Australian Strategic Policy Institute, 2003).

⁵ Department of Defence, *Defending Australia in the Asia-Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009).

2009 DWP promised a continuation of 3 per cent real growth out to 2018 followed by 2.2 per cent real growth out to 2030.

However, celebrations were short lived. Ten days after the 2009 White Paper was released, the 2009 Budget deferred around \$8.8 billion of promised funding.⁶ There followed further cuts and deferrals up to and including in the 2012 Budget. All up, around \$20 billion of planned funding was lost or pushed into the future.⁷ At the same time, the so-called Strategic Reform Program (SRP) was initiated, with the goal of saving around \$20 billion over the forthcoming decade.⁸ But, despite some initial success in cutting sustainment costs, the credibility of the SRP was compromised by exaggerated claims of savings. In 2012, the program was abandoned after budget cuts undermined any pretence of savings.

Subsequently, in late 2012, the Gillard Government began work on a new White Paper. Yet again, the same choice loomed: cut capability or increase funding. The resulting 2013 White Paper⁹ did neither. Instead, it retained the goals of the 2009 White Paper but offered a manifestly inadequate decade-long funding stream. More so than any of its predecessors, the 2013 White Paper was manifestly unaffordable. When the Rudd Government lost office in September that year, the incoming Abbot Government inherited the problem.

The 2016 Defence White Paper

Around 2012, the notion of spending 2 per cent of Gross Domestic Product (GDP) on defence gained currency on both sides of politics, though largely as an aspiration for some future unspecified time. The dubious merits of basing defence spending on a share of GDP are well understood¹⁰ yet, as the 2013 election campaign drew to a close, Mr Abbott committed the Coalition to boost defence spending to 2 per cent of GDP “within a decade” of being elected.¹¹

The Abbott Government lost little time in commencing work on what was promised to be a 2015 defence white paper, but the shifting political fortunes of two Defence ministers and the replacement of Mr Abbott as prime minister saw the release delayed until February 2016. Speculation that the new

⁶ Mark Thomson, *The Cost of Defence 2009-10* (Canberra: Australian Strategic Policy Institute, 2009), chapter 3.

⁷ Mark Thomson, *The Cost of Defence 2012-13* (Canberra: Australian Strategic Policy Institute, 2012), chapter 3.

⁸ Department of Defence, *The Strategic Reform Program: Delivering Force 2030* (Canberra: Commonwealth of Australia, 2009).

⁹ Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013).

¹⁰ Andrew Carr and Peter J. Dean, 'The Funding Illusion: The 2% of GDP Furphy in Australia's Defence Debate', *Security Challenges*, vol. 9, no. 4 (2013), pp. 65-86.

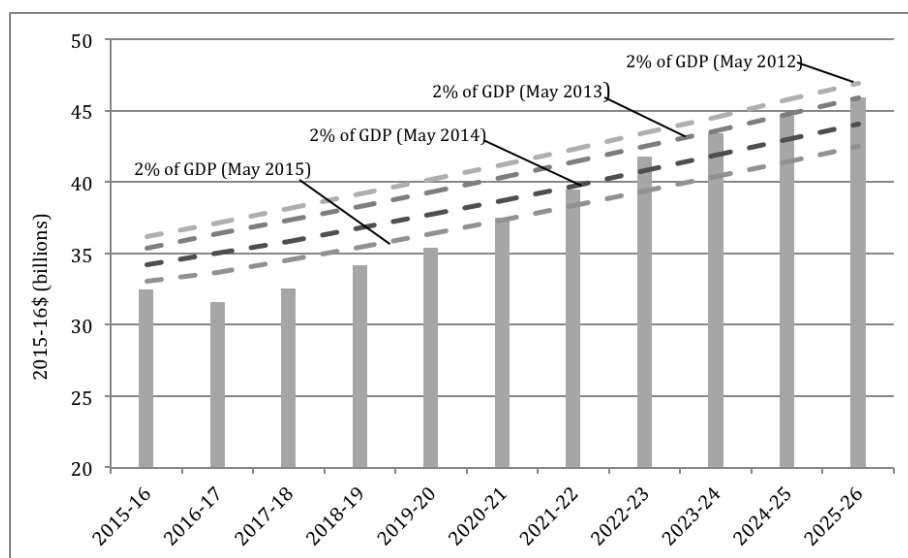
¹¹ Tony Abbott, 2013 Election Campaign Launch Speech, 25 August 2013.

Prime Minister, Mr Turnbull, would not honour his predecessor's commitment proved unfounded. To the contrary, DWP2016 outlined a funding envelope that, if delivered, will see defence spending reach 2 per cent of GDP in 2020-21—fully three years earlier than promised by Mr Abbott.

FUNDING

Rather than link defence funding to volatile GDP, DWP2016 sets out explicit annual funding levels out to 2025-26 (Figure 1). No further adjustments are envisaged apart from preserving the buying power of the budget in light of foreign exchange variations. The early attainment of 2 per cent of GDP likely arises due to the funding being locked down (apart from foreign exchange variations) in 2014 when estimates of future GDP were higher. This conjecture is consistent with the GDP expectations prevailing at the time, as shown in Figure 1. As a practical measure, it would have made sense to fix a funding envelope early in the development of the White Paper so than planners knew how much they had to spend.

Figure 1: Defence funding and progressive projections of GDP

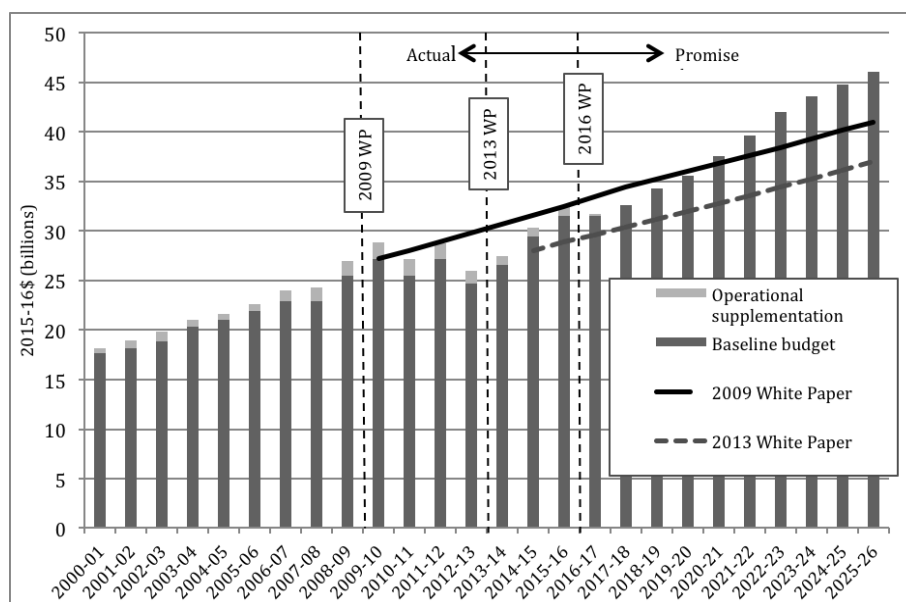


Source: ASPI analysis of 2016 DWP and Treasury Budget Papers 2012 to 2015.

Over the next decade, annual funding is planned to grow by 81 per cent in nominal terms and 45 per cent in real terms, assuming 2.5 per cent inflation. In annual terms, the rate of growth is equivalent to a nominal increase of 6.8 per cent a year compounding, or a real increase of 4.2 per cent compounding. To put this in context, over the past ten years defence spending has amounted to \$276 billion; over the next ten years, aggregate

defence spending is planned to be \$388 billion, representing a 40 per cent increase (both figures are expressed in real 2015-16 dollars).

Figure 2: White paper funding promises past and present



Source: ASPI analysis of 2009, 2013 and 2016 DWP, 2015-16 Defence Portfolio Budget Statements and Defence Annual Reports 2000-01 to 2014-5.

Figure 2 compares the planned funding with that contained in the 2009 and 2013 White Papers. While the latest funding commitment comfortably exceeds that made in 2013, it takes until 2020-21 for planned funding to exceed the unfulfilled promise of 2009.

From a funding perspective, there are two ways that today's plans for the ADF could run off the rails; the government could fail to deliver the promised funding, or actual costs could exceed promised funding. Each is considered in turn below.

AFFORDABILITY—WILL THE MONEY BE THERE?

In the past, promises to increase defence funding have been more honoured in the breach than in the observance. Setting aside the short-lived 2013 White Paper, it is a matter of record that governments failed to deliver the funding promised in the 1976, 1986 and 1994 White Papers. Only the Howard Government kept the promise it made in the 2000 White Paper. But the 2000 White Paper was rolled out during a period of strategic turmoil and unexpectedly strong government revenues. While the former may be in prospect today, the latter is not.

For the decade-long funding program to be realised, the priority for stronger defence will have to prevail over competing economic and political imperatives. The tussle will be between the four possible ways that the government can allocate resources: defence spending, paying down debt, reducing taxes, and providing services to the community such as health, education and transfer payments. The first two categories are largely about managing risk. Defence spending prepares the country to meet strategic risks, while debt reduction prepares the country to face economic risks.

The case for stronger defence is implicit in much of the analysis presented in this issue of *Security Challenges* and so need not be repeated here. The case for paying down debt to bolster our economic position is less well appreciated, but Treasury Secretary John Fraser set out the case in a recent speech.¹² More generally, economic uncertainty is high at present, with the major economies of the world seemingly at an inflection point—only the US economy is showing encouraging signs. Quite apart from better preparing us in case of an economic downturn, lower debt reduces both interest payments and intergenerational cost shifting.

The Abbott Government's alliterative chant of 'debt and deficit disaster' is but a distant memory, the adverse public and media reaction to the 2014 Federal Budget having pushed deficit reduction off the agenda. And, whatever the fairness or otherwise of the 2014 Budget, it would have only modestly redressed the fiscal situation even if all its measures had made it through the Senate. As for the 2015 Budget, it saw the projected deficit¹³ increase by \$56 billion over four years, followed by another \$26 billion in the mid-year update.

In addition to falling government revenues, the deteriorating fiscal situation reflects the political reality that people do not want to pay higher taxes or see government services cut. At the best of times that would be unsurprising, but with wages stagnant in real terms¹⁴ and after-tax income eroding under bracket creep, people are especially sensitive to anything that reduces their standard of living.

It remains to be seen if the current and future governments will be able to stave off public expectations of tax cuts and undiminished levels of government services. Even if they do, tensions will remain between fiscal and strategic imperatives. As our strategic and economic circumstances evolve, public sentiment may shift in favour of one at the expense of the other. But for the time being, private financial concerns appear to be

¹² John Fraser, 'The Australian Budget—Some Context', Speech to the Sydney Institute, 28 January 2016.

¹³ Measured as 'underlying cash balance'; May 2015—2014-15 to 2017-18, December 2015—2015-16 to 2018-19.

¹⁴ Australian Bureau of Statistics, '2015 Ends with Lowest Wage Growth on Record', Media Release, Canberra, 24 February 2016.

foremost in peoples' minds, and the fractiousness of the electorate guarantees that politicians will be attentive to those concerns. For that reason, future governments will face far greater difficulties in ramping up defence spending than the Howard Government did in the halcyon days of the 2000s.

AFFORDABILITY—HAS ENOUGH MONEY BEEN SET ASIDE?

In the past, Defence has done a very poor job of assessing the cost of delivering and maintaining capability. For example, and as already mentioned, the funding for the 2000 White Paper soon proved to be inadequate for the task. There are two ways in which funding can be inadequate; either the costs are underestimated initially, or 'scope creep' causes costs to rise above initial estimates. Throughout the 2000s, efforts were made to correct the former malady in successive Defence Capability Plans, and there is evidence that progress was made.

DWP2016 took the search for reliable costs a further step forward by seeking "external validation" of its costs by "private sector experts".¹⁵ To this end, at least \$14.6 million was spent on cost assurance by consulting and accountancy firms.¹⁶ Even though firms were prohibited from canvassing prices from prospective suppliers, it is likely that the costs underpinning DWP2016 are more reliable than any of its predecessors. In fact, if anything, the costs disclosed in the accompanying Integrated Investment Program (IIP)¹⁷ seem overly cautious. For example, it is difficult to see how to spend \$4-5 billion upgrading the combat system of the three yet-to-be-delivered Hobart class destroyers given that the three vessels are only costing a little over \$9 billion to build and fit out.

Nothing in the development of DWP2016 will prevent the military from escalating its aspirations for the capabilities outlined in the IIP. Indeed, in many areas the document shows the willingness of Defence planners to pursue enhancements of ever more marginal worth. For example, the long-range rockets (\$750-1,000 million) and land-based anti-shipping missiles (\$4-5 billion) for the Army duplicate operational effects that can be delivered by existing ADF assets. That is the sort of profligate planning you get from a funding model (2 per cent of GDP) that privileges financial inputs over cost-effective capability outputs. Only time will tell whether Defence can constrain its ambitions sufficient to remain within budget.

The scale and complexity of the Defence enterprise makes it impossible to assess the adequacy of planned capital and sustainment guidance¹⁸ on the

¹⁵ Department of Defence, *2016 Defence White Paper*, p. 25.

¹⁶ Mark Thomson, *The Cost of Defence 2015-16* (Canberra: Australian Strategic Policy Institute, 2015), p. 139.

¹⁷ Department of Defence, *2016 Integrated Investment Program* (Canberra: Commonwealth of Australia, 2016).

¹⁸ Department of Defence, *2016 Defence White Paper*, p. 182.

basis of publicly available information. Employee funding, on the other hand, is amenable to analysis because we know the planned size of the workforce and can therefore extract the anticipated rate of growth in per-capita costs. Curiously, doing so reveals that Defence plans to reduce its per-capita employee spending by 0.26 per cent a year in real terms across the next ten years.¹⁹ While structural changes to the Defence workforce may help constrain per capita cost growth, it is difficult to see how planned employee expenditure guidance will be adequate unless we have a decade of stagnant real wages across the Australian economy.

Can Defence and Industry Deliver?

Assuming that funding is available and adequate to the task, there is still no guarantee that the goals of DWP2016 will be delivered on schedule. To some extent, it will be difficult to tell, because the new IIP is much less forthcoming about schedule milestones than previous public disclosures.²⁰ Nonetheless, delays will arise unless the capacity of both Defence and Defence industry (henceforth Industry) are adequate.

Unlike previous White Papers, the 2016 version has not been preceded by a freeze on approvals. On the contrary, a series of major projects were approved throughout 2015, including additional C-17 transport aircraft in April, additional KC-30 aircraft in July, frigates and Offshore Patrol Vessels (OPV) in August and Hawkei armoured vehicles in October. Consequently, a smaller than usual backlog of projects has accumulated over the twenty-two-month development of DWP2016.

In addition to the early approval of many projects, the challenge to local industry is further alleviated by the large number of off-the-shelf foreign purchases from established production lines, including the F-35 Joint Strike Fighter, the additional C-17 transport aircraft and the new P-8 maritime patrol aircraft. Yet the task should not be underestimated. According to DWP2016, no less than \$195 billion will be spent across the next decade to fund investment in the future force although, curiously, only \$162 billion of guidance has been set aside for capital investment.²¹ In any case, plans will see investment in new equipment and facilities rise, in real terms, by the equivalent of 7.7 per cent a year, from \$6.6 billion in 2016-17 to \$18.6 billion in 2025-26. And there are some large local projects to be launched, especially in ship and submarine building. Looking back to the 2000s when somewhat less ambitious growth (in the vicinity of 5 per cent a year) was unsuccessfully attempted, there is no guarantee that the investment program can be delivered.

¹⁹ Mark Thomson, 'The New Normal: A Decade of Stagnant Real Wages for Defence Personnel?', *The Strategist*, Australian Strategic Policy Institute, 8 March 2016.

²⁰ Mark Thomson, 'The (Kinda Sort Of) Integrated Investment Program', *The Strategist*, Australian Strategic Policy Institute, 9 March 2016.

²¹ Department of Defence, *2016 Defence White Paper*, p. 9.

Two factors complicate the delivery of the program. First, there appears to be a shift in defence industry policy away from foreign purchases towards local production. On past experience,²² that will increase the risks and delays to the delivery of capability. Not unexpectedly, it takes longer and costs more to mobilise local production rather than purchase from an established production line with larger economies of scale.

Second, in the medium term, the program is dominated by three large naval construction projects. Moreover, the nine-vessel Future Frigate (>\$30 billion in cost) and twelve-vessel Offshore Patrol Vessel (OPV) (\$3–4 billion in cost) projects have each been brought forward by several years²³ to preserve jobs in the politically sensitive shipbuilding sector, notwithstanding that work on existing naval projects will have largely wound down by the time the new projects commence. And although the demise of the car industry and decline of the resource investment boom will free up labour for the task, the overlap of the frigates and OPV with the twelve-vessel Future Submarine (>\$50 billion in cost) project will create competition for scarce talent. Given the debacle of the three-vessel Air Warfare Destroyer (AWD) project—at least a billion dollars over budget and thirty-three months delayed—the risk presented by domestic naval shipbuilding cannot be discounted, especially given the largely bespoke specifications for the frigates and submarines.

Quite apart from question of Industry capacity, the successful implementation of DWP2016 will depend upon Defence's ability to prepare, seek approval for, and manage the 166 unapproved projects in the IIP. Despite the less-than-usual bow-wave of new projects accompanying the new White Paper, there are eighteen projects scheduled for approval prior to 1 July 2016, and another fifty-one scheduled to commence their 'program timeframe' in 2016. To make matters worse, the intervention of an election in 2016 will necessarily disrupt the consideration and approval of projects. One way to expedite the progress of projects would be to raise the threshold for ministerial approval.

In the normal course of events, the scale and complexity of work would be a forbidding enough prospect. But the fact that Defence is mid-way through a major internal reform program following the April 2015 First Principles Review (FPR),²⁴ adds further uncertainty to any assessment of its capacity. Although many of the seventy-six recommendations of the FPR are unrelated to the capability life cycle, the most substantial reforms underway are in that area. Indeed, the former quasi-independent Defence Materiel Organisation (DMO) has been disbanded and a new Capability Acquisition and Sustainment Group (CASG) formed. In addition, the old Capability

²² Ibid., p. 182.

²³ Tony Abbott and Kevin Andrews, 'The Government's Plan for a Strong and Sustainable Naval Shipbuilding Industry', Media Release, Adelaide, 4 August 2015.

²⁴ Department of Defence, *First Principles Review: Creating One Defence* (Canberra: Commonwealth of Australia, 2015).

Development Group has been disbanded and its functions divided between the three Services, the new CASG and a new Strategic Policy and Intelligence Group (SPIG). As of early 2016, the new processes and capability life cycle management regime were yet to be finalised, despite being close to half way along the planned twenty-four-month implementation period.

In addition to the new organisational arrangements, Defence has been following the FPR recommendation to *inter alia* 'reduce organisational layers'. This has been most apparent in the new CASG, where most senior executive positions are now one pay level below where they were previously. The resulting reduction in human capital can only make it harder to deliver the capability set out in the new White Paper cost effectively. As partial mitigation of the reduced capacity within CASG, it appears as though greater reliance will be placed on (1) Industry managing projects above the line, and (2) partnering with Industry below the line in lieu of traditional competition. While the former may present opportunities when capabilities can be sufficiently well specified at an early stage, the latter will require Defence to develop new ways to assure value for money in its multi-billion dollar acquisition and sustainment programs. Whatever the merits and disadvantages of competitive tendering, and as the troubled AWD alliance program demonstrates, competition is easier to implement than partnerships built on nebulous catch phrases such as 'win-win outcome' and 'best for project decision'. If anything, Defence should be upgrading rather than downgrading its acquisition workforce to implement this new approach.

Conclusion

The goals of the 2016 Defence White Paper can only be achieved if future governments make good on the funding commitment made by the Turnbull Government in February 2016. Even then, success will not be assured. Ramping up investment levels quickly enough to meet the plan's demanding schedule will be a major challenge, especially with a major internal reorganisation underway.

It is clear that today's plans for the ADF are as ambitious as anything that has emerged since at least Robert Menzies' defence build-up in the 1960s. It is too early to declare the plans overly ambitious, but the challenges to continued funding and successful implementation are many and serious.

In all likelihood, priorities and plans will change in the years ahead—as they should when circumstances change and new information comes to light. There will surely be one or more new White Papers over the ten-year funding horizon of the one just released. Good government comes more from agility than slavish adherence to the plan of predecessors. In three or four year's time, thinking will have moved on and we will look back at

DWP2016 for what it is; a starting point for further evolution rather than an end point in itself.

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The 2016 Defence White Paper— The Land Perspective

Michael Clifford

There are a number of positive aspects for Army in the 2016 Defence White Paper. The acknowledgement of a broader set of national interests beyond Australia's immediate region that will shape force structure priorities coupled with the need for a balanced force structure is most significant. The commitment to continuing to strengthen Army's combat capabilities is also positive. However, the inconsistency between the policy rhetoric and the investment program is of concern. The lack of depth in the examination of the force structure drivers which may be derived from supporting a 'rules-based global order' and 'contributions to coalition operations' leaves one pondering what Army's role is beyond special forces. This point was reinforced when a high-end close combat role is explicitly called out for special forces yet it is less clear in the level of combat or close combat capabilities expected of the rest of the Army. The White Paper also makes explicit that Army has benefitted from significant investment over the last decade or so and while silent on the consequences one is left in no doubt that Army is not a high investment priority. The investment program for Army appears to be a number of disjointed projects rather than a coherent program designed and argued around a land combat system. The policy challenges for Army is that its role is still ambiguous and the schedule in the investment program leaves Army vulnerable to slippage or cancellation due to budget pressure which will severely undermine Australia's land capability and the aspiration of a balanced joint combat capability.

In launching the 2016 Defence White Paper the Prime Minister characterised it as a:

plan to deliver a more potent, agile and engaged Australian Defence Force that is ready to respond whenever our interests are threatened or our help is needed. It is a plan to become more powerful on land and in the skies and more commanding both on the seas and beneath them.¹

This is a simple yet powerful statement, which points to two important changes in this White Paper. The first is the acknowledgement that Australia's national interests are now far broader in nature and secondly that the government is willing to invest in the Australian Defence Force's (ADF) force structure to ensure future governments have the policy options open to them to act to protect those broader interests. However, rhetoric and reality in the theatre of Australian politics and, in particular, Australian defence policy are rarely aligned.

¹ Prime Minister of Australia, The Hon Malcolm Turnbull MP, 'Launch of the Defence White Paper', Media Release, 26 February 2016, <www.pm.gov.au/media/2016-02-25/launch-defence-white-paper> [Accessed 29 March 2016].

As I wrote recently² in the white paper process the government needed to make clear its rationale for the Army's force structure priorities both internally within the land and amphibious warfare stream and when compared to the other defence force structure decisions it must make. While there are many positive elements in this White Paper, in this regard it unfortunately fails the test.

The Prime Minister launched the White Paper at the Australian Defence Force Academy amongst the current and future leadership of Defence. As is normal at these events, particularly when they are held outside of Parliament,³ there was more theatre in and around the event than substance. This was no more evident than at the post-launch media conference where both the minister and Prime Minister gave the clear impression of still coming to terms with rationale or financial dynamic that underpinned the White Paper.⁴

Notwithstanding the theatre, the White Paper supported by a new Defence Industry Policy and the Integrated Investment Program was very much about shipbuilding and the South China Sea. In another departure from more recent defence policy it also focused on the national economic benefits of defence expenditure over the coming decade. It was claimed that industry and northern Australia will benefit, there will be opportunities to harness innovation and technological expertise, and thousands of jobs will be created across the country.⁵

While the modernisation of the fleet and the continued upgrade of the air force are central to the government's defence strategy the land combat and amphibious warfare capability stream did not, in theory, miss out in the allocation of largesse; albeit the language and the apparent priorities within the Policy make it clear where the Army sits in the force structure pecking order. I could rightly be accused of playing semantics, but as I will argue 2 per cent of GDP means that the assumptions that underpin the *fully costed*

² Michael Clifford, 'Back to the Future for the Army's force Structure Debate?' *The Strategist*, Australian Strategic Policy Institute, 13 November 2015, <www.aspistrategist.org.au/back-to-the-future-for-the-armys-force-structure-debate/> [Accessed 29 March 2016].

³ Graeme Dobell, 'The 2016 Defence White Paper: Lousy Symbolism, Poor Understanding', *The Strategist*, Australian Strategic Policy Institute, 29 February 2016, <www.aspistrategist.org.au/the-2016-defence-white-paper-lousy-symbolism-poor-understanding/> [Accessed 29 March 2016].

⁴ 'Joint Press Conference with Senator the Hon Marise Payne, Minister for Defence, and Air Chief Marshal Mark Binskin, Chief of Defence Force', Media Release, 25 February 2016, <www.pm.gov.au/media/2016-02-25/joint-press-conference-minister-defence-and-chief-defence-force> [Accessed 29 March 2016].

⁵ Prime Minister of Australia, 'Launch of the Defence White Paper'.

*and externally cost-assured plan*⁶ have not yet placed the government in the position that it is forced to make hard budget-driven capability choices.

Sadly, no Defence White Paper has delivered on the promised funding and a realist cannot assume this policy will, miraculously, be different. For the land combat and amphibious capability stream this will be important when the budget tightens and the real capability priorities need to be applied. The danger is that the Army will be left behind and over the life of the White Paper the ADF's force structure will not be the balanced, potent or agile force that has been promised. Thus the choices available to future governments will look more like the 1990s than the 2030s.

Strategic Settings

The challenge for defence white papers is to demonstrate continuity while acknowledging today's risks. One does not have to open any of the policy documents to see how the government seeks to adapt to the challenges. The front cover graphic depicts a mosaic of four interlocking squares which is clearly intended to demonstrate the continuity in Australia's overall strategic approach⁷ by linking a traditional narrow focus of Australia's interest close to home with a globalised world where Australia's interests are more broadly cast. This approach is described as:

- A secure, resilient Australia, with secure northern approaches and proximate sea lines of communications (our contemporary patch).
- A secure region, encompassing maritime Southeast Asia and the South Pacific (the linking concept between near and far).
- A stable Indo-Pacific region and a rules-based global order (the globalised world comes knocking).

The central question is: do the force structure priorities in the investment program reinforce the three-tiered approach? The answer is No. The force structure priorities that remain at its heart are the traditional sea-air gap model made up of ships and aircraft.

This is one of the potential contradictions in the government's approach. While the budget remains on the 2 per cent of GDP trajectory the government will not be forced to make hard investment choices in the short term and the outer years of the investment plan remain a wish list. If the

⁶ Department of Defence, *2016 Integrated Investment Program* (Canberra: Commonwealth of Australia), p. 112, <www.defence.gov.au/WhitePaper/Docs/2016-Defence-Integrated-Investment-Program.pdf> [Accessed 29 March 2016].

⁷ Paul Dibb, 'DWP 2016: The Return of Geography', *The Strategist*, Australian Strategic Policy Institute, 1 March 2016, <www.aspistrategist.org.au/dwp-2016-the-return-of-geography/> [Accessed 29 March 2016].

economy or government priorities change, which is most likely, choices will need to be made and we will no doubt be on '*a back to the future*' path and the force structure priorities will need to be better and more tightly defined and the government's policy aspirations trimmed to meet our means.

While the front cover mosaic attempts to reinforce the 'new' strategic shift it does, inadvertently, highlight another fundamental element of our geography and that is the almost unique demands of the land and littoral space across this expanse of the world. It ranges from the vast savannah of Sahel Africa in the west to the deserts of the Middle East; from the tropical jungles and large urban areas of the Indo-Pacific, Southeast Asia, Northeast Asia, and Indonesia, to the amphibious challenges of the Pacific Islands; and of course the harsh terrain of Antarctica. This is an extraordinarily diverse area and while vast in terms of the maritime space it is equally demanding in the land and littoral space. That it is not better described and placed in the context of the logic used for the government's force structure decisions is disappointing. One gets the impression that while the government is naturally drawn to a more global role, the region and the growth of China presented them with both a political and presentational balancing act.

The government does, however, set the White Paper in its broader political narrative. The minister characterised the future ADF as a "more capable, agile and potent force that has greater capacity to respond to strategic risk where Australia's defence interests are engaged";⁸ this on its face is a positive aspiration. The investment priority given to the force enablers is a very good aspect of the investment program. Bases, airfields and training areas are fundamental to both force preparedness and as a base from which to launch persistent operations throughout Australia's immediate environment. It is an irony in the White Paper that the promotion of air and maritime capabilities as a priority is at odds with the reality of both our geography and the most recent experience of protecting Australia's broader national interests.

Policy Shift

The renewed acknowledgement of the critical connection between Defence's investment and defence industry is also welcomed. The linkage to economic growth and innovation is also critical but will need ministerial attention to ensure it is more than just rhetoric. This is a significant shift in thinking from Defence and government; in recent years the approach from Defence and ministers has been 'it is not Defence's job to support Industry'—a clearly ridiculous assertion on capability grounds and one that one would hope will be consigned to the dustbin of history.

⁸ Minister for Defence, 'Launch of the 2016 Defence White Paper', Media Release, 26 Feb 2016, < www.minister.defence.gov.au/2016/02/25/minister-for-defence-launch-of-the-2016-defence-white-paper/ > [Accessed 29 March 2016].

The aspect of the industry policy which will need real attention, or it will be forgotten, is the recognition early in the Defence Industry Policy Statement that

in addition to the major warfighting capabilities the ADF needs, Australian industry also provides our national Defence support base. This includes delivering the full spectrum of goods and services critical to enabling Defence capability, including logistics services, information and communications technology, health support, fuel, energy and other support.⁹

From an Army perspective this is important; poorly managed and the support base will be weakened which will have a direct and negative impact on preparedness. It will also have a direct impact on the budget. Managed well it can both improve capability and be a source of significant short-term efficiencies and thus act as a potential financial risk mitigation strategy for the Army as it argues against slippage in the investment program.

Strategy and Force Structure

Returning to the macro-strategic settings, there is recognition of the reality in today's world that global risks or instabilities traditionally beyond Australia's immediate region can now very quickly impact closer to home. Paragraphs 1.15, 1.16 and 1.17¹⁰ add the rationale to the White Paper's three Strategic Defence Interests; secure northern approaches, a secure nearer region, and a stable Indo-Pacific region and a rules-based order.

While the first two interests seem straightforward and the potential force structure implications clear there is little if any analysis around the third that would enable one to derive a force structure from it. Particularly as the government pledged to

ensure Australia maintains a regionally superior ADF with the highest levels of military capability and scientific and technological sophistication. The future force will be more capable, agile and potent. The future force will be more capable of conducting independent combat operations to defend Australia and protect our interests in our immediate region. This force will also enhance Australia's ability to contribute to global coalition operations. More emphasis will be placed on the joint force ...¹¹

A force-structuring objective of 'maintaining a regionally superior ADF' is certainly a sensible aspirational benchmark and when discussing platform decisions such as aircraft, ships and submarines is a clear, straightforward proposition. Sadly the White Paper falls far short of satisfactorily providing a similar model against which land capabilities could be measured. As an example, while the soldier's personal combat system is world class and

⁹ Department of Defence, *2016 Defence Industry Policy Statement* (Canberra: Commonwealth of Australia), p. 6; <www.defence.gov.au/WhitePaper/Docs/2016-Defence-Industry-Policy-Statement.pdf> [Accessed 29 March 2016].

¹⁰ Department of Defence, *2016 Defence White Paper*, p. 33.

¹¹ *Ibid.*, p. 18.

clearly overmatches anything in the region, does it match the task and the threat levels? Equally, individual pieces of equipment are described in the White Paper as “soldiers in the future Army will be supported by new vehicles and manned and unmanned aircraft with increased firepower, protection, mobility, situational awareness and logistics support” (para 4.52).

It is difficult to establish a comparative benchmark; yes, each piece of equipment could be compared with like equipment available to regional forces but when drawn together into a system the conclusion could be quite different. Independent combat operations for land forces will immediately draw one to the conclusion that several brigade-sized formations would be required and while the brigade is acknowledged in the Integrated Investment Program¹² as the organisational building block, nowhere else does the government make clear what it expects of the Army.

Managing Risk

The government has importantly called out the risks associated with global instability but as a force structure determinate it seems to be less clear. More broadly, government identified the need to encourage and invest in the development of rules-based order. In force structure terms little can be deduced from the conclusion that “Australia cannot expect others to bear, on our behalf, the burden of ensuring that the world is a safe and secure place” (para 1.24). The scope of independent operations needs to better identify in force structure terms as does the government’s thinking around what it broadly would see its contribution to global issues. Additionally there is a need for a complimentary land narrative; which describes clearly how the government might employ land forces.

State Fragility

The government has judged that the potential for state fragility will increase over the coming decades. While Defence has developed a body of knowledge over the last decade or so, there is a need to better understand and research war, conflict and society and their interdependencies. This is not solely a role for government; it is very much a role for academia as the solution involves cooperation between government, NGO’s and the private sector. The University of New South Wales, Canberra’s¹³ Centre for the Study of Armed Conflict and Society is an example of the multidisciplinary approach required. As far as the Army is concerned the continued development of skills to engage in partner building roles, as seen in the Middle East, will be of equal importance in other regions of the world.

¹² Department of Defence, *2016 Integrated Investment Program*, p. 106.

¹³ ‘Australian Centre for the Study of Armed Conflict and Society’, University of New South Wales, Canberra, <www.unsw.adfa.edu.au/australian-centre-for-the-study-of-armed-conflict-and-society/>

Equally, calling out that “Defence will continue to work with the United Nations to build its capability to lead international efforts to respond to global security challenges” (para 3.31) is on its face a positive aspiration. However, this requires more attention and leadership. The UN while heavily used over the decades has suffered since the end of the world’s unipolar moment. A rules-based world requires a capability for structured peacekeeping and peace enforcement. In broader roles, the White Paper declares that “the ADF has deployed and will continue to deploy outside of our immediate region in concert with [others]” (para 3.33); one is left to wonder what this all means in Army force structure terms.

The conclusion drawn is that Defence will “need to be more agile and adaptable with a broader set of capabilities” (para 3.34). How these are prioritised is important; while 2 per cent of GDP may, over the budget cycle, offer the opportunity to identify a range of capability improvements it should also set out how the priorities are made and what facts will effect the selection in a tighter economic time. Equally, the question of what to deploy and to what level needs far greater attention. What might the indicative size be? One assumes there is more clarity in the classified preparedness guidance held within Defence. Nonetheless we should expect more fidelity in the publicly available document.

This is also the case when the government makes the point that what will be required is “a balanced joint force structure and increased international cooperation and engagement.” (para 3.35) I for one have argued that a balanced force structure should be a ruler against which any force structure and policy decision can be tested. This is difficult to achieve if nowhere in the document is there a description of what the government would see as a balanced force. What are the characteristics that would define a balanced force?

In the absence of any guidance the obvious example is the ‘air package’ that the government has deployed to the Middle East. It is self-reliant, balanced and capable—and importantly of a scale that meets Australia’s means. Self-reliant because it can see, sustain itself, and shoot. Balanced because it has the force elements necessary to prosecute the tasks given to it by government—and not be limited to either seeing, or sustaining or shooting. It is capable because as a package it is not a liability to others in the coalition but gives government a range of policy options over time based on policy grounds not capability deficiencies. This description of ‘balance’ would at least provide a clearer logic framework against which future government decisions could be judged.

The Future Defence Force and Army's Place at the Table

The government states quite clearly very early in Chapter Four, 'The Future Australian Defence Force', of the White Paper what the future ADF will look like.

The future ADF will be more capable of operations to deter and defeat threats to Australia, operate over long distances to conduct independent combat operations in our region, and make more effective contributions to international coalitions that support our interests in a rules-based global order. The increased capabilities of the ADF will also enhance our ability to operate with the United States. (para 4.3)

It then goes on to describe the Army in the following way: "Our Army will have more firepower, mobility and amphibious capabilities, while soldiers will receive more lethal weapons and improved protection." (para 4.4) As with all policy statements, on the face of this description of the future Army one could be satisfied. The White Paper then goes on to state clearly "[t]he soldier is at the heart of land capability" (para 4.51). Again an important capability and emotional point, indeed presentational point, that the authors no doubt hoped would satisfy the punters. It does, however, indicate what would appear to be an underlying design assumption in the White Paper. That the Army has had its time and investment over the last decade; and notwithstanding the rhetoric—Army as a priority can shift right.

Simon Benson of the *Daily Telegraph* in the days leading up to the White Paper release quoted a source in the following way: "There will be a lot of focus on rebuilding the navy ... the Army is in good condition, the Air Force is in good condition but there is a big gap in the naval fleet".¹⁴ The White Paper itself reinforces the perception when it says, "[t]he last decade or operations has seen substantial investment in equipping soldiers with leading-edge equipment" (para 4.51). While the government should be applauded for continuing to invest to ensure the continuous improvement of the soldier's personal equipment ensemble it is no more than maintenance of the status quo.

They do say that soldiers will, in future, be '*supported*' by new vehicles, and manned and unmanned aircraft with increased firepower, protection, mobility, situational awareness and logistics support. But one is left feeling that there is little in a deliberate design sense that draws Army's individual capabilities together as a whole or system. While some could argue that this is the role of doctrine, the government has missed the opportunity to set out its expectations of Army.

¹⁴ Simon Benson, 'Defence's \$25b Bullet to Win the Cyber War', *Daily Telegraph* (Sydney), 24 Feb 2016, p. 1.

As a consequence the White Paper is a restatement of the status quo dating back to the 2000 White Paper.¹⁵ In 2000 the then government announced a laundry list of then new capabilities including improved amphibious capabilities off the back of the East Timor experience; the list is remarkably similar including identified funding for sustainment, capital investment and personnel costs. Given the difference between the Army then and today's, and the vastly different strategic circumstances facing the government, one would have expected—consistent with the government's mantra of an "Australian Defence Force that will be more capable, more agile, [and] more potent"¹⁶—a statement of the government's vision of the Army that captures the future, not a rehash of the past.

In this regard the special operations forces section of the investment program does go some way to make clear what the government expects or aspires toward:

[t]he special operations capability provides rapidly deployable options to respond to high-risk threats in unpredictable and uncertain environments. Special operations can be broadly grouped into the categories of special reconnaissance, special recovery and direct action ... [government] will enhance Australia's special operations capabilities, including through: acquiring high-end close combat capabilities ...¹⁷

It then goes on to identify the capabilities that will support this overall approach. One can see quite clearly the linkage between the policy settings, the experience of the last ten years and the type of choices the government intends to adopt.

In contrast, the Army is not as clear and while this can be explained given the size and the far wider range of tasks the broader Army would expect to undertake, a similar unifying vision would be helpful. The difference is also striking in that special operations forces are explicitly tasked with close combat tasks as opposed to the Army where the term combat is used. The terms are different and in force structure terms the difference can be substantial based on the perceived risk. This will show itself most clearly in the later phases of Land 400 when the infantry fighting vehicles are argued through the acquisition process.

Again for presentational reasons the White Paper breaks the Land combat and amphibious warfare capability stream into:

- infantry—soldier system
- armoured vehicles

¹⁵ Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), p. 82.

¹⁶ Defence Minister, 'Launch of the 2016 Defence White Paper'.

¹⁷ Department of Defence, *2016 Integrated Investment Program*, p. 112.

- *Canberra* class amphibious ships
- special operations forces
- artillery
- general purpose and protected vehicles
- combat, construction and support engineers
- armed reconnaissance helicopter
- armed intelligence, surveillance, reconnaissance unmanned aircraft
- land tactical intelligence, surveillance and reconnaissance
- land intelligence and electronic warfare
- deployable land networks
- battlefield logistics support
- riverine patrol.

The force design task is made more difficult when one reflects on the force structure characteristics the government has identified. The key elements of which are:

- To retain a qualitative edge regionally through the maintenance of a regionally superior Defence Force.
- To maintain the capability to independently and decisively respond to military threats including incursions into Australia's air, sea and northern approaches.
- To be able to conduct independent combat operations within Australia's region and contribute forces more broadly to support the maintenance of a rules-based global order.

As far as the latter is concerned, without any other guidance, one could assume that the capability approach adopted by the government to the current deployment of aircraft to Iraq would provide an appropriate pointer. As I said earlier in this article, a balanced package that is self-reliant in terms of its combat capability and logistics. In other words it can see, fight and sustain itself.

When this design ruler is set against the government's investment priorities for the Army a number of weaknesses become evident. While the land combat and amphibious warfare capability stream will have around 18 per cent of the overall investment program a number of deficiencies start to emerge and certainly place an unstated upper limit on both the definition of combat and superiority.

What Can Army Deliver?

Notwithstanding the White Paper's rhetoric, the integrated investment program's indicative acquisition windows¹⁸ suggest that the Army will remain substantively unchanged in 'combat' capability terms until the introduction into service of the infantry fighting vehicle program and the replacement of the armed reconnaissance helicopter, both well into the next decade. The unmanned armed aircraft is indicatively earmarked for slightly earlier but given the normal acquisition timelines this will not be significant. In other words, the Army will have protected mobility vehicles in the form of the Bushmaster and Hawkei, and a tank capability, which would appear to remain aligned with the US upgrade programs as was anticipated when the decision was taken to purchase the tanks in 2003. Other capabilities are retained and remain broadly in the schedule that the Army was working to prior to the White Paper.

The new capabilities are the replacement program for the armed reconnaissance helicopters, the unmanned armed aircraft, additional Chinook, light helicopters for Special Forces, anti-ship missile systems, a medium-range surface-to-air missile system and long-range rockets late in the next decade. The retention of longstanding projects to provide battlefield communications, battle management systems and deployed Electronic Warfare are welcomed but they too were set in play in 2000 and have suffered from a lack of priority. They are also good examples of where rapid acquisitions for operations can give the illusion of an Army that is in far better condition than is the reality. The challenge Army currently faces with regard to modernising its command, control and communications systems is indicative of the contradiction. As a recent report into Army's modernisation identified:

While [modernisation] has brought great benefits, it has also created management and operational challenges. This is because many decisions, given the timeline and the disjointed nature of the overall acquisition process, have been taken in isolation.¹⁹

¹⁸ Department of Defence, *2016 Defence White Paper*, p. 105.

¹⁹ Michael Clifford, Michael Ryan and Zoe Hawkins, *Mission Command and C3 Modernisation in the Australian Army*, ASPI Special Report (Canberra: Australian Strategic Policy Institute, December 2015), p. 5, <www.aspi.org.au/publications/mission-command-and-c3-modernisation-in-the-australian-army> [Accessed 29 March 2016].

This will remain the case if the Army's capability stream is allowed, due to budget constraints, to become a series of projects rather than a program.

The significant investment in the enabling capabilities such as training areas and bases will make a material improvement to the Army's comparative capability. But against the government's benchmark of being regionally superior and capable of independent combat operations the Army will remain well below what would be assumed for a first world defence organisation the government seeks to achieve.

Yes the Army can protect its personnel and yes it can currently deploy well-equipped soldiers and powerful tactical organisation at the unit level and below. Without infantry fighting vehicles and explicitly prioritised combat capability packages at formation (brigade) level the Army's ability to conduct combat operations as sought by the government will be limited. Equally, the need for close combat capabilities²⁰ for the broader Army will remain a policy debating point as it has since the 1980s. Simply put, the Army will be a 'protected' Army with a very limited combat capability.

In this regard special operations forces, given the explicit high-end close combat capability guidance, will be an exception within the Army's force structure. While the investment program identifies that; "land capability is fundamentally organised around combat and enabling brigades that are combined to achieve desired effects" it does not in the public documents set out what an indicative capability package for these brigades might be. The government needs to clarify close combat and combat as force structure drivers. The difference can be significant.

This is where it would be particularly helpful to articulate a vision of the future Army in terms of a land combat system. It would certainly aid in force structure design because it would be clear where the deficiencies are and are likely to be, given the force structure option adopted. In this regard a description of the land combat system might be: a well-equipped soldier is at the centre of a regionally superior, scalable and integrated land combat system which is capable of close combat and is made up of protected and fighting vehicles, manned and unmanned aircraft, ISR and logistics. This is the common combat system, which is employed by special operations forces and conventional combat forces.

This is an internally balanced force that can conduct independent combat operations as part of a joint force and, like the Middle East air package, can

²⁰ For the purposes of this paper 'protected' assumes that soldiers must dismount their vehicles well short of a close combat threat and then fight dismounted. 'Fighting' vehicles enable soldiers to fight onto an object and engage in close combat while mounted in the vehicle. The Bushmaster and Hawkei are protected vehicles. The current APCs because of their age and armour are no more than protected vehicles. The Army currently has no capability that would support the soldier in close combat beyond the tank.

be self-reliant as part of a coalition in a global role, because it can see, fight and sustain itself. The government can determine its tasks on policy grounds not because of capability deficiencies. This is also an explicit definition of what the land combat sub-system of the balanced future defence force will be; a regionally superior force; capable of independent combat operations in our region and which can make more effective contributions to international coalitions that support our interests in a rules based global role.

Resources and Reform

The starkest warning by commentators with regard to the budget projections in the White Paper was put in the following way; “One cannot escape the conclusion that the Coalition has tried to put the most positive economic spin on a policy approach that does not resonate with its economic policy ambitions”.²¹ While the 2 per cent of GDP target is effectively a bipartisan position there should be very little confidence that it will be either achieved or indeed retained as a policy by either party. This is simply because the economic assumptions that underpin the target and the international pressures on the Australian economy suggest that it will be very difficult to maintain.

This places the land combat capability stream at significant risk; thus the Army must become the leader in defence reform to ensure any efficiencies are identified and savings banked. This must become a leading skill for the Army’s leadership team. There must also be a clear linkage between the land combat system and the investment program rather than allowing a project by project approach to be adopted. Equally, while the investment program appears to be a very tightly integrated plan; cost, schedule and delivery will be fundamental to ensure no unintended knock-on effects to the budget, which will inevitably push the later program unacceptably right.

Conclusion

The 2016 Defence White Paper importantly establishes Australia’s role in a global dynamic where our national interests can and will be more directly impacted. This is a welcomed departure from a more narrowly cast regional focus as the primary driver of the ADF’s force structure. It is however a work in progress. The White Paper is thin on the force structure consequences of the shift and this has the greatest impact on the Army and its force structure priorities. One gets the impression given the repeated reference to the last ten years that policy makers see the Army through the frame of special operations forces with high-end close combat capabilities and ‘protected’ conventional forces with a very constrained combat role. Thus a solution to

²¹ Nick Bisley, ‘How Will We Pay for this Big-Spending Defence White Paper’, *The Interpreter*, 5 March 2016.

the traditional tension that has existed between an Army force structure, which would give governments a real choice to engage in the full spectrum of operations and other lesser capability options, sadly remains elusive.

The indicative acquisition windows in the investment program are a clear indication that policy makers and government see high-end close combat capabilities for the broader Army as a low priority. This highlights three issues, which should focus the Army's attention in the coming months.

Firstly, Army needs to define what the land combat system is and in doing so identify its fundamental interdependencies and its part in the broader ADF. This should enable a programmatic argument to be developed around Army's capability priorities.

Secondly, given the change in ministerial appointments and the coming election the continued education of ministers and, when the opportunity arises, the broader community will be critical to reinforcing peoples understanding of what the Army is capable of—particularly its close combat role and the impact of underinvestment in the integrated investment plan to achieving the capabilities necessary to fulfil this role.

Thirdly, Army should place a high priority on institutionalising within Army the continued focus on defence reform, to ensure every efficiency found can be used as a budget mitigation strategy to, at the very least, assist in maintain the current IIP schedule.

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2016 Defence White Paper— The Future of Aerospace Forces

John Blackburn

The 2016 Defence White Paper is an impressive document that is a significant improvement on past White Papers. At the aerospace platform and individual system level the White Paper is mature and balanced, and clearly the result of a more comprehensive Force Structure Review than conducted for recent White Papers. There is a clear recognition that the ability of the force to operate effectively will be dependent on the level of force integration. The acknowledgement that funding cuts in recent years have led to under-investment in the enablers essential to building a joint and networked force is critical, and the increased emphasis on addressing enabling functions is welcome. However, with respect to enablers I conclude that the government has not recognised the scale of the enabler challenge and lacks frank analysis of associated risks. You cannot remediate a problem if you are not prepared to fully acknowledge and analyse it; the ADF cannot deploy and operate aerospace forces without resilient enablers.

The 2016 Defence White Paper¹ (DWP2016) marks a significant improvement over the 2013 Defence White Paper. It takes a far more integrated and balanced approach to the design of the future Defence Force. Of particular note is the structure of the force analysis around six capability streams rather than by environmental categorisation. This capability stream approach forms the basis of the 2016 Integrated Investment Program published to support this White Paper. For the first time, all elements of the government's Defence investment, including new weapons, platforms, systems, and the enabling equipment, facilities, workforce, information and communications technology, and science and technology are outlined in an Integrated Investment Program.²

This shift in perspective and analysis is important if a true joint force effect is to be achieved. The capability streams are:

- intelligence, surveillance, reconnaissance, space, electronic warfare, and cyber
- maritime and anti-submarine warfare
- strike and air combat

¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016)

² This White Paper and the Integrated Investment Program (IIP) are companion documents in a way White Papers and Capability Plans of the past never were and for this reason I have used the capability detail of the IIP to support my analysis of the higher level White Paper discussions.

- land combat and amphibious warfare
- key enablers essential to supporting the operation and sustainment of Defence
- air and sea lift.

Aerospace forces either contribute to, or are supported by, each of the streams. Having said that, it could be said that analysing DWP2016 in terms of aerospace forces is a reflection of past thinking. However, given the tasking for this article, I will attempt to review the contribution of the aerospace components to the future joint effect and explore what the risks and opportunities are in the implementation of this ambitious White Paper.

DWP2016 assesses that Australia's traditional technology and capability superiority will be challenged by the growth towards more capable and modern military forces in the Indo-Pacific; "a larger number of regional forces will be able to operate at greater range, and with more precision especially in the maritime and air environments supported by more advanced intelligence, surveillance and reconnaissance networks." (para 2.4)

The requirement for the ADF to be agile, adaptable and interoperable pervades the White Paper. So, what does this mean for the aerospace forces? In my view it directly relates to the need to take a far more integrated and balanced approach to the design of the future Defence Force. The RAAF's Plan Jericho, launched in February 2015, has a vision to develop a future force that is agile and adaptive, fully immersed in the information age, and truly joint. It is worthwhile noting how the then RAAF Chief, Air Marshal Geoff Brown, defined fifth generation; he stated that a fifth generation/fifth generation-enabled force is a force with vastly improved shared situational awareness *and* the ability to operate as an integrated team. He clearly used the term as a lever for joint force integration and not in the legacy sense of individual platforms.

To examine how the RAAF will achieve that vision for its aerospace capabilities under DWP2016 I will look at three aspects: firstly, the platforms/systems being acquired; secondly, the integration of those platforms and systems across the ADF; and, thirdly, the key enablers without which our forces cannot operate.

Aerospace Forces—Platforms and Operational Capabilities

If we consider the aerospace platform level decisions over recent years and in this White Paper, the Air Force's current and planned capabilities are outstanding for a force of its size. The RAAF will have a unique combination of '5th Generation' (5th Gen) and advanced '4th Generation' capabilities which will make it one of the best equipped mid-sized air forces in the world.

Most of the key aerospace related capability decisions, such as the decision to acquire seventy-two Joint Strike Fighters (JSFs), were taken prior to the release of DWP2016. That said, the White Paper confirms the government's commitment to existing acquisition plans and adds significant new investment in the areas of armed, medium altitude unmanned aircraft, intelligence and surveillance platforms such as the seven MQ-4C Tritons and up to five Gulfstream G550 aircraft, two additional tanker aircraft, an additional seven P8 Poseidon maritime patrol aircraft and future upgrades to the Growler fleet.

The White Paper also notes that consideration will be given to acquiring additional heavy lift aircraft, an additional two air-to-air refuelling tankers, and to replace the Super Hornet in the late 2020s with a fourth squadron of fighter aircraft, once informed by the experience in operating the Joint Strike Fighter. It will be interesting to see if developments in our regional security situation warrant future consideration of additional long-range strike capability such as the recently announced USAF B21 or whether long-range strike weapons will suffice.

The 2016 Integrated Investment Program (IIP) notes, in the Strike and Air Combat capability stream discussion, that

realising the full potential of the Joint Strike Fighter and Growler aircraft is dependent on investments outlined in the intelligence, surveillance, reconnaissance, electronic warfare, space and cyber stream. These investments will facilitate enhancements in processing, analyzing and disseminating intelligence and mission data.³

It also proscribes a Joint Battle Management System to better coordinate and synchronise air defence operations, to improve situational awareness and enhance coordination of air battle management, joint weapons employment (including maritime and land strike) and ground-based air defence in operational theatres.⁴ This sharpened focus on battle management systems, exemplified by Project AIR 6500, is critical and will assist in transforming this stream into an integrated 5th Gen force component, replacing the stovepiped approach to these capabilities in the past. However, the implementation of this goal will be challenging; whilst much thought has been applied to the development of 5th Gen platforms such as the JSF, the analysis of what a 5th Gen battle management system should be is still in its infancy.

At the platform and individual system level the White Paper represents a maturity and balance not previously seen, and is clearly the result of a more comprehensive Force Structure Review than conducted for recent White

³ Department of Defence, *2016 Integrated Investment Program* (Canberra: Commonwealth of Australia, 2016), p. 95, para 5.5.

⁴ *Ibid.*, p. 99, para 5.25.

Papers. There is a recognition that the ability of the force to operate effectively will be dependent on the level of force integration—a 5th Gen force is not just about the individual force components but rather the integrated effect of the force as a whole. In reality this was the case for previous capability generations; however, the technology represented by the future 5th Gen force perhaps now makes the goal of force integration far more achievable.

Aerospace Forces—The Need for Joint Integration

As significant as the platform decisions contained in DWP2016, is the government's increased focus on a balanced joint force structure and the integration of platform capabilities such that the "ADF can apply more force more rapidly and more effectively when required."⁵ DWP2016 notes that

in the past, capability investment planning process has been too heavily focused on individual military platforms—this has often been at the expense of funding the vital enabling and integrating systems that allow the ADF to bring capability elements together to deliver more potent and lethal joint combat effects. (para 1.9)

A promising announcement is that a new permanent future force design function in Defence will be established to strengthen Defence's capacity to deliver the joint and integrated capabilities (para 7.20). Ideally, when making future platform selections, a key decision point should be how they contribute to the overall desired effect, and how they will contribute to decision-making superiority and enhanced information security and dominance.⁶ Another challenge for the design team will be to address the issue of interoperability with both allied and coalition partners. Coalition interoperability (as distinct from allied/five-eyes) has been an afterthought in force design and acquisitions due to the stovepiped nature of past capability decisions. There is a pressing need to need to achieve 'coalition by design' in the case of our future 5th Gen force.⁷

The language in DWP2016 reflects this significant increase in focus on joint integration:

The Government will increase investment to improve communications, sensors and targeting system integration between various platforms, including the Joint Strike Fighter, Wedgetail, *Hobart Class Air Warfare Destroyers*, Growlers and land-based systems—so that their capabilities

⁵ Department of Defence, 2016 *Defence White Paper*, p. 18.

⁶ Dr Robbin Laird discussed this 'decision point' challenge in a recent article about the Australian Defence White Paper, 'The Role of Platforms in the Extended Battlespace: The Potential Impact of the Aussie Re-Think', Second Line of Defense, 28 February 2016, <www.sldinfo.com/the-role-of-platforms-in-the-extended-battlespace-the-potential-impact-of-the-aussie-re-think/> [Accessed 25 March 2016].

⁷ The issue of coalition by design for 5th Gen forces has not been addressed by any defence force to date.

can be combined more effectively during joint operations, generating greater potency and lethality.⁸

This does not diminish the core functions of each of the platforms; it clearly recognises that their impact is enhanced by interconnectivity and that will determine how best to operate the platforms in ways which enhance the overall capabilities of the force. To turn this goal into reality will require significant effort by Defence and a reappraisal of how it works, both internally and externally, with industry.

Whilst the Joint construct has been most effective at the operational and tactical levels, the Joint capability design function, in terms of future Concepts, Concept of Operations (CONOPS) and resulting force architectures has not been as effective and in some instances absent. This is evident in the publication of the three single Service Future Plans—RAAF's Plan Jericho, Army's Plan Beersheba and Navy's Plan Pelorus—in the absence of an integrating Joint Plan. For example, there is, as yet, no endorsed Joint future CONOPS⁹ which describes how the ADF may wish to operate in the future. Future force design depends on such a Joint CONOPS. In the absence of which the Services are developing their own, which, thankfully, they are doing in cooperation with each other. As noted previously, future platform selections will be dependent on how they contribute to the ultimate desired effect; that effect cannot be defined without a comprehensive Joint future CONOPS.

It is interesting to note the emphasis on the First Principles Review (FPR) in this White Paper. The changes that have occurred to date, and the ongoing implementation, are discussed in quite some detail in 'Section Three: Reform, Resourcing & Implementation'. There appears to be an expectation that FPR will provide the springboard from which to achieve the DWP2016 implementation including the shifts in culture and processes that will be necessary. The strategic centre will "set priorities, manage resources and is responsible for steering the whole organisation to implement the Government's defence policies." (para 7.15) This change will be far more complicated than the words suggest given that previous attempts at cultural change have had only limited success; it takes far more than staff numbers to provide joint design *leadership* as distinct from the tendency to resort to *hierarchical direction*.

With respect to the relationship between Defence and industry, there is much to be done beyond the ongoing redesign of the acquisition process. To again quote the then RAAF Chief, Air Marshal Geoff Brown, in a speech to the Williams Foundation where he said:

⁸ Department of Defence, *2016 Integrated Investment Program*, p. 95, para 5.5.

⁹ There have been Joint 'Concepts' published but not a Joint CONOPS.

we actually need industry to help us in the development of this plan (*Plan Jericho*). There's a lot of great technology being developed out there and I think it's essential that we partner with the industrial players so that we can maximise the opportunities of that 5th generation air force. In lots of ways, who better to engage than the people that actually designed us a 5th generation system? For industry, you need to consider how to work with us, not just on a platform basis and not just in terms of a Request For Tender (RFT); we need help with the intellectual horsepower of thinking through how we actually maximise those 5th generation capabilities.¹⁰

One surprise I have experienced in my consulting work with defence industry over the past seven years is the lack of a comprehensive, balanced, and mature partnership between Defence and defence industry. Defence does not fully utilise the considerable skills in industry to assist with the design of the force. Often the first involvement by industry in the capability development process has been a request for a product brief or to respond to a RFT that often reflects a risk-averse replacement mentality rather than a fresh look at future capability needs. On the rare occasions that I have witnessed the opportunity for defence industry to contribute to force design thinking, the instinctive reaction from some Defence contracting officers is to tell a company that their participation would exclude them from future bidding for any resulting capability project. It is of little surprise that companies shy away from such 'opportunities'. The design and acquisition of new capabilities, and the creation of a true innovation environment, requires a new working relationship between industry and Defence in order to shape how a particular new platform or system contributes to both the service's core missions as well as the effects desired for the whole force.

Despite raising these concerns, I will conclude that DWP2016 has provided clear direction for a significant improvement in the arena of Joint integration.

Aerospace Forces—The Need for Enablers

Having acknowledged that at the platform and individual system level this White Paper is more sophisticated, balanced and thoughtful than in the past, and that it has provided clear direction for a significant improvement in the arena of Joint integration, I will now come to the issue of enablers.

DWP2016 states that:

Funding cuts in recent years have led to under-investment in the enablers essential to building a joint and networked force. The Government's decisions in this Defence White Paper recognise the importance of balanced investment in modern advanced ... warfighting systems ... (para 4.62)

This is a significant statement and a most welcome decision, and one which has been a long time coming. In addition to the broader discussion of enablers being given more emphasis, there is a recognition of the fact that

¹⁰ Air Marshal Geoff Brown, CAF Speech to Williams Foundation Dinner, 29 May 2015.

preparedness cannot happen by sheer force of will and willingness; it needs to be funded, and therefore it needs to be better understood. It will be interesting to see how the current and subsequent governments achieve this goal, given that most of the enabling capabilities—e.g. logistics systems, health services, ICT and ADF base support services more broadly—are dependent on external service providers and are essentially beyond Defence's and, in some cases, the government's capacity to control.

I will now address two example issues of concern with respect to enablers: Defence Logistics as a whole and Defence fuel supplies.

DWP2016 notes that:

The Government will complete the Defence Logistics Transformation Program in 2016 that provides a once in a generation opportunity to transform Defence's logistics contracts, facilities and systems to drive efficiency. The project is modernising and enhancing Defence's wholesale storage, distribution and land materiel functions ... (para 4.67)

The claim that Defence will “complete” a once in a generation Defence Logistics Transformation Program (DLTP) in 2016 is fanciful at best. As Gary Waters and I discussed in our Kokoda Foundation Study into Defence Logistics in 2014,

the DLTP was initially envisaged as a broad program extending across the full gamut of logistics support. However, the focus has been diverted from this more holistic goal to a much narrower focus on efficiencies in the three main areas of warehouse storage and distribution, land materiel maintenance, and automated identification technologies. The focus might improve warehousing distribution and land systems maintenance support *but there will frankly not be any overall logistics transformation*. The DLTP has thus become a reform initiative rather than a strategic initiative. Furthermore, any real system efficiencies/savings are unlikely to be fully realised until the integrating information systems layer (JP 2077 Phase 2D) is in place.¹¹

The “integrated information systems layer” is analogous to the “shared situational awareness” that is foundational to a 5th Gen force—it is a prerequisite to effective operations. JP 2077 has been repeatedly delayed and will not be “completed” in 2016.¹² Until Defence does ‘complete’ a true Defence Logistics transformation, or at least achieve a significant level of transformation, the Defence Logistics system and the associated industry supply chains will remain an ongoing, fundamental, source of risk for ADF operations.

¹¹ Gary Waters and John Blackburn, *Australian Defence Logistics: The Need To Enable And Equip Logistics Transformation*, Kokoda Paper, no. 19 (Canberra: Kokoda Foundation, May 2014), p. 23.

¹² JP 2077 Ph 2D is not scheduled to go through second pass until 2017. The Initial Operational Capability (IOC)/Final Operational Capability (FOC) is unknown.

A similar ambitious claim with respect to enablers relates to fuel stockholdings and supplies. The Defence Minister recently stated in the Senate that:

Defence is indeed able to meet its fuel requirements through its own stockholdings ... in relation to logistics support ... It is an area of enabling capability within Defence that has been significantly underfunded in recent years, and it is one which this white paper most importantly seeks to address and in fact readdress.¹³

DWP2016 notes that “The Government will continue to remediate Defence’s fuel storage and distribution installations and improve Defence’s fuel resilience” (para 4.68). It also states that “In the longer term, the Government will consider ... a potential rail link to RAAF Tindal to support the transporting and handling of explosive ordnance and bulk fuel.” (para 4.81)

The government’s recognition that this area of enabling capability has been significantly underfunded in recent years is well overdue. However, whilst Defence may be able to meet its *training* fuel requirements from its own stockholdings, stockholdings for *operations* are a vastly different matter. As I have reported in my papers on Australia’s lack of fuel supply security,¹⁴ Australia is the only ‘developed’ oil/fuel importing country in the world that has *no* mandated industry stockholdings, *no* government owned stockholdings or *no* government control over any part of the oil/fuel infrastructure. Australia is alone in its total reliance on ‘market forces’ to ensure secure access to fuel.¹⁵ This, in a world that the International Energy Agency (IEA) says faces “a high risk of supply disruption which could have great economic consequences for IEA member countries.”¹⁶

Considering the example of the DWP2016 proposed rail link for bulk fuel to RAAF Base Tindal, it is a good idea, *if* it also includes plans to ensure that there is rolling stock on the rail system to transport the fuel (*of which there is currently none*) and, *if* the future fuel supply chain risks and resilience between the RAAF Base through the Chinese-run Port of Darwin to the points of supply of refined fuels that currently transit much of the South China Sea had been fully analysed. This has not been done in the government’s 2015 Energy White Paper. Claiming benefits based on a

¹³ Senate Hansard, 25 February 2016, p. 50.

¹⁴ All three of my fuel security reports can be found at: ‘Australia’s Liquid Fuel Security’, NRMA (National Roads & Motorists Association), <www.mynrma.com.au/about/australias-liquid-fuel-security.htm> [Accessed 25 March 2016].

¹⁵ Countries supplying fuel to Australia do not seem as relaxed as Australia about fuel security. Australia sources the majority of its refined fuel from Singapore and other Asian countries, yet ASEAN has been moving towards a regional energy framework which will include voluntary oil stockpiling.

¹⁶ John Blackburn, *Benchmarking Australia’s Transport Energy*, Report for the NRMA, December 2014, <www.mynrma.com.au/media/Benchmarking_Australias_Transport_Energy_Policies_Report_December_2014.pdf> [Accessed 25 March 2016], p. 3.

minor change in a very long fuel supply chain which is largely outside the control and influence of the Australian Government is, again, fanciful at best. To quote Senator Madigan, in a question he posed to the Defence Minister in the Senate following the release of DWP2016, “a well-equipped defence force could become a museum exhibit if it cannot be supported by adequate logistics in a time of conflict.”¹⁷

Having raised the issue of fuel supply chain risk, I must state my view that this is not an issue that Defence itself can remediate; it is a much broader national issue that must be addressed through mechanisms such as the Energy White Paper; an issue that the 2015 Energy White Paper largely ignored.

In the area of enablers I remain concerned that the government has not recognised the depth of the enabler challenge and has therefore not undertaken a full and frank analysis of associated risks. You cannot remediate a problem if you are not prepared to fully analyse it in order to fully understand it. The ADF is beholden to civil supply chains and commercial imperatives to achieve operational effectiveness. Relying on market forces to provide resilience in critical supply chains is wishful thinking at best and wilful ignorance at worst.

DWP2016 Implementation/ Investment

As stated in my introduction, the Integrated Investment Program that flows from DWP2016 brings together for the first time the major capability related investments including weapons systems and platforms, facilities such as military bases, information and communications technology and workforce. Most important is the funding commitment necessary to implement the ambitious goals, based on a “fully-costed Force Structure Review”, increasing Defence spending to 2 per cent of GDP by 2020-21.¹⁸ It will be interesting to see if the ‘fully costed review’ has been able to project sustainment costs with adequate accuracy, a significant flaw in past budget projections. As I noted in my analysis of the 2013 White Paper in this publication in 2013,¹⁹ the decision to operate the Super Hornets through to 2030, concurrent with the first seventy-two JSFs means operating a mixed fleet as a long-term model which will be more costly due to the overheads of running two fighter aircraft type operating, training, engineering and logistics systems.

An additional challenge in costing the future force is that, as previously noted, there is, as yet, no endorsed Joint future CONOPS which describes how the ADF may wish to operate in the future. Sustainment costs are more

¹⁷ Senate Hansard, 25 February 2016, p. 50.

¹⁸ Department of Defence, *2016 Defence White Paper*, pp. 14, 24-25.

¹⁹ John Blackburn, ‘The Future for Aerospace Forces’, *Security Challenges*, vol. 9, no. 2 (2013), p. 70.

than the sum of the operating costs of the individual platforms; they depend significantly on *how* the force will train and operate to achieve the effects required by future governments.

Conclusions

The 2016 Defence White Paper is in my view an impressive document that is a significant improvement on past White Papers. At the aerospace platform and individual system level the White Paper is mature and balanced, and clearly the result of a more comprehensive Force Structure Review than conducted for recent White Papers. There is a clear recognition that the ability of the force to operate effectively will be dependent on the level of force integration. The achievement of this goal will require significant effort by Defence and a reappraisal of how it works, both internally and externally, with industry. Having said that, DWP2016 does provide clear direction for an improvement in the arena of Joint integration.

With respect to force enablers, the recognition that funding cuts in recent years have led to under-investment in the enablers essential to building a joint and networked force is critical, and the increased emphasis on addressing enabling functions is welcome. However, in the discussion of enablers I conclude that the government has not recognised the scale of the enabler challenge and lacks frank analysis of associated risks. Claims that Defence Logistics Transformation will be completed in 2016 and assurances that Defence is indeed able to meet its fuel requirements through its own stockholdings are hollow for those with any depth of knowledge of the reality of Defence Logistics and associated supply chains. You cannot remediate a problem if you are not prepared to fully acknowledge and analyse it; the ADF cannot deploy and operate aerospace forces without resilient enablers.

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The Future of Maritime Forces in an Integrated Australian Defence Force

Lee Corder

The 2016 Defence White Paper presents a detailed plan for regenerating Australia's maritime forces. Maintaining the status quo in a rules-based global order requires a maritime approach although a maritime strategy is not specifically advocated. The naval acquisition plan includes submarines, surface combatants, and logistics ships. Enabling capabilities are emphasised, including a naval shipbuilding industry based upon a protracted, continuous-build program. A small, balanced, joint force will provide government with options in an increasingly uncertain regional strategic risk context. Whether such a modest investment will prove adequate to defending Australia and its interests is a key issue for the future.

The release of the 2016 Defence White Paper (DWP2016) by the Australian Government, after some delay due to changes in political leadership, has been largely welcomed by Australia's defence community. The Minister for Defence declared "We have been careful ... to match our strategy and capability plans with appropriate resources. This is the first Defence White Paper to be fully costed".¹ The implications of this assertion, along with other aspects of DWP2016, are analysed in this article primarily from a maritime strategic perspective. The extent to which DWP2016 provides coherent and actionable strategic policy direction is considered. Principal matters reviewed include: strategy and defence policy; maritime force structure and sustainment; and resources and achievability.

The contemporary Australian Defence Force (ADF) operates as a joint force. The defence of Australia and its interests requires integrated outcomes involving the efforts of many uniformed and civilian agencies and individuals. While the Navy will be a central contributor to Australia's maritime security other elements of the ADF and other Defence agencies, in collaboration with other government departments, industry and the wider community, and Australia's international partners where appropriate, need to be harmonised toward optimum national security outcomes. How effectively DWP2016 is likely to set a lucid framework for an integrated and unified approach to Australia's maritime security is a central consideration.

Strategy and Defence Policy

The fundamental strategic tenet of DWP2016 reflects a desire by Australia along with many other states, particularly those in the western community, to

¹ Department of Defence, *2016 Defence White Paper (DWP 2016)*, (Canberra: Commonwealth of Australia, 2016), p. 9.

maintain the global and regional strategic status quo. There is a deep aspiration to sustain the contemporary world order that originally stemmed from the 1648 Treaty of Westphalia. Principal concepts include the doctrine of equality of state sovereignty and the centrality of the nation-state in the international system. Participants must work hard to maintain delicate power balances in a rules-based system of global governance; alternate world views like those seeking to establish a worldwide Islamic caliphate must be suppressed as antithetic to the prevailing order, and changes in power distribution “in the Indo-Pacific and globally” (para 1.13) must be accommodated. DWP2016 asserts that the Australian Government has a “responsibility to protect Australia and its national interests” in a strategic risk context where “Competition between countries and major powers” seeking to operate “outside of the established rules-based global order ... can lead to uncertainty and tension”. Australia requires an essentially hedging national security strategy to mitigate risks due to “greater uncertainty” in the coming decades (paras 1.11 to 1.13).

“Australia’s Defence Strategy” or “the Government’s strategic defence policy” is expressed in the form of a “new strategic framework” comprising a matrix of three “Strategic Defence Interests” (SDIs) directly and singly connected to three “Strategic Defence Objectives” (SDOs).² The SDIs/SDOs combination presents a continuum of a geocentric approach along with the need to defend unspecified national interests. Australian defence priorities have consistently been expressed in terms of concentric circles emanating northwards, eastwards and westwards from Australia in the 2009 and 2013 Defence White Papers.³ The clarity of intent that DWP2016 seeks to promote, particularly for the Australian public, would be enhanced if broad, high-level national interests were articulated. For example, the 2015 US military strategy document concisely and clearly defines US “Enduring National Interests”, “National Security Interests” and “National Military Objectives” that underpin the case for an “An Integrated Military Strategy” for the defence of the United States and its interests.⁴

There are some significant variations between DWP2016 and the previous two White Papers that have implications for the future of maritime capabilities in the ADF. The first is a combination of a “Stable Indo-Pacific” and a “Stable, Rules-based Global Order” of the 2013 White Paper⁵ into a single SDI: “A stable Indo-Pacific region and a rules-based global order” in DWP2016.⁶ Interestingly, “maritime Southeast Asia” has been added to the

² Ibid., pp. 32, 67-68.

³ Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2013* (Canberra: Commonwealth of Australia, 2009), pp. 41-56; Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013), pp. 24-32.

⁴ Government of the United States of America, *The National Military Strategy of the United States of America 2015* (Washington, DC: Joint Chiefs of Staff, 2015).

⁵ Department of Defence, *2013 Defence White Paper*, pp. 25-27.

⁶ Department of Defence, *2016 Defence White Paper*, pp. 68-70.

inner geographic circle of “the South Pacific” in DWP2016.⁷ When connected with a strategic outlook judgment that “Our nearer region ... is of most immediate importance for Australia’s security” and the “Six key drivers” that “will shape ... Australia’s security environment to 2015”,⁸ a significant strategic priority shift toward maritime security is indicated. The security of maritime Southeast Asia is now deemed to be as important to Australia as the South Pacific, immediately after Australia’s physical security and that of the “northern approaches and proximate sea lines of communication”.⁹

The increased emphasis upon Southeast Asia, when combined with sea lines of communication (SLOC) security and a “rules-based global order”,¹⁰ signals that Australia will not be acquiescent to China’s activities in the South China Sea and will proactively treat risks that could impact regional stability and trade flows like piracy, maritime terrorism, and adventurous maritime claims. It also implies increased importance for sea control and sea denial¹¹ options as part of a tacit maritime strategy that should have force structure implications for the ADF. Ironically therefore, a second major departure of DWP2016 from the previous two Defence White Papers is the lack of an explicitly enunciated maritime strategy. The 2009 White Paper states that “our approach requires principally a maritime strategy”¹² and the 2013 White Paper proclaims “Australia’s geography requires a maritime strategy for deterring and defeating attacks against Australia and contributing to the security of our immediate neighbourhood and the wider region”;¹³ there are no similar pronouncements in DWP2016.

The apparent maritime strategy oversight in DWP2016 is surprising given the recent proliferation of defence statements impacting the Indo-Pacific region that place increased importance upon maritime strategy and capabilities. For example, *China’s Military Strategy* 2015 states a “military strategic guideline of active defense ... highlighting maritime military struggle and maritime (preparation for military struggle)”,¹⁴ which is significant when combined with Chinese announcements about defence funding with maritime qualitative improvements high on the agenda; the Indian Navy’s maritime security strategy published in 2015,¹⁵ which provides a rare insight into escalating maritime strategic priorities from a country that does not

⁷ Ibid.

⁸ Ibid., pp. 39-41.

⁹ Ibid., pp. 68-69.

¹⁰ Ibid., p. 70.

¹¹ For a concise explanation of these terms see Department of Defence, *Australian Maritime Doctrine (RAN Doctrine 1 2000)* (Canberra: Commonwealth of Australia, 2000), pp. 39-40.

¹² Department of Defence, *Defending Australia in the Asia Pacific Century*, p. 53.

¹³ Department of Defence, *2013 Defence White Paper*, p. 28.

¹⁴ Government of the People’s Republic of China, *China’s Military Strategy* (Beijing: The State Council Information Office of the People’s Republic of China, 2015).

¹⁵ Government of India (Indian Navy), *Ensuring Secure Seas: Indian Maritime Security Strategy, (Navy Strategic Publication (NSP) 1.2)* (New Delhi: Integrated Headquarters, Ministry of Defence (Navy), 2015).

routinely release defence white papers or the like; and the updated US Sea Services “maritime strategy”, also launched in 2015.¹⁶

Although maritime aspects variously appear in DWP2016, including shipbuilding policies,¹⁷ the lack of a concisely articulated integrated military strategy with a strong maritime emphasis is a significant shortcoming. Australia’s “strategic defence policy”, with its focus upon capability and agility development, regional shaping, and the alliance with the United States¹⁸ lacks clarity and is really not a coherent defence or military strategy; Australia could be perceived as indecisive. This is especially concerning in the vast, dynamic and uncertain Indo-Pacific risk context that demands a developed trading power like Australia embrace maritime strategic attributes of flexibility, versatility, reach and endurance.

Maritime Force Structure and Sustainment

In the contemporary, joint ADF, maritime forces include not only essential capabilities provided by the Navy but also elements of air, land and other Defence capabilities that contribute to the application of maritime power: forces that collectively enable execution of a maritime strategy as part of an integrated strategy for the defence of Australia and its interests. The Minister for Defence’s introduction to DWP2016 asserts that it “sets out the most ambitious plan to regenerate the Royal Australian Navy since the Second World War”.¹⁹ Outcomes for maritime forces are assessed here.

SURFACE FORCES

Central to a maritime force are capable surface naval forces able to provide combat power at and from the sea, and through their inherent versatility and flexibility, contribute to a myriad of tasks required across the “spectrum of conflict”.²⁰ A centre-piece of the ADF’s surface force is the newly commissioned *Canberra* Class LHDs with a potential ability to conduct amphibious warfare. DWP2016 announced an “Amphibious Capability” stating the “Government will further invest in enhancements to the ADF’s amphibious capability”.²¹ Amphibious warfare against armed opposition has long been recognised as among the most complex and risky military operations that can be undertaken. Successful execution requires intricate coordination based upon detailed planning and experience that brings combined lethal combat power from air, naval and land forces together,

¹⁶ Government of the United States of America, *A Cooperative Strategy for 21st Century Seapower* (Washington: Office of the Secretary of the Navy, 2015).

¹⁷ Department of Defence, *2016 Defence White Paper*, pp. 21, 113-115.

¹⁸ *Ibid.*, p. 67.

¹⁹ *Ibid.*, p. 10.

²⁰ See Department of Defence, *Australian Maritime Doctrine*, pp. 19-20. The “spectrum of conflict” extends from peacetime constabulary operations, like border protection and anti-piracy patrols, through to high-intensity warfighting, like naval surface, air and sub-surface warfare, and contested amphibious operations.

²¹ Department of Defence, *2016 Defence White Paper*, p. 99.

supported by excellent logistics and information dominance. Developing, testing and trialling the ADF's Amphibious Ready Element (ARE) has been underway for several years, including the Talisman Sabre series of major military exercises involving primarily Australian and US forces. The ADF's capability to support benign peacetime operations, particularly humanitarian assistance and disaster relief (HADR), is now greatly enhanced. However, while the ADF has many of the elements of an amphibious *capability*, the ability to conduct amphibious *warfare* is at a nascent stage. Many years of development and investment will be required before Australia can independently field a genuine amphibious force.

Retaining and upgrading HMAS *Choules*' sea lift capabilities will provide enhanced flexibility to support maritime operations.²² Other welcome enhancements to the Navy-Army team ability to conduct amphibious and sea lift, including logistics over-the-shore (LOTS) and littoral operations, include: re-establishment of a riverine patrol capability,²³ continued investment in "ancillary capabilities including watercraft and amphibious deployment and sustainment systems" to support the *Canberra* Class, and replacement of the Army's fleet of LCM 8 and LARC V craft.²⁴ The latter vessels are over forty years old and the ADF's ability to move the Army's heavy equipment (like Abrams main battle tanks) and bulk logistics from sea to shore was reduced with the retirement of the Navy's Landing Craft Heavy fleet.

An essential requirement for an amphibious force is effective force protection to enable combat elements to transit safely to their destination and get ashore. Added to this is a broad range of maritime warfare tasks ranging from peacetime policing operations and HADR through to air defence, anti-submarine warfare and surface warfare to which surface combatants—destroyers and frigates—are designed to contribute. In many respects, surface combatants are the quintessential maritime force enablers that provide governments with broad options for asserting sovereign control at sea and contribute to Australia's international obligations, particularly regional stability and a rules-based global order.²⁵

DWP2016 provides for a total of twelve major surface combatants comprising three Air Warfare Destroyers (AWDs) and nine new anti-submarine warfare frigates to "start construction in 2020". These will effectively replace the three FFGs still in service (originally six) and eight

²² Ibid., p. 107.

²³ Ibid., p. 98.

²⁴ Department of Defence, *2016 Integrated Investment Program* (Canberra: Commonwealth of Australia, 2016), pp. 117-9.

²⁵ The inherent flexibility, versatility and ability of surface combatants to operate for extended periods at great distances from Australia and provide the government with options has been demonstrated. An RAN surface force presence has been continuously maintained in the Middle East Area of Operations for more than twenty-five years.

Anzac Class FFH.²⁶ The net result will be a major surface combatant force of around twelve warships sustained over several decades; about the same as past decades. The number of hulls is important: each platform can only be in one place at a time in the vast Indo-Pacific maritime domain, even in the modern age of networked military operations. Protecting amphibious elements from a range of threats will place significant demands upon this small force. Whether twelve ships will be enough in the medium term is doubtful, particularly given strategic uncertainty, with regional submarine and other naval and air forces expanding and the United States relatively declining with China and India emerging.

Qualitative enhancements of the new surface force are an important consideration. The AWDs will provide a significant enhancement to the RAN's air warfare capabilities. However, the provision of only one hangar versus two in the FFGs they replace will mean a reduction in flexibility and versatility for embarked helicopter and unmanned aerial vehicle (UAV) capabilities. The new frigates will need to offer significant qualitative improvements over the *Anzac* Class in order to support anti-submarine warfare, including the capability to embark and operate multiple helicopters/UAVs, and the ability to defend other sea forces from a range of threats, and project force ashore in support of amphibious operations. Large and capable platforms will be required that can deliver inherent flexibility, versatility, reach and endurance over decades of life in-service.

The decision to acquire "two new replenishment vessels" with the prospect of a "third replenishment or additional logistics vessel" is very welcome. Logistic support ships are essential to the sustainment, reach and endurance of the surface fleet in the vast Indo-Pacific maritime geography.²⁷ Similar to the frigates, the qualitative detail of these vessels will be important. The full range of modern surface fleet support will be necessary.

The current fleet of thirteen *Armada* Class and two *Cape* Class patrol boats, the latter on loan from the Australian Department of Immigration and Border Protection (DIBP), are to be replaced by twelve new offshore patrol vessels (OPVs). According to DWP2016 these "will provide greater reach and endurance than the existing ... patrol boat fleet" (para 4.35), an essential prerequisite with reduced numbers of platforms operating in Australia's vast maritime jurisdiction combined with an expectation that these vessels may also offer an improved ability to contribute to maritime security in the South Pacific and Southeast Asia.

SUBMARINES

Acquiring future submarines with through-life support is a very large Australian Defence program, and it is proving to be controversial. The 2009

²⁶ Department of Defence, *2016 Defence White Paper*, pp. 92-93.

²⁷ *Ibid.*, p. 108.

White Paper announced the decision to procure “12 new Future Submarines”²⁸ and Defence created the Future Submarine Project. The 2013 White Paper reaffirmed this commitment while announcing the intention to look at “an ‘evolved Collins’ and new design options” with the *Collins* Class original planned life of “28 years” to be extended by “some seven years” and noting that the “first Collins Class submarine was commissioned in 1996, and the last in 2003”. The “long-term support arrangements necessary to ensure the Collins fleet will remain ... viable ... until replaced by the Future Submarine” were being established.²⁹

DWP2016 confirmed the intent to “increase the size of the submarine force from six to 12 boats” (para 4.26). It also spelt out an extended acquisition timetable that “will commence in 2016 with the first submarines likely to begin entering service in the early 2030s” presumably as the first *Collins* Class boats reach their extended life of some thirty-five years. The new submarine construction program “will extend into the late 2040s to 2050 timeframe”.³⁰ From the decision to acquire twelve new submarines in 2009 some twenty-one plus years will have elapsed before the first boat will enter service, which will be some fifteen plus years after the acquisition choice has been made. The last of the new submarines in a “rolling acquisition program” could enter service thirty-one years after the initial government decision was announced.³¹ This timeline presents as extraordinarily long when judged against the avowed importance of submarines to Australia’s defence and the uncertain strategic circumstances that an expanded submarine force is intended to hedge against, including the proliferation of submarines in the Indo-Pacific region to “around half the world’s submarines” by 2035.

Many regional submarines will have newer technology and are therefore likely to have an increasing qualitative edge over the *Collins* Class. The intent to continue to invest in the *Collins* Class to ensure that a “potent and agile submarine capability is maintained”³² is noted as is the large through-life cost of acquiring and maintaining twelve new submarines. However, the evolving submarine acquisition program raises serious questions about the government’s priority judgments and commitment to this capability. Why will it take some fifteen years from the acquisition decision to the first boat enters service? And are twelve boats really needed, when that number will not be achieved for more than twenty-five years? What are the strategic risks to Australia’s national security—have they been articulated and accepted by the government (and the Opposition given the importance to national

²⁸ Department of Defence, *Defending Australia in the Asia Pacific Century*, pp. 70-71.

²⁹ Department of Defence, *2013 Defence White Paper*, pp. 82-83.

³⁰ Department of Defence, *2016 Defence White Paper*, pp. 90-93.

³¹ *Ibid.*, p. 91.

³² *Ibid.*, p. 92.

security and likely changes to ruling political parties over time)? Can the program be accelerated if the strategic context deteriorates?

OTHER MARITIME FORCE CONTRIBUTORS—AIR AND LAND

Aviation capabilities are integral to an effective maritime force. Air warfare and air defence at sea, anti-submarine warfare, anti-surface warfare and amphibious operations are all reliant upon significant and fully networked air support. The vast Indo-Pacific maritime domain presents significant challenges to land-based aviation due to extended distances and availability of forward basing options both from Australia and beyond. Reach and persistence, the ability to get to a remote maritime geographic area and maintain useful time on task with sufficient combat capability to deliver lethal and decisive force will be central to defending Australia's maritime approaches. The availability of timely and sustainable air support for maritime operations will often be a major constraining factor.

The strike and air combat capabilities outlined in DWP2016³³ could best be described as modest and compact. The combination of Airborne Early Warning and Control, air-to-air refuelling, and electronic warfare capabilities supporting strike and fighter aircraft armed with advanced weapons will give the 2020 ADF a small, modern and balanced air warfare capability. The three AWDs with their AEGIS systems, fighter control and medium range surface-to-air missiles add an essential dimension to a networked air defence capability at sea. Together, these forces provide the government with a range of options including the ability to fully integrate with the United States and other allies and partners.

Notably, as regional countries like China, India and North Korea continue to expand and modernise their long-range ballistic missile capabilities, Australia will remain reliant upon the United States for defence against ballistic missile threats for the foreseeable future. The Australian Government has decided to “examine options” and to use existing air defence surveillance systems as a potential “foundation for development of deployed, in-theatre missile defence capabilities” (paras 4.48-4.49).

Maritime surface and sub-surface surveillance and response will be enhanced with the acquisition of P-8A Poseidon aircraft,³⁴ initially eight and increasing to fifteen,³⁵ plus seven Triton unmanned surveillance aircraft³⁶ to replace the P-3 Orion maritime patrol aircraft. When combined with Seahawk helicopters, in-service or entering service, and the welcome addition of shipborne UAVs for tactical surveillance,³⁷ maritime situational awareness and surface and sub-surface warfare capability will be boosted,

³³ Department of Defence, *2016 Defence White Paper*, pp. 94-97.

³⁴ *Ibid.*, p. 94.

³⁵ Department of Defence, *2016 Integrated Investment Program*, p. 79.

³⁶ Department of Defence, *2016 Defence White Paper*, p. 94.

³⁷ *Ibid.*, p. 94.

particularly when integrated with the surface combatant force. Similar to the analysis of the future air warfare capability, given Australia's geographical challenges and emerging regional strategic uncertainties, a modest, compact and balanced force is presented in DWP2016.

A surprising addition to land force capabilities that can contribute to maritime force is a "new long-range rocket system" that will "enhance sea control" (para 4.53). This "new deployable land-based anti-ship missile system"³⁸ to be in-service from the mid-2020s, will be able to provide "long-range fire support (up to around 300 kilometres) to joint operations" and will rely upon "Enhanced C4I and high levels of airspace and target coordination".³⁹ Land-based 'coastal artillery' has long had utility in parts of the world where the coastal and maritime geography is close and confined, like Scandinavia and the Baltic Sea. Exactly how a relatively static land-based capability will support an effective operational concept in Australia's vast maritime geography will be interesting to observe; 300 kilometre circles look very small on regional maps and charts. Other practical considerations are providing effective targeting information and force coordination for such a weapon system in a complex maritime environment, which proves challenging for naval and air forces that routinely operate there; it is a highly specialised activity. While this additional capability in the force mix may provide options in some specific circumstances, for example contributing to the protection of "vital offshore assets such as oil and natural gas platforms",⁴⁰ it may also take resources away from naval and air forces that are optimised for maritime surveillance and strike, without the added benefits of agility and flexibility.

Resources and Achievability

The ultimate success of any Defence White Paper rests on two fundamental factors: will the strategic risk judgments prove to be accurate over time, and has sufficient funding been committed—and will those financial resources actually be delivered over time. Defence capital equipment, estate and personnel projects require very long-term financial commitments. As the 1987 Defence White Paper declared: "Governments have a fundamental responsibility to allocate resources for the security of the nation. But national resources are finite and subject to many competing demands."⁴¹ The White Paper went on to state that Australia's defence outlays since the end of the Vietnam War had been "around 2.6 to 2.9 per cent" of GDP⁴² and if the "levels of defence capability and priorities" are to be achieved "over the life of the program ... resources ... within the order of 2.6 per cent to 3.0 per cent

³⁸ Department of Defence, *2016 Integrated Investment Program*, p. 87.

³⁹ *Ibid.*, p. 112.

⁴⁰ *Ibid.*, p. 87.

⁴¹ Department of Defence, *The Defence of Australia 1987* (Canberra: Commonwealth of Australia, 1987), p. 99.

⁴² *Ibid.*

of GDP” would be required.⁴³ The 2000 White Paper announced that “in 2010 we will be spending about the same proportion of GDP on defence as ... today. That remains 1.9 per cent.”⁴⁴

Recent Defence White Papers have made grand statements about Defence funding followed by considerable vacillation that has raised serious doubts about achievability. The 2009 White Paper announced that “For the first time, an Australian Government has committed to funding a Defence White Paper for the life of the White Paper” and “The Government has committed to real growth in the Defence budget of 3 per cent to 2017-18 and 2.2 per cent real growth thereafter to 2030”.⁴⁵ However by 2013, with Australia and the world in the grip of the ‘Global Financial Crisis’, the (still) Labor Government announced:

strategic circumstances can change with little warning and can have significant implications for the Australian Defence Force ... it is not sensible planning to assume financial or economic circumstances will remain constant over time” and “our capacity to invest in defence will be governed by the strength of the Australian economy and fiscal circumstances.”⁴⁶

In a financial environment where government had imposed significant cuts to Defence budgets, the 2013 White Paper further noted that:

Since 2000, the annual average has been around 1.8 per cent of GDP [and] ... Government is committed to increasing Defence funding towards a target of 2 per cent of GDP. This is a long-term objective that will be implemented in an economically responsible manner as and when fiscal circumstances allow.⁴⁷

DWP2016 observed that under the previous Labor Government significant Defence funding was not utilised “resulting in the deferral of ... acquisition of new capabilities” leading to “ageing equipment and underinvestment in critical enablers” (para 8.4). The Liberal/National coalition Government would avoid the Defence funding uncertainty of the past by introducing “a new 10-year funding model ... which gives Defence the long-term funding certainty it needs ... based on a fully costed future force structure” with “the most comprehensive cost assurance” to be undertaken for a Defence White Paper. The Defence long-term budget “will not be subject to any further adjustments as a result of changes in Australia’s GDP growth estimates ... de-coupling from GDP forecast will avoid the need to regularly adjust Defence’s force structure plans” (paras 8.5-8.10). While the commitment to funding ‘certainty’ is no doubt necessary and welcomed by Australia’s defence community it remains to be seen whether it will suffer the same fate

⁴³ Ibid., p. 112.

⁴⁴ Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), p. 118.

⁴⁵ Department of Defence, *Defending Australia in the Asia Pacific Century*, p. 137.

⁴⁶ Department of Defence, *2013 Defence White Paper*, pp. ix, 24.

⁴⁷ Ibid., pp. 71-72.

as earlier 'grand promises' by governments as political, financial and strategic fortunes change. Whether "de-coupling" defence budgets from GDP will provide greater funding stability is subject to question. The reality of funding for Defence over the three decades since the 1987 White Paper is that it has slid from 2.6-3.0 per cent of GDP to around 1.8 per cent, despite deteriorating or at least increasingly uncertain strategic circumstances.

SHIPBUILDING AND OTHER ENABLING CAPABILITIES

Earlier White Papers have variously recognised the importance of and voiced commitment to supporting Australian industry. DWP2016 announced that "For the first time ... an internationally competitive Australian defence industry" is recognised as a "Fundamental Input to Capability" (para 4.101). This statement has more than symbolic significance as close collaboration between Defence and industry has become increasingly important. The ADF is progressively more reliant upon industry partners for many aspects of logistics, maintenance, base support and general services, as well as construction of new capabilities, like warships. The need for a strong, viable and competitive defence industry sector is recognised as an important component of Australia's defence capability and a robust Defence Industry Policy Statement affirms this.⁴⁸

A highlight of DWP2016 from a maritime perspective is the commitment by government "For the first time in the history of Australian naval shipbuilding ... to a permanent naval shipbuilding industry ... centred upon a long-term continuous build" program of surface warships and smaller naval vessels.⁴⁹ This announcement has been widely welcomed by the Navy and Australian industry. The former because it underscores the importance of maintaining modern and capable naval capabilities, and indicates the ongoing significance of naval forces to Australia's strategic future.

The industry response, while also positive, has created a period of intense activity as prospective industry players attempt to determine who will be the beneficiaries of long-term defence contracts, and who will miss out. While the government has committed to building the major surface combatants in South Australia, the companies involved are yet to be determined. The location of the "continuous build production line for smaller naval vessels" (para 4.117) is unstated. Austal, based in Western Australia, has a strong claim having constructed the *Armidale* Class and *Cape* Class patrol boats for Defence and Customs as well as having an international warship business that includes the Littoral Combat Ship (LCS) for the US Department of Defense, plus a vibrant commercial sector. However, Austal's bid for the smaller vessel contract is not assured.

⁴⁸ Department of Defence, *2016 Defence Industry Policy Statement* (Canberra: Commonwealth of Australia, 2016).

⁴⁹ Department of Defence, *2016 Defence White Paper*, pp. 24, 113-115.

While there are significant and obvious benefits to Defence and industry of the continuous build approach, maintaining cost-effectiveness and competitiveness with relatively small numbers of vessels will prove challenging. One way of maintaining continuous build seems to be to extend construction timeframes, as already identified for submarines. In the case of the OPVs, construction is to “commence ... in 2018” with all twelve vessels to be delivered by 2030.⁵⁰ This implies a production rate of one vessel per year for rather basic ships, which would hardly seem to favour efficiencies derived from economies of scale.

The “enablers” to defence capability that include critical infrastructure (bases, ranges, ports and airfields) plus information and communications technology (ICT), logistics support, science and technology, and health services have long been the subject of funding cuts and “under-investment”.⁵¹ From a maritime perspective, the government’s commitment to a comprehensive infrastructure and facility reinvigoration program is very welcome. First-class naval port facilities that include access to maintenance, systems support centres, ammunitioning and fuelling facilities, training, ICT and health services are fundamental to delivering a modern maritime force; in many instances these facilities have been allowed to deteriorate. The broad plan outlined in DWP2016⁵² with further details in IIP 2016⁵³ will provide priority and some degree of certainty to the vital maritime force ‘tail’.

Conclusions

The 2016 Defence White Paper presents a detailed plan for the future ADF with a very strong focus upon regenerating Australia’s maritime forces. An important feature is the emphasis upon investment in enabling capabilities, including a naval shipbuilding industry, essential to supporting and sustaining a modern and technologically relevant maritime force contribution to a balanced, integrated and joint ADF. This modest force will provide the government with options in an increasingly uncertain regional security context.

The strategic policy extends Australia’s immediate geo-strategic focus into a maritime Asia that includes the contested South China Sea, plus the extended Indo-Pacific SLOCs. A maritime strategy is not specifically advocated although support for maintenance of the status quo in a rules-based global order requires a strong maritime approach. The acquisition plan for naval forces includes new submarines, surface combatants, amphibious enhancements, and logistics ships. The certainty provided by a continuous shipbuilding policy, no doubt welcomed by Navy and industry, is based upon protracted construction timelines. Sustaining long-term financial

⁵⁰ Department of Defence, *2016 Integrated Investment Program*, p. 87.

⁵¹ Department of Defence, *2016 Defence White Paper*, p. 100.

⁵² *Ibid.*, pp. 100-106.

⁵³ Department of Defence, *2016 Integrated Investment Program*, pp. 38-62.

and political commitment will be central to achievement. Whether such a modest investment over such a prolonged period will prove adequate to defending Australia and its interests in a rapidly evolving strategic risk context is a key issue for the future.

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Cyber Security and the 2016 Defence White Paper

Tim Scully

Australia has so tightly embraced the Internet that it is now indispensable to the conduct of public and private business at all levels—individual, small, medium and large. It will remain critical to our economic prosperity and, therefore, to our national security.

Any policy framework that seeks to protect Australian's well-being in cyber space must recognise that any organisation whose internet-connected network has commercial, strategic or operational information of value to a cyber threat actor is likely to have already been compromised. So, the notion that we can keep intruders on the outside of our networks is as outmoded and naive as the belief that everything on the inside can be secured.¹ Significant national coordination, collaboration and innovation is needed to overcome the seemingly unshakable vulnerabilities that riddle the internet architecture.

The 2016 Defence White Paper² cannot, by itself, articulate the long-term policy settings needed to achieve such resilience, but it can articulate how Defence meshes with national efforts to do so. The main purpose of the latest White Paper is to explain “how the Government is strengthening Australia's *defence capabilities* to meet the challenges of the more complex strategic environment Australia is likely to face in the years ahead” (para 1.1, emphasis added). Of significance to this article, it also serves to explain “how the Government will ensure that Australia has the critical industrial, scientific, technological and innovation capabilities *outside of Defence* that will be necessary to underpin Australia's security.” (para 1.4, emphasis added)

Cyber security is one of the most serious security challenges we face as a nation—it affects all walks of life across our society—so it is reasonable to expect that the White Paper articulates the strategy, capabilities and resources needed for Defence to engage effectively with our national cyber resilience architecture. This chapter examines whether or not the 2016 Defence White Paper has done so.

¹ Tim Scully, ‘The Cyber Threat, Trophy Information and the Fortress Mentality’, *Journal of Business Continuity & Emergency Planning*, vol. 5, no. 3 (2011), pp. 195-207.

² Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

Fifth Domain of Warfare or not? Cyber Warfare or not?

Before addressing the implications of the 2016 Defence White Paper for Australia's cyber security industry and academia/research institutions, it is useful to reflect on cyber space as a contested domain. Where does cyber fit in relation to the more traditional war fighting domains; sea, land, air and space? A debate has also long simmered over whether cyber warfare even exists and, by extension, whether cyber space constitutes the fifth domain of warfare.

The US Department of Defense formally recognised cyber space as a fifth domain of warfare in 2010.³ It is no doubt critical to Australia's national security and economic viability, but the White Paper gives us no hint as to whether Defence recognises cyber space as a discrete domain of warfare. In fact, in 2014, an interview with Defence's former Deputy Director Cyber and Information Security offered that "cyber war won't occur as such—it's just one method of disruption and destruction",⁴ indicating that he did not agree with the US view. Unusually, the White Paper also puts 'Cyber and Space' into the same category, again indicating that neither are considered separate domains of warfare. Rather, cyber and space capabilities support or facilitate operations in the traditional 'kinetic' domains of warfare.

On cyber warfare, at one end of the spectrum, the debate is dominated by the view that there is no such thing as cyber warfare,⁵ which leans on tenuous Clausewitzian conditions to define warfare. At the other end of the spectrum, we have the view characterised by the sensational prediction in 2012 by then incumbent US Secretary of Defense, Leon Panetta, that a "Cyber Pearl Harbour" was imminent.⁶ Such predictions of warlike consequences and significance shows an elevation of cyber from the realm of security to warfare.

We do not know where Australia stands in these debates on cyber warfare and cyber space as a war fighting domain because the White Paper offers no information on them and the government has not previously articulated a clear view on the subject. One potential advantage of defining cyber space as a discrete war fighting domain is that it would allow policy makers and planners to first separate and develop strategy, capability and resources for cyber operations, and then integrate them with the main capability streams.

³ William J. Lynn, 'Defending a New Domain: The Pentagon's Cyberstrategy', *Foreign Affairs*, September/October 2010, pp. 97-108.

⁴ Interview with Major General Steve Day. See Nicholas Stuart, 'Cyber War Needs Cyber Soldiers Say Nicholas Stuart', *The Sydney Morning Herald*, 23 August 2014,

⁵ Rid is a leading proponent of the argument against the existence of cyber warfare. See Thomas Rid, *Cyber War Will Not Take Place* (New York: Oxford University Press, 2013), p. x.

⁶ Leon Panetta, 'Defending the Nation from Cyber Attack', Speech to Business Executives for National Security, New York, 11 October 2012, <archive.defense.gov/transcripts/transcript.aspx?transcriptid=5136> [Accessed 24 March 2016].

This, in turn, would offer the clarity that is essential for innovation and entrepreneurship for both research and industry efforts.

Why is Everyone Talking about Cyber Security except Defence?

The 2009 Defence White Paper gave cyber security a 'light touch', although it was the first Australian White Paper to address cyber operations⁷ as a Defence capability and spawned the Cyber Security Operations Centre (CSOC). This was a welcome development, but the subsequent allocation of funding was such that Defence swallowed most of the funding pie leaving other government stakeholders bereft of resources to develop their equally important cyber resilience capabilities. The 'full costing' approach in the latest White Paper through the Integrated Investment Plan could mitigate this problem, although specific costing for cyber security initiatives—as opposed to full spectrum cyber capabilities—is not clear.

After Prime Minister Julia Gillard's January 2013 announcement, the 2013 Defence White Paper elaborated on the Australian Cyber Security Centre (ACSC) that draws on essentially the same government players engaged in the original CSOC, but committed to adding industry players to the mix. Apart from a move to the new ASIO building, the only tangible differences between the CSOC and ACSC from 2009 to 2013—as far as publicly available information goes—appear to be a new location but still entirely within a classified enclave, and new governance arrangements under the Cyber Security Operations Board, chaired by the Secretary of the Attorney General's Department. Three years later, its web site stated that "the ACSC *is considering* a number of models for partnering with industry".⁸ As the most significant operational level cyber security asset available to Defence and the nation, it is important that Australians know how its work will mesh with and augment cyber resilience capabilities "outside of Defence" (para 1.4).

Overall, the 2016 Defence White Paper contains much of the usual rhetoric around cyber resilience in common with the 2009 and 2013 papers. The major addition this year is the commitment to rebalance the workforce "with around 1,200 new APS positions in areas critical to Defence's future capability, including intelligence, cyber security and space-based

⁷ Cyber operations include cyber security/defence, cyber attack and cyber exploitation/espionage. Cyber security comprises those measures designed to protect the confidentiality, availability and integrity of information and information systems. Cyber exploitation or espionage is a clandestine activity aimed at stealing an adversary's information, or to establish the ground work for more decisive or damaging future activity. Successful cyber exploitation will not be discovered. A cyber attack is a covert activity intended to destroy, disrupt, deny, degrade or otherwise manipulate information or an information system. Its effects are usually apparent.

⁸ 'Frequently-Asked Questions', Australian Cyber Security Centre, <www.acsc.gov.au/faqs.html>, [Accessed 24 March 2016] (emphasis added).

capabilities”.⁹ It is not known how many of these positions are dedicated to cyber security. And, as a policy paper, it falls short by not describing how Defence cyber security efforts will link with those of industry, academia and other government agencies. In terms of tangible action, it does not advance significantly in scope or detail from its predecessor papers. The ACSC gets two fleeting mentions. This is disappointing given the Prime Minister’s and Minister for Defence’s implicit alignment of the 2016 White Paper with the government’s National Innovation and Science Agenda.

The 2016 Defence White Paper generally provides much needed policy clarity to engender certainty for the *broader* Australian defence industry, but it does not give industry and academia much to go on in regard to cyber security capabilities. Although the Prime Minister emphasised the need for more resilience in cyber space in his speech launching the White Paper, it contains little policy substance on the blend of strategy, capability and resources needed to achieve cyber resilience for Defence, let alone for the nation. It does not say how the cyber security industry will be engaged on this vital capability, nor does it provide any indication of how Defence will build its workforce at a time when cyber security professionals remain in extremely short supply with strategies to educate, train and recruit them few and far between. Traditional methods of recruitment and training will not likely grow the workforce in the short term, so new approaches will be needed.

The dearth of detail on cyber capabilities in the White Paper is not due to a lack of substantial options. It is more likely due to the ingrained reticence of our intelligence and security agencies to publicly discuss such matters due to a ‘classify-by-default mentality’. Such reticence is a positive attribute in an intelligence officer, but is an impediment when transparency and open collaboration is needed. Mike Burgess, Chief Information Security Officer for Telstra and, significantly, the first Deputy Director Cyber and Information Security at the Australian Signals Directorate, recently echoed this sentiment when referring to the more open discussion in the United States on cyber security. He said, “I’d like to see more of our agency heads talking on this subject, but I understand perhaps why they don’t.”¹⁰ The Australian Strategic Policy Institute’s Tobias Feakin says that

to have been “truly visionary”, or at least to keep pace with the defence policies of other advanced nations, the 2016 Defence White Paper would have to have engaged in a more holistic discussion across the spectrum of

⁹ Department of Defence, *2016 Defence White Paper*, p. 23.

¹⁰ Burgess was addressing the 2016 Australian Information Industry Association Summit in Canberra. See Stilgherrian, ‘Australia Needs a “National Discussion” on Security and Civil Liberties’, *ZDNet*, 16 March 2016, <tiny.cc/b8b79x> [Accessed 24 March 2016].

cyber capabilities ... to reveal a great deal more about how those nations deal with cyber both offensively and defensively.¹¹

This is a common grievance by those in our media and academic sectors where sensitive information eludes them. It is appropriate that offensive capabilities, such as cyber attack and cyber exploitation, are not given a public airing. After all, in the intelligence business “the secret to success is keeping your success secret.”¹² Even discussion of the effects that these offensive capabilities can produce should be kept under wraps.

The same cannot be said of cyber security, a matter that affects our whole society. It can and should be treated more openly. There are certainly elements of cyber security capability that must be kept under wraps, but Australians, particularly those in industry and academia, deserve to know how Defence connects with national efforts to protect the nation’s information and IT systems. The Australian Centre for Cyber Security at the University of New South Wales (UNSW) was very pointed in its criticism of the White Paper’s treatment of cyber for this reason:

The government did not lay out a strategic approach to cyber-enabled warfare. It did not give a strong lead on the urgency of repairing our cyber skills deficit. Above all, while recognising that the “most basic Strategic Defence Interest is a secure resilient Australia”, the document is virtually silent on how Defence must change to achieve resilience under sustained cyber-attack.¹³

Defence’s adoption of a low profile on cyber security could exacerbate what has been a long drawn out process that requires strong leadership in government, industry and academia, and it runs counter to the rekindled spirit of ‘contestability’ espoused in the *First Principles Review*.¹⁴ The push for openness and a national approach by Defence on cyber security is not new. In 2014, Gary Waters presciently encapsulated what was needed (but obviously not heeded). He said that the next Defence White Paper:

should address the need to integrate cyber power into national strategy, describe how this might be achieved, and set the scene for an improved whole-of-nation effort. It should address just how Defence contributes to the National Cyber Security Strategy, what its cyber posture is, and how it is addressing any gaps through planned remediation and implementation plans. It might describe how a national cyber effort and a national Intelligence, Surveillance and Reconnaissance (ISR) construct can be brought together and just what Defence’s role might be in realising a more

¹¹ Tobias Feakin, ‘Matching Rhetoric with Action: Cyber and the 2016 Defence White Paper’, *The Strategist*, Australian Strategic Policy Institute, 25 February 2016, <tiny.cc/xbs59x>.

¹² John Blaxland, ‘Protecting Secrets: Inside Australia’s Mysterious Spy Agency’, *The Conversation*, 20 November 2014, <tiny.cc/rkn5sx> [Accessed 24 March 2016].

¹³ ‘Defence White Paper Exposes Civil-Military Gap in Australia’s Cyber Defences’, University of New South Wales (UNSW) Newsroom, 29 February 2016, <www.unsw.adfa.edu.au/defence-white-paper-exposes-civil-military-gap-australia’s-cyber-defences> [Accessed 24 March 2016].

¹⁴ Department of Defence, *First Principles Review: Creating One Defence* (Canberra: Commonwealth of Australia, April 2015).

integrated national effort. Without this, cyber and ISR capability gaps will emerge that will hinder the ability to plan for and conduct effective operations in future.¹⁵

Australia's track record of getting national cyber security initiatives off the ground is lamentable. The last decade has seen a long void during which we waited to see what the United States would do instead of taking the initiative to sort out its own cyber backyard. Since then, we have seen the 2009 Cyber Security Strategy that was devoid of innovation or imagination, as well as the only attempt at a Cyber Security White Paper that bounced between government departments until it disappeared. Not much occurred in the cyber policy domain until the release of the Australian Cyber Security Strategy on 21 April 2016, nearly eighteen months after it was urgently initiated. At last, the new Strategy provides a long-awaited coherent approach to national cyber resilience; not only is it accompanied by a solid "Action Plan", it is couched in lucid language devoid of the technical jargon that normally accompanies any discourse on cyber security.

The reticence shown in this latest White Paper on cyber security does not augur well for understanding how Defence will engage with broader national initiatives to build confidence in our nation's cyber resilience. While it is true that a white paper cannot include detail on all capabilities, given the Government's strong and frequent emphasis and rhetoric about cyber security, this latest White Paper could have been more forthcoming on the topic. More effort must be made by Defence and the government to separate cyber security from the more general 'cyber' topic; it should be excised from classified stovepipes that inhibit stakeholder engagement and innovation.

Defence Engagement with the Cyber Security Industry

The 2016 Defence White Paper is accompanied by the Integrated Investment Plan and the Defence Industry Policy Statement, which will be followed by the release of an inaugural Defence Industry Capability Plan in 2017. Together these documents will help deliver the clarity and certainty that defence industry needs to remain viable and innovative, and to build its international competitiveness.

The Defence Industry Policy Statement lays the foundation for Defence

to reset and refocus the Defence and industry partnership for improved delivery of defence capability, to ensure we are maximising opportunities for competitive Australian businesses and streamline the delivery of defence

¹⁵ Gary Waters, 'Pressing Issues for the 2015 Defence White Paper', *Discussion Paper Series*, Kokoda Foundation, 28 February 2014.

industry programs. an opportunity rationalises the support framework for industry.¹⁶

The initiatives described in the Policy Statement are very encouraging in terms of promoting innovation and entrepreneurship, and have significant potential to draw more deeply on small to medium enterprises (SMEs), which “is important as a large repository of untapped capability in the cyber security industry resides in our SMEs.”¹⁷ The initiatives also attest to Defence’s resolve to change the way it engages industry and, as it takes two to tango, to subtly push industry to rethink how it engages with Defence and reorganise itself to do so.

The creation of the Centre for Defence Industry Capability (CDIC) is the first such initiative. The fact that the Centre will be led jointly by industry and Defence shows that Defence is serious about tapping industry capability at all levels. A challenge for the Centre leaders will be to ensure that SMEs in the cyber security industry get a stronger voice and are not drowned out or corralled by the defence industry primes. Included in the CDIC initiative is the recognition of industry as a ‘Fundamental Input to Capability’ (FIC).

The intent behind making industry a FIC is to drive more formal consideration of industry impacts through the early stages of the capability development life cycle. In this way, Defence will better match the development of new capabilities with industry’s ability to deliver them.¹⁸

The recognition of industry as a FIC has as much to do with imagery as it does with substance. Industry already pervades all of the existing eight FICs, nonetheless formal recognition as a FIC, combined with strong leadership in the CDIC, will help Defence achieve its aim of earlier engagement with industry in capability procurement, something that has been elusive due to the pervasive and risk averse ‘probity mindset’ in Defence and a similar attitude in industry to intellectual property.

The Defence Industry Policy Statement also rationalises the plethora of defence industry development programs. These programs were designed to give industry a leg up to become more focused on defence capability needs, and more creative and internationally competitive. However, the dozens of programs seemed to lack direction and oversight with many programs being bereft of clear and measurable objectives and lacking oversight. The new policy will bring clarity and focus as Defence helps industry develop its capabilities, especially for SMEs, and will reduce the waste associated with the previous suite of programs.

¹⁶ Department of Defence, *2016 Defence Industry Policy Statement* (Canberra: Commonwealth of Australia, February 2016), p. 10.

¹⁷ Mike Kalms, ‘DWP 2016: Room for Optimism in Australian Defence Industry’, *The Strategist*, Australian Strategic Policy Institute, 10 March 2016, < <http://www.aspistrategist.org.au/dwp-2016-room-for-optimism-in-australian-defence-industry/> > [Accessed 24 March 2016].

¹⁸ Department of Defence, *2016 Defence Industry Policy Statement*, p. 19.

The second important initiative is the Defence Innovation Hub. Through this Hub, “Defence will build collaborative programs with academia, publicly funded research agencies, industry (particularly small to medium enterprises), and our allies to create a vibrant and interlocking research and innovation capability that is focused on driving Defence outcomes.”¹⁹ The focus on SMEs is very encouraging as the strength of Australia’s cyber security industry lies in the potential of its SMEs. Any effort to engage with cyber security SMEs and help engage with Defence is very welcome. The new Defence Innovation Portal, in particular, should assist them to overcome the perceived herculean hurdle of dealing with the complex Defence machine.

It is, therefore, disappointing that the Defence Industry Policy Statement mentions “cyber” twice and then only in the context of next generation capabilities; it does not touch on what is needed now and in the short term. Given that industry is expected to co-lead in building national cyber resilience, one can hope that this shortfall will be addressed in the forthcoming Defence Industry Capability Plan.

Cyber Security Industry: White Knights and Rent Seekers

This article so far has centred on the lack of visibility in the White Paper on how Defence will engage with national cyber security initiatives and industry. Of course, it is not a one-sided engagement—the nature of Australia’s cyber security industry is not necessarily conducive to fluid collaboration with Defence, other government agencies and research bodies.

The global cyber security industry has not covered itself in glory. In democratic, market economies, and with supportive government policy, industry should be the ‘boots on the ground’ in combatting the cyber security threat, but it has not risen to the challenge.²⁰ Over the last decade, large multinational companies have seized the opportunity to enter the cyber security market with the goal of turning small, high-volume/low-margin companies into the opposite, namely low-volume/high-margin lines of business. Many small, specialist cyber security companies have been absorbed into these global behemoths, but the cyber security industry remains fragmented and the broader business world’s cyber security posture has improved only marginally.

Vulnerabilities in software applications, including cyber security products, are ubiquitous²¹ with the services provided by cyber security companies to

¹⁹ Ibid., p. 32.

²⁰ Tim Scully, ‘The Cyber Security Threat Stops in the Boardroom’, *Journal of Business Continuity & Emergency Planning*, vol. 7, no. 2 (2014), pp. 142-3.

²¹ Hundreds of vulnerabilities of varying severity in common software applications are reported every week by the US Computer Emergency Readiness Team (CERT) alone. The summary reports known vulnerabilities; it cannot possibly report the vast number of undiscovered

detect them frequently failing. For example, in the Auditor General's review of cyber security in fifteen Western Australian Government agencies in 2011, "a number of agencies had paid third party service providers and contractors to manage their cyber security. However, our tests proved this management was ineffective."²² The Auditor General's subsequent review in 2015 did not show a marked improvement.²³

The vast volumes of literature and advertising available on so-called 'best practice' cyber security tools, techniques and procedures can overwhelm an organisation, particularly their security practitioners. Vendors are filling the market with myriad claims as they seek to add a differentiator to their product or service in order to get the buyers' attention. For example, the Internet is now littered with cyber security industry 'white papers' that are often thinly disguised marketing tools that define a problem that is tailor-made for the vendor's solution. This also begs the question of whether market competition itself undermines effective cyber security as leaders and technicians are not adequately equipped to assess competing products and services based on the claims of competing providers. Nor is competition in industry conducive to the level of sharing that is essential for cyber resilience. Such sharing includes data and information on threats, vulnerabilities, malware, attack/exploitation vectors, trends and solutions. However, the need to differentiate from one's competitors often precludes such sharing as surely as reticence on the part of government agencies does.

Until the cyber security industry can build more cohesion, it will be difficult for Defence to effectively engage with it. The 2016 Defence White Paper initiatives described above may provide some impetus in this regard, but a national approach is needed. One such initiative whose omission from the White Paper is perplexing is the establishment of the Cyber Security Growth Centre. The Centre was announced by the Prime Minister in December 2015 and was apparently extracted from the draft Australian Cyber Security Review released later in April 2016.

The Cyber Security Growth Centre will bring together industry, researchers and government to create a national cyber security innovation network; develop a national strategy for Australia's cyber security industry to become a global leader and attract investment from multinationals; and coordinate cyber security research and innovation to reduce overlap and maximise

vulnerabilities. For example, see 'Vulnerability Summary for the Week of January 19, 2015, Bulletin SB15-026', US CERT, US Department of Homeland Security, 26 January 2015, <www.us-cert.gov/ncas/bulletins/SB15-026>.

²² Western Australian Auditor General, *Information Systems Audit Report*, Report 4 (Perth: Office of the Auditor General Western Australia, June 2011).

²³ Western Australian Auditor General, *Information Systems Audit Report*, Report 23 (Perth: Office of the Auditor General Western Australia, November 2015).

impact.²⁴ Its mission is complementary to that of the CDIC and Defence Innovation Hub, so collaboration between Defence and the new Cyber Security Growth Centre is clearly a matter that the White Paper could have addressed.

The Growth Centre will require a CEO with deep experience in the cyber security industry, but who must also be possessed of skills and experience in building links across government (especially Defence), industry and the research and development community to produce real solutions that can be commercialised. This will be a daunting task because our cyber security industry—albeit strong on innovative capability—is fragmented, lacks cohesion and, so far, has no clear incentive or value proposition to join collaborative efforts to build national cyber resilience (the numerous failed attempts to establish a Cyber Security Cooperative Research Centre attest to industry's reluctance to join such collaborative initiatives).

Cyber Warriors and Cyber Security Professionals

The most tangible, identifiable cyber security initiative that carries through the 2016 Defence White Paper and its companion documents is the investment in "Cyber Security Capability Improvement" of \$300-400 million over the next decade.²⁵ The specific personnel cost for cyber security is not stated, but it would be expected to be a large proportion of that amount. This growth in itself presents a significant challenge that is not addressed, namely recruiting skilled cyber security practitioners from a very shallow talent pool, training and skilling them internally, and getting them security cleared. According to Professor Jill Slay of the Australian Centre for Cyber Security, UNSW,

government should have addressed all of the cyber skilling challenges faced by Australia in the Defence White Paper, but when it comes to national resilience in cyber space, which is part of our highest Defence objective, the government must follow up its new commitments on cyber military issues with a strategy for educating a massively increased cyber work force in the civil sector.²⁶

Educating the workforce is an enormous challenge not just for Defence but for industry and academia. A failure to demonstrably plan for this challenge would undermine the intent of the White Paper for cyber security and other cyber war fighting skills, so it is hoped more detail will be included in the Defence Industrial Capability Plan in 2017.

While the cyber security skilling challenge is difficult enough, Defence cannot afford to lose potential cyber security recruits due to an antiquated personnel

²⁴ 'Cyber Security Growth Centre', Department of Industry and Science, <tiny.cc/2pw79x>.

²⁵ It is not clear if this includes only cyber security capabilities or offensive capabilities as well.

²⁶ 'Defence White Paper Exposes Civil-Military Gap in Australia's Cyber Defences', UNSW Newsroom, 29 February 2016, <<http://tiny.cc/s2mray>> [Accessed 24 March 2016].

security vetting process, nor can industry afford to have employees 'sitting on the bench' waiting for security clearances. The security vetting process is still based upon human investigative measures and has failed to keep up with demand for clearances for more than a decade. Defence, and government more broadly, needs to introduce machine-enabled collection, analysis and automatic, continuous reporting to support the security vetting process, leaving humans to examine the highest risk cases. Furthermore, as industry is now expected to pay for security clearances, "there is scope for Defence to develop a clear pathway to strengthen [its] capacity to deliver services, and improve quality control over aspects of vetting practice and decision-making."²⁷ This challenge is not addressed in the White Paper or Policy Statement.

Conclusion

The alignment of strategy, capability and resources to meet Australia's national security challenges is always a contentious issue eliciting many and varied views from a plethora of commentators, whose ideological predispositions are often based on their own experience in the development of past Defence white papers. So, it is not surprising to sniff a faint odour of 'we did it better in my day' among the many critiques that have flourished since the seventh Australian Defence White Paper was launched in February 2016.

It seems there is a strong consensus that this White Paper will be very effective if implemented as intended, especially from an industry perspective. In fact, the former Australian Ambassador to the United States and Labor politician, Kim Beazley, described the White Paper as a "superb strategic statement" and was equally complimentary of the paper's industry focus.²⁸ But as expected there are contrarian viewpoints such as Greg Raymond's well-argued opinion that "the Defence White Paper overrates the significance of recent developments and thereby grossly misrepresents our overall historical trajectory."²⁹

The industry-related policy contained in the 2016 Defence White Paper and its companion documents will do more than its predecessors to create the certainty in policy direction that is craved by the Australian Defence industry and other enabling industry sectors. This alone is a key achievement as industry has long been a fundamental input to defence capability and, now, is formally declared as such by Defence and the government.

²⁷ Australian National Audit Office, *Central Administration of Security Vetting: Department of Defence*, The Auditor-General ANAO Report No.45 2014–15 Performance Audit (Canberra: Commonwealth of Australia, 9 June 2015).

²⁸ Kim Beazley, at the Australian Strategic Policy Institute's international conference, 'Defence White Paper: From the Page to Reality', Canberra, 7-8 April 2016.

²⁹ Greg Raymond, 'Political amnesia is damaging Australia's national security', *The Interpreter*, Lowy Institute, 5 April 2016, <<http://tiny.cc/dfmray>> [Accessed 24 March 2016].

However, given how tightly Australia has embraced the Internet, the exposure the cyber security capability as a separate component of ‘cyber’ has received is inadequate. It is not suggested that cyber security be elevated to the level of a capability stream, but as a key enabler for our national security and economic viability it deserves more transparent and detailed treatment. This would make it easier for all stakeholders to talk about what is possible rather than dwell on what is wrong.

The release of Defence Industrial Capability Plan in 2017—coupled with the release of the Australian Cyber Security Strategy, the establishment of the Cyber Security Growth Centre and the future policy statement on Science and Innovation for National Security—presents an opportunity for Defence to more clearly articulate how it will build cyber security capability in collaboration with national cyber resilience efforts across government, industry and academia. But it needs to overcome its inherent reticence if it is to achieve this—cyber security is a social problem, not just a military one.

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Defence White Paper 2016: Defence Science and Innovation

Richard Brabin-Smith

The 2016 Defence White Paper,¹ and the associated 2016 Defence Industry Policy Statement,² give much prominence to the need for innovation. This initiative is to be welcomed, and is for three basic reasons. First, as we go further into the 'Age of Asia', Australia faces increased challenges in ensuring its national security and in promoting its broader interests; second, science and technology and their application to warfare continue to advance, often at breath-taking speed; and third, the Coalition Government is adopting policies that emphasise the criticality of innovation for Australia's prosperity across all facets of the country's economy.³

Strategic Context

From a defence perspective, the most important of these reasons is the emergence of more-demanding strategic circumstances, together with changes in Australia's strategic policies to meet these new challenges. The extent of the break of the new policies from the practice of recent years is perhaps debatable, but when seen with a perspective of a few decades, the policy changes are more significant. In brief, the government requires the Australian Defence Force (ADF) now to take a role that is more active in protecting and advancing Australia's interests in the region and globally.⁴ Consistent with this greater role will be an increase in the preparedness of at least selected elements of the ADF, although the extent of this increase is not clear.⁵

In discussing its policies and their consequences, the government sets out three Strategic Defence Interests, each with its associated Strategic Defence Objective.⁶ The first of these is the pursuit of "a secure, resilient Australia, with secure northern approaches and proximate sea lines of communication." The associated Objective is to be able to "Deter, deny and

¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

² Department of Defence, *2016 Defence Industry Policy Statement* (Canberra: Commonwealth of Australia, 2016).

³ Department of the Prime Minister and Cabinet, *National Innovation and Science Agenda*, (Canberra: Commonwealth of Australia, 2015).

⁴ Department of Defence, *2016 Defence White Paper*, Chapter 3.

⁵ *Ibid.*, pp. 140, 141, and elsewhere.

⁶ *Ibid.*, pp. 68, 69.

defeat attacks on or threats to Australia and its national interests, and northern approaches.” The emphasis thus given to the defence of Australia represents strong continuity with previous statements of policy, including the observation that “there is no more than a remote chance of a military attack on Australian territory by another country”.⁷ Consistent with the continued importance of this Objective is the emphasis given to improving the defence infrastructure in northern Australia.⁸

Australia’s second Strategic Defence Interest is in “a secure nearer region ...”, with the Strategic Defence Objective of being able to “make *effective* [emphasis added] military contributions to support the security of maritime South East Asia and support the governments of [South Pacific countries]”. And in pursuit of Australia’s third Interest of “a stable Indo-Pacific region and a rules-based global order”, the Objective is to be able to “contribute military capabilities to coalition operations”; later text adds the qualifier that such contributions should be “meaningful”.⁹ For the purposes of guiding the development of the ADF, all three Objectives are equally weighted, although the differences in language used to describe each Objective strongly imply differences in priority, notwithstanding this equal weighting.¹⁰

It is important to note the departure from the past that the second and third Objectives represent. Many previous White Papers have emphasised that “there are limits to our defence capacity and influence”,¹¹ that an ADF developed for the defence of Australia would give the government of the day a sufficient set of options for contributing to operations further afield, and that any such contribution would be more valuable for its political than for its military significance. In contrast, the text and the more general tone of the 2016 Defence White Paper propose that now we can and should make important contributions to international stability, working with like-minded partners especially the United States. For example, the government’s policies recognise “the reality that Australia has the responsibility and the capability to respond to threats to the rules-based global order” (para 3.33), and in a similar vein, the White Paper also tells the reader that “Australia has the capability to make a difference in the world wherever our Strategic Defence Interests are engaged.” (para 1.24)

⁷ Ibid., p. 71, para 3.13 and elsewhere. What is missing, however, is any discussion of the timescales in which contingencies of differing levels of intensity and consequence might arise, although paragraph 2.5 (p. 40) implies a warning time for major contingencies of twenty years. Some readers will recall the incredulity that greeted the government’s conclusion in the 1970s that warning time for major assault would be as long as ten years.

⁸ Ibid., pp. 103, 104.

⁹ Ibid., p. 75.

¹⁰ Ibid., pp. 68-71.

¹¹ This particular quotation is from Department of Defence, *The Defence of Australia, 1987* (Canberra: Australian Government Publishing Service, 1987), p. 8. Further examples are to be found in Richard G. Brabin-Smith, *The Heartland of Australia’s Defence Policies*, Strategic and Defence Studies Centre Working Paper No. 396, April 2005.

The White Paper identifies six key drivers that will shape Australia's security environment. The key driver most relevant to this essay is "the pace of military modernisation and the development of more capable regional military forces, including more capable ballistic missile forces" (para 2.6). The White Paper observes that "the defence capability edge we have enjoyed in the wider region will significantly diminish" and that Australia's ability to maintain superiority in technology and capability over potential adversaries will become challenged.¹² A particular consequence will be the need to develop capabilities to protect Australia's forces when "deployed across large geographic areas, particularly in air and missile defence and anti-submarine warfare, and better link the ADF's individual capabilities to each other." (para 2.45) This recognition that it will become more difficult—and presumably expensive—for Australia to maintain a capability edge is realistic and important. There is no acknowledgement, however, that such difficulties might in some cases become so severe as to constrain the operations that the government might otherwise direct the ADF to undertake.

This, then, is the strategic context in which the White Paper puts forward its proposals to modernise and modestly to expand the ADF and other elements of the national defence effort. The program of modernisation and expansion occurs at a measured pace over the twenty-year period that the White Paper addresses, with completion of the expansion of the submarine force from six to twelve boats expected to take some thirty-five years or more.¹³ This absence of urgency suggests that the modernisation and expansion are in response to a general evolution in the security challenges that Australia faces rather than as a consequence of a specific and pressing concern.¹⁴ The focus on increasing Australia's maritime capabilities,¹⁵ together with ambitions for the Army that are more modest, represents a strong continuity with past policies.

¹² Ibid., p. 49, para 2.38. To emphasise the extent of change that we can expect over the next twenty years, the graphic on that page shows the assessment that by 2035, the United States and China will have reached comparable levels of defence spending, as will Australia and Indonesia.

¹³ The doubling of the size of the submarine fleet is the most significant example of force expansion, with the construction period expected to "extend into the late 2040s to 2050 timeframe" *ibid.*, p. 91, para 4.28.

¹⁴ If the concerns were more pressing, we would expect more elements of the ADF to be expanded (or expanded further), such as combat aircraft, and at a faster rate of expansion. For a short discussion of contingencies, warning time and force expansion, see Richard Brabin-Smith, 'Contingencies and Warning Time', *Centre of Gravity* series, no. 12 (Canberra: Strategic and Defence Studies Centre, Australian National University, October 2013).

¹⁵ Department of Defence, *2016 Defence White Paper*, p. 83.

Capability and Innovation

The White Paper dispels any doubts about the levels of capability appropriate for the ADF: these should be at the “highest levels”,¹⁶ and Defence will need to rely “on its access to high levels of capability and technology.” (para 4.97) This leads to a very important conclusion about sourcing: Australia will continue to rely heavily for its security on privileged access to capabilities developed by the United States. In the words of the White Paper, this access, and maintaining interoperability with the United States, are “central to maintaining the ADF’s potency”, with around 60 per cent of Australia’s acquisition spending being on equipment from the United States, including fighter and combat aircraft, naval combat systems and helicopters.¹⁷ Most of Australia’s other defence equipment is also imported but from elsewhere.

In summary, the vast majority of Australian defence equipment is imported either as equipment, systems or subsystems already built or assembled, or as designs to be built, assembled or integrated here. This means that most of the innovation that Defence needs to exploit is imported too. This leads in turn to the immediate question: *what are the areas in which Australian defence innovation should focus its efforts?* Given the constraints on Australia’s resources and the need to avoid duplicating the development of capability that we would be better off importing, the need to state what our priorities are is an imperative. Further, Australia has often learnt the hard way that attempts to ‘Australianise’ aspects of foreign designs can be a major cause of cost and schedule overruns.

The setting of priorities for Australian defence innovation thus requires careful judgement. This dilemma is not new, as the Coalition’s 2000 Defence White Paper reminded us: on the one hand, important capabilities “will remain based on existing, proven technology designs”, and there will be “greater use of off-the-shelf purchases, especially where the additional capability from Australian-specific modifications does not justify the increased cost and risk.” On the other hand, “total reliance on off-the-shelf purchases is neither achievable nor desirable,” as it “would risk our forces having inferior technology in key areas”.¹⁸

¹⁶ Ibid., p. 83, para 4.2. This is less of a departure from past policy and practice than might be imagined, especially for maritime forces. Today’s maritime forces and those planned before this most recent White Paper already represent a high level of capability.

¹⁷ Ibid., pp. 121-22, para 5.21. The White Paper also comments that, without the US Alliance, the cost of developing high-end capabilities “would be beyond Australia’s capacity”. It is interesting to note a similar sentiment in the 1976 Defence White Paper: “having enduring and close relationships with large and advanced countries, Australia is able to avoid the crippling cost of developing most of its own military equipment.” Department of Defence, *Australian Defence* (Canberra: Australian Government Publishing Service, 1976), p. 48.

¹⁸ Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), p. 100.

Defence Policy for Industry

Priorities for innovation cannot be divorced from priorities for industry capabilities, so before exploring innovation further, it is necessary first to touch on industry matters.

Reform of Defence, its acquisition processes and its relationships with industry are matters to which governments turn time and again. The First Principles Review, commissioned by the Coalition Government, is the latest in a long line of such examinations.¹⁹ Implementation of that Review's recommendations has meant extensive changes to Defence's internal organisation and governance arrangements, including, in the context of this essay, the processes that relate to industry policy.

A major feature of the new governance arrangements will be the Centre for Defence Industry Capability (CDIC), to be "co-led by private sector industry and Defence through an advisory board."²⁰ An important responsibility of this new arrangement will be to apply the new Sovereign Industrial Capability Assessment Framework to decisions on priorities for industry capabilities. The government is developing this Framework to identify "the sovereign industrial capabilities that develop and support our ADF capabilities."²¹ The end result of applying this framework will be a Defence Industrial Capability Plan.

At one level, this is most encouraging and timely. However, such description of the Framework as there is in the Defence Industry Policy Statement suggests that much work remains to be done on it, although the indications so far are promising.²² There is even less on what the Defence Industrial Capability Plan is expected to contain. There is nothing wrong in reporting work still in progress but the incompleteness and ambition are reminiscent of the Priority Industry Capabilities (PICs) introduced in the 2009 Defence White Paper,²³ expanded a year or so later to include the idea of Strategic

¹⁹ Department of Defence, *First Principles Review, Creating One Defence* (the 'Peever Review') (Canberra: Department of Defence, 2015).

²⁰ Department of Defence, *2016 Defence Industry Policy Statement*, p. 15. Since publication of the White Paper, the government has announced that the CDIC will be headquartered in Adelaide. Prime Minister, Minister for Defence, and Minister for Industry, Innovation and Science, 'The Centre for Defence Industry Capability', Media Release, 8 March 2016.

²¹ Department of Defence, *2016 Defence Industry Policy Statement*, p. 23. It is not clear but perhaps the CDIC will also have a role in developing the Sovereign Industrial Capability Assessment Framework as well as in applying it, although the major role in developing it would properly belong to Defence itself. The CDIC invites comparison with the former Defence (Industry) Committee, chaired by an experienced and distinguished representative from private industry for most of its existence, and chaired by the Minister for Defence in its later years.

²² *Ibid.*, p. 24. There is a set of indicative criteria, including "independence of action," which are intended to form the basis for the Strategic Industry Capability Assessment Framework.

²³ Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009), p. 128.

Industry Capabilities (SICs).²⁴ The PICs and SICs have now been set aside in favour of the new concept of Sovereign Industrial Capabilities, as mentioned above, presumably because they turned out to be of little practical use. In the absence of a well-developed and robust Sovereign Industry Capability Assessment Framework, a persuasive set of Sovereign Industry Capabilities and the Defence Industrial Capability Plan, the task of developing priorities for innovation will prove that much more difficult.

Innovation and Science

The White Paper's approach to innovation is also encouraging, albeit it too is as yet incomplete. There will be two streams for the funding of innovation: one to be managed through the Defence Innovation Hub, focusing on the immediate and shorter term, and the Next Generation Technologies Fund (NGTF), focusing on the longer term.

The Innovation Hub program is not given a name in the White Paper or the Defence Industry Policy Statement, so for convenience this article will call it the Defence Innovation Hub Fund (DIHF). The DIHF will be funded to the tune of \$640 million over the forward decade; this money will come from the redirection of existing innovation programs, such as the Capability Technology Demonstrator (CTD) program and the Rapid Prototyping Development and Evaluation (RPDE) program, which will now be managed in an integrated way through the Innovation Hub.²⁵ An important aspect of the DIHF will be its consideration of urgent operationally-driven requirements,²⁶ the criticality of which can only have been reinforced by the ADF's operational deployments over the past fifteen years or more. The Innovation Hub will be coordinated by Defence's Strategic Policy and Intelligence Group, although what this means in practice is not elaborated. The Defence Industry Policy Statement is also silent on what the priorities for the DIHF will be and how in practice they will be applied. This is a serious omission.²⁷

²⁴ Department of Defence, *Building Defence Capability: A Policy for a Smarter and More Agile Defence Industry Base* (Canberra: Commonwealth of Australia, 2010), pp. 38, 39. As its name implies, this document was just as committed as the 2016 Defence Industry Policy Statement about setting clear priorities, establishing a stronger Defence-industry relationship, seeking opportunities for growth, and building skills, innovation and productivity.

²⁵ Department of Defence, *2016 Defence Industry Policy Statement*, p. 71. The \$640m includes \$3m per year for the Defence Materials Technology Centre, which will be kept separate, at least until it is reviewed in 2018-19.

²⁶ *Ibid.*, p. 35.

²⁷ *Ibid.*, pp. 30, 31, 34. Much of the text describing the Innovation Hub is written in a style which implies there is much yet still to be done. An illustration (p. 31) is a sentence which reads: "This new approach will involve rigorous governance and oversight of funding recommendations, linking innovation investment to capability priorities." This kind of writing within the 'machinery of government' is usually a good indicator that the issue has not been thought through. Page 71, in the document's Attachment A, acknowledges that the detailed design of the Innovation Hub is yet to be completed.

The purpose of the Next Generation Technologies Fund will be to “enable Defence to better position itself to respond to strategic challenges, retain a technology ‘edge’ against adversaries and provide game-changing Defence technologies for the future.”²⁸ It will get funding of about \$730 million over the next decade. This is new money and not just a re-allocation of part of the existing funding of the Defence Science and Technology (DST) Group. The DST Group will take the lead in this program, and will collaborate with other players, nationally and internationally. The Fund will address the future scientific challenges and opportunities that our broader national security interests will face, not just those relating to Defence.²⁹ Building on work already done by the DST Group in identifying future challenges and opportunities, the Defence Industry Policy Statement sets out an initial set of transformational technology areas of particular interest: integrated intelligence, surveillance and reconnaissance; space capabilities; enhanced human performance; medical countermeasure products; multidisciplinary material sciences; quantum technologies; trusted autonomous systems; cyber; and advanced sensors, hypersonics, and directed energy capabilities.³⁰ Intuitively, this set of focus areas commands respect. Governance oversight will be provided by the Defence Investment Committee, through a “rigorous but agile process” which is not elaborated further.³¹ It is anticipated that successful projects funded by the NGTF would be candidates for transition to funding under the DIHF.

To facilitate engagement between Defence and other potential contributors to innovation in Australia, there will in addition be the Defence Innovation Portal. This will be established within the CDIC. It is intended to provide a key communication bridge between Defence, industry and academia, with a particular focus on small and medium enterprises.³²

Making the New Arrangements Work

The new arrangements, discussed above, form an important initiative that needs to succeed. As the White Paper has identified, Australia’s strategic circumstances are becoming more demanding, not less, and science itself continues to advance, thus compounding both the challenges and the opportunities for Australia’s security. But earlier attempts at reform, especially of acquisition- and industry-related matters, have met with such limited success over the decades as to lead to yet further attempts to get

²⁸ Ibid., pp.31, 32.

²⁹ A separate statement is planned on Science and Innovation for National Security. Ibid., p. 38.

³⁰ Ibid., p. 72.

³¹ Ibid., p. 32 and elsewhere. The First Principles Review recommended that the Defence Investment Committee be chaired by the Vice-Chief of the Defence Force, with membership comprising the Associate Secretary, Deputy Secretary for Policy and Intelligence, Chief Financial Officer, Service Chiefs, and Deputy Secretary for Capability Acquisition and Sustainment. Department of Defence, *First Principles Review*, pp. 27, 28.

³² Department of Defence, *2016 Defence Industry Policy Statement*, p. 37.

them right. This leads to the obvious question: *What steps might be needed to help ensure success this time round?*

The Defence Industry Policy Statement observes that “the increasing pace of geopolitical, economic and technological change means it is critical that Defence ensure it has access to the best innovation Australia has to offer.”³³ This, however, is only part of the story and the lesser part at that. As discussed earlier, Australia will continue to source the vast majority of its defence equipment from overseas, especially at the high-technology end of the spectrum. So, of more importance is Australia’s continued access to the innovation of friends and allies. This does not mean that there is no room for Australian innovation, but priorities for this need to be set and argued from within the broader picture, especially for the DIHF.

A start would be to say that there will be occasions where Australia’s needs are so different from those of other nations that we need to develop our own solutions (the Jindalee radar is a good example here). Or where there are security sensitivities which mean we would not want to share with others or even close allies would not want to share with us (aspects of signature management and electronic warfare have been relevant here). Or where Australia has hit on such a good idea that it would be indefensible not to take it further (a good example is the phased array radar technology developed by CEA Technologies Pty Ltd). Another theme is the further development of important equipment (such as key weapons and sensors), in collaboration with the source country, once it has entered Australian service (examples include the Mk 48 torpedo and the ASRAAM missile).³⁴ Further indication of priorities should be able to be gleaned from the guidelines of the existing programs, such as the CTDs, being absorbed into the DIHF.

In brief, critical work on priorities is still outstanding, and without a robust and persuasive set of criteria the DIHF would only struggle. Because Australia will continue to import most of its defence innovation, and because of the hard-won experience with the costs and difficulties of trying to Australianise aspects of foreign designs, it will be as important to give as clear a statement of what is not a priority—and which will not be funded—as it will to say what is a priority and is a good candidate for financial support. This would save a lot of nugatory work, unnecessary expense, and disappointment and consequent poisoning of relationships between Defence and innovators.

To be fair, the development of priorities for industry and for innovation is very difficult: if it were not so, these issues would have been resolved years ago. But the problems are deeper than that: responsibility for the handling of

³³ Ibid., p. 29.

³⁴ These ideas are not new. I used them as guiding principles when I was the Chief Defence Scientist in the 1990s. In addition, the sharing of Australian scientific investigations with friends and allies in areas in which they are also working will often lead to generous and highly productive access to their work.

these issues has not always been given to the right areas of Defence—or to the right individuals. And too often the issues have been seen from an industry perspective rather than through a policy prism. The establishment in December 2015 of the Defence Industry Policy Division within Defence's Strategic Policy and Intelligence Group is therefore a welcome step.³⁵

This arrangement has the potential to give the priorities for innovation a robustness and authority which would otherwise be missing. The fact remains, however, that getting people with the right mixture of aptitude and experience for this kind of work is a challenge, and the ability to draw on a wide range of expertise will prove critical.³⁶ It will require sustained high-level attention and management if, once again, success is not to prove elusive and the effort of no avail.

The Defence Industry Policy Statement is correct in identifying the need for cultural change if the new approach to innovation is to work.³⁷ One of the cultural barriers to be overcome is what has been, at least in previous years, a strong predisposition within Defence to belittle Australian innovations and to prefer always to buy from overseas. This is a tricky area as, indeed, Australia should and does buy much from offshore, but the cultural opposition to Australian innovation has often gone far beyond this. The Defence Industry Policy Statement is right also to identify the need for a culture which accepts that risk and innovation go hand in hand, and which does not automatically punish lack of success as 'failure'. Such an approach would end up favouring only that innovation which led to small and incremental change and would stifle anything that was imaginative and potentially far-reaching or game-changing. There is also the challenge to industry—to the branch offices of the large foreign-owned multinationals in Australia and especially to the indigenous small and medium enterprises—to seize the opportunities that the new innovation arrangements offer.

Science and Warfare

Perhaps the most important challenge, at least within Defence, is to continue to recognise the criticality of high-quality science and engineering to a

³⁵ The responsibilities of Defence Industry Policy Division include the "implementation of the government's approach to defence industry policy and creation of a strategy-led program of industry engagement and innovation." <www.defence.gov.au/SPI/> [Accessed 16 March 2016].

³⁶ The early management arrangements for the Capability Technology Demonstrators (CTDs) illustrate this problem. The CTDs emerged as an idea of the DST Group in 1996 and were subsequently supported by the 1997 Defence Efficiency Review (*Future Directions for the Management of Australia's Defence, Report of the Defence Efficiency Review* (Canberra: Commonwealth of Australia, 1997), p. 39). To avoid any suggestion that the DST Group would use the CTD program unfairly to advance its own interests, I insisted that a central policy division be given the responsibility for managing the CTDs, including making competitive assessments for funding. However, experience eventually showed that this division did not have the subject matter expertise adequately to discharge the responsibility, with the consequence that this responsibility was transferred to the DST Group.

³⁷ Department of Defence, *2016 Defence Industry Policy Statement*, p. 35.

modern defence force and that you cannot have good science and engineering without having good scientists and engineers. And as Australia's strategic circumstances become more demanding, so the need for good science and engineering will become yet more important. Communication between policy generalists and subject matter experts, especially in the sciences, can at times be difficult if not unproductive, and both sides of this dialogue need to make the effort to understand each other. Yet there is a particular onus on those on the policy side of the discussion to make an extra effort, as it is their area of Defence which has the greater say in the development and interpretation of policy and the allocation of resources. Perhaps the test of this is yet to come: will the arbiters of policy for innovation be gatekeepers, preferring to exercise the power to say *no*, or will they be facilitators, working with subject matter experts to get to an imaginative and agreed way ahead?

Science and warfare have gone hand in hand not just for centuries but for millennia, and the 2016 Defence White Paper does recognise this, up to a point. Yet there is little discussion of science or the central position of the DST Group: in the White Paper there are but two references to the DST Group,³⁸ while discussion of science is confined to a single paragraph in the Defence Industry Policy Statement in the two pages that its main text devotes to the NGTF, where the potential areas of research mentioned earlier are listed.³⁹

What should we read into this? Previous Defence White Papers have said much more about the DST Group, and it is surprising that more is not included this time round. The DST Group has been the principal source of the more important contributions to Australian defence innovation over decades but the reader could be forgiven for not picking this up from the White Paper and the Defence Industry Policy Statement. Perhaps this is just a matter of drafting style and therefore not of importance. On the other hand, if it is a symptom of a reluctance or inability to come to terms with the importance of science and scientists, and how they need to work, either within Defence or in industry, then the implementation of the government's plans for innovation will be made more difficult if not impossible. If so, the government's ambitions for innovation, and the science behind it, no matter how laudable, will remain but a dream.

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³⁸ Department of Defence, *2016 Defence White Paper*, p. 112 para 4.111, which mentions the expectation that the DST Group will expand its national and international partnerships, and para 4.113, which mentions the DST Group's role in leading the next generation technologies program. However, the DST Group does get more visibility in the Defence Industry Policy Statement.

³⁹ Department of Defence, *2016 Defence Industry Policy Statement*, p. 32. There is also a page or so at its Attachment A which summarises the arrangements for the NGTF and which repeats the potential areas for scientific research (pp. 72 and 73, the very end of the document).

his time in the Department of Defence he held all the senior defence policy positions, including Deputy Secretary for Strategic Policy, and was also the Chief Defence Scientist.
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Defence Industry Policy 2016— Well-Intentioned but Conflicted

Graeme Dunk

The Defence Industry Policy Statement (DIPS) 2016 announced on 25 February 2016 contains a number of policy positions with the potential to positively impact on Australia's defence industry. These improvements include the recognition of Industry as a Fundamental Input to Capability, an increased emphasis on the contribution of local industry, simplified pathways for defence-related innovation, and the introduction of sovereign industry capabilities. Whilst DIPS 2016 is well intentioned, the ability to achieve the sought-after results will be inhibited by an overall lack of focus, and by omissions and conflicts between the DIPS and the broader strategy in the 2016 Defence White Paper.

The 2016 versions of the Defence White Paper (DWP2016),¹ Defence Integrated Investment Program (DIIP) and Defence Industry Policy Statement (DIPS) were finally released by the Prime Minister and Defence Minister on 25 February 2016. The industry policy is a significant improvement on the 2010 version and provides a number of initiatives for defence with the potential to change the way in which Defence behaves, and in which Industry invests and develops.

The most important of these foreshadowed changes are the recognition of Industry as a Fundamental Input to Capability (FIC), the increased emphasis on the local defence industry, the simplified pathways for innovation and the introduction of locally-developed capability, and the replacement of Priority Industry Capabilities (PICs) and Strategic Industry Capabilities (SICs) with Sovereign Industrial Capabilities. Each of these developments individually has the potential to make a significant change but the synergistic effects should be greater.

The problem, however, is that whilst the implementation of these initiatives is well intentioned there are important parts of the industry puzzle that are missing and the achievement of the sought-after results will be inhibited by an overall lack of focus, and omissions and conflicts between the DIPS, the broader strategy as enunciated in DWP2016, and trends and behaviours that have developed in the Defence environment over the past decades. This article examines the intent and the inherent tension in the announced defence industry policy, but will frame this discussion by first examining the *why* and *what* for Australia's defence industry.

¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

Australian Defence Industry—The Need

From the government's perspective, the need for a defence industry flows from the broader consideration of the need for military capability and for an Australian Defence Force (ADF). The answer to this question is simply to mitigate strategic risks where a military response is deemed by government to be appropriate.

The structure for the ADF is in theory a direct response to the nature of the perceived strategic risks and in government consideration of the responses that might be required. This is the essence of the White Paper process and DWP2016 clearly states this as "the Government's strategic defence policy is to manage strategic challenges by developing Defence's capabilities and agility to take a more active role in shaping regional affairs and to respond to developments which threaten our interests" (para 3.2).

DWP2016 also recognises that "Australians rightly expect that our military force be capable of the self-reliant defence of our territory from attack or coercion" (para 3.13). Although the concept of self-reliance is less prominent when compared to previous White Papers,² the ability to mount a military response continues to require military forces that are adequately readied and adequately sustained. This in turn is the essence of preparedness. Robert Wylie has highlighted the relationship between preparedness and the ability of the government to make sovereign choices about the utilisation of the force-in-being.³ Alan Hinge has expanded the concept of preparedness to include operational preparedness and structural preparedness where the former includes readiness and sustainability and the latter is the suitability of the forces available to government to undertake the required tasks.⁴

While the aim of each individual company is to maximise business activity, at the strategic level the role of a defence industry can be considered as providing support in the readying and sustainment of the military force, and covering technologies and activities that the defence establishment cannot itself provide. In Australia, since the commencement of privatisation of government-owned defence-related facilities in the 1980s and the subsequent out-servicing of defence support functions, the ability of the Defence establishment to provide the necessary technologies and services from internal resources has diminished and the ADF has come to increasingly rely upon industry.

² Hugh White, 'DWP 2016 and Self-Reliance', *The Strategist*, Australian Strategic Policy Institute, 8 March 2016, <www.aspistrategist.org.au/dwp-2016-and-self-reliance/> [Accessed 24 March 2016].

³ Robert Wylie, 'Defence Industry Policy 2010: The Combet Iteration', *Security Challenges*, vol. 6, no. 3 (Spring 2010), pp. 59-77.

⁴ Alan Hinge, *Australian Defence Preparedness* (Canberra: Australian Defence Studies Centre, 2000).

Given the role of the military as outlined above, the principal strategic focus for local defence industry activity should, from the government's perspective as a monopsonistic defence buyer, be to aid in the mitigation of strategic risk through focused support for preparedness. This point, of relating government support for industry to national strategy, is made in a 2011 review of the US defence sector by the Center for Strategic and Budgetary Assessments that stated:

The United States' defense industrial base strategy should ensure the preservation of those few sectors that are currently critical to American national security, adding over time any emerging sectors that become critical, and ruthlessly underfunding or jettisoning any sectors that cease to be critical.⁵

In addition to this key requirement, defence industry can add value to the wider economy through employment, product development, service delivery, export, innovation, and other related activities but it is the contribution to the mitigation of strategic risk that provides defence industry with its *raison d'être* and distinguishes it from other industrial activities.

As “the Government's approach to Australian defence industry and innovation policy aims to maximise the defence capability necessary to achieve the Government's defence strategy, supported by an internationally competitive and innovative Australian industrial base” (para 4.99) it is illustrative to consider the current state and trends upon which this new policy will be based.

Australian Defence Industry—The Status

A number of Defence-related activities and policy positions in the past two decades have resulted in a national defence establishment that (1) is dominated by, and reliant on, foreign interests; (2) is risk averse; (3) does not actively promote the take-up of locally-developed innovation; and (4) has low expectations in terms of the local industry's capability to make a meaningful contribution to the defence effort.

Australia, as a middle-ranking power with a small domestic and military market cannot realistically expect to develop and sustain significant defence technologies solely from indigenous sources, but the privatisation of government-owned facilities as outlined above, and the subsequent sale of Australian-owned companies such as ADI and Tenix, has resulted in a local defence industry dominated by a small number of multinational companies. More recent sales of second-tier Australian defence companies such as Qantas Defence Services, Rosebank Engineering and C4I have exacerbated this situation.

⁵ Barry Watts and Todd Harrison, *Sustaining Critical Sectors of the U.S. Defense Industrial Base*, (Washington, DC: Center for Strategic and Budgetary Assessments, 2011), p. xiii.

With the obvious exception of the United States, most countries have a defence industry comprised of a mix of indigenous and foreign firms. The UK defence industrial policy embraces this combination and defines the UK defence industry in terms of “where the technology is created, where the skills and intellectual property reside, where the jobs are created and sustained, and where the investment is made”.⁶ Such a definition highlights the challenges facing Australia and the development of the local defence industry as Australia stands apart from the majority of advanced Western top-tier economies as it has no globally-active, locally-owned defence industry brand, and in many cases the technology and the intellectual property reside offshore.

In parallel to the changes outlined above, since the delivery of the Kinnaird Report recommendation in 2003 that at least one off-the-shelf option be included in the advice to government at First Pass,⁷ Defence has become increasingly risk averse. This position was amplified in 2008 when the Mortimer Report advocated that “any decisions to move beyond the requirements of an off-the-shelf solution must be based on a rigorous cost-benefit analysis of the additional capability sought against the cost and risk of doing so.”⁸

Whilst the drivers for both the Kinnaird and Mortimer recommendations were a need to get more control of project cost and schedule risks, the result has been a local defence industry that has become increasingly marginalised in terms of high technology, high intellectual-content activities; with the obvious exception of the CEA Technologies and the development of the CEA FAR Phased Array Radar.

The Australian part of Australia’s defence industry is now viewed as being little more than an avenue for the provision of sustainment, as reinforced by the Secretary of the Department of Defence in a speech to the Menzies Research Centre on 24 February 2016 when he stated that Australia does not “aspire to sovereign capability across the totality of the ADF” and that “sovereign capability is sustainment and maintenance of capabilities”.⁹ This position is in marked contrast to that advocated in Canada where it is recognised that:

⁶ UK Defence Industrial Policy 2002 as cited in Ministry of Defence, *Defence Industrial Strategy: Defence White Paper*, Presented to Parliament by The Secretary of State for Defence (Norwich: The Stationery Office, December 2005), p. 16.

⁷ Department of the Prime Minister and Cabinet, *Defence Procurement Review 2003* (Kinnaird Review), p. 15.

⁸ Department of Defence, *Going to the Next Level: The Report of the Defence Procurement and Sustainment Review* (Mortimer Review) (Canberra: Commonwealth of Australia, 2008), Recommendation 2.3.

⁹ Dennis Richardson, speech to Menzies Research Centre, Parliament House, Canberra, 24 February 2016.

It would be in the national interest to have a strong domestic defence industrial base, one that goes well beyond the basic capability of maintenance and repair to the actual sovereign production of key goods and services. In particular, this would be the case in areas where Canada has specific requirements that may not be met adequately by foreign contractors in terms of timely or secure supply.¹⁰

Whilst the push towards off-the-shelf capability solutions may have been to manage the cost and schedule of major projects, the result has been an increase in the use of Foreign Military Sales (FMS), a reduction in the number of companies with whom Defence is willing to contract, a reduction in the value of defence contracts being awarded into Australia, and an ongoing concomitant diminution in the value of acquisition and sustainment contracts being signed with Australian-owned companies.

Analysis of Defence Materiel Organisation (DMO) contracts undertaken by Australian Business Defence Industry (ABDI) and cited by Dunk¹¹ show that the value of FMS contracts increased consistently from 11.8 per cent in 2007/08 to just under 30 per cent in 2014/15. The number of FMS contracts per year similarly increased over the same period from 160 to approximately 400. During the eight years under analysis the percentage of DMO contracts awarded into Australia declined from almost 80 per cent of total value to less than 60 per cent. In addition, the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) report into government support for defence exports¹² referenced the ABDI analysis and noted that in 2014/15 the combined value of acquisition and sustainment contracts placed by the DMO with Australian-owned companies other than ASC comprised less than 5 per cent of the total award.

It is against this backdrop of defence industry activity in Australia that DIPS 2016 is framed.

Australian Defence Industry—The Intent

As noted in the introduction to this article, DIPS 2016 contains four important defence industry initiatives. The most revolutionary and potentially far-reaching is the formal acknowledgement of Industry as a FIC. DIPS 2016 states that the “recognition of industry as a Fundamental Input to Capability will ensure Defence fully considers the industrial capabilities and the

¹⁰ *Canada First: Leveraging Defence Procurement Through Key Industrial Capabilities*, Report of the Special Adviser to the Minister of Public Works and Government Services, Public Works and Government Services Canada, February 2013, <publications.gc.ca/collections/collection_2013/tpsgc-pwgs/P4-52-2013-eng.pdf> [Accessed 31 March 2016], p. 22.

¹¹ Graeme Dunk, ‘Australian Defence Industry: Where to Next?’, *The Strategist*, 1 May 2015, <www.aspistrategist.org.au/australian-defence-industry-where-to-next/> [Accessed 8 March 2016].

¹² *Principles and practice—Australian defence industry and exports*, Inquiry of the Defence Subcommittee Joint Standing Committee on Foreign Affairs, Defence and Trade, Commonwealth of Australia, Canberra, November 2015, para 2.33.

capacity of Australian businesses ... to deliver Defence capability, including operational capabilities and the full spectrum of support functions.”¹³ The Statement goes to say that the intent of including industry as a FIC is “to drive more formal consideration of industry impacts through the early stages of the capability life cycle.”¹⁴

Such recognition is warranted, certainly long overdue, it will force Defence planners and decision-makers to consider the potential contribution of the local industry, and “will better match the development of new capabilities with industry’s ability to deliver them”.¹⁵ However, the treatment of industry as a FIC lacks focus. Importantly, DIPS 2016 contains a two-way consideration of industry, namely not only how Australian industry might contribute to defence capability development and sustainment but how defence-related decisions might impact on the “resilience and health of supply chains”.¹⁶ It is at this point that the lack of focus noted above becomes apparent.

If the logic at the commencement of this article is accepted, namely that the primary role of military capability is to mitigate strategic risks as required by government, and the primary function of a defence industry is to provide products and services that the Defence establishment cannot provide from internal resources, then it could be expected that ‘mitigation of strategic risk’ could be an underlying theme in the defence industry policy. Not so; in fact ‘mitigation of strategic risk’ does not appear at all in DIPS 2016.

If ‘mitigation of strategic risk’ were included as a primary theme to guide the development of the defence industry it would be possible to overcome the somewhat disjointed nature of DIPS 2016, enable Defence planners to concentrate on industry sectors determined to be most closely aligned with strategic risk and to tailor Defence-Industry engagement mechanisms accordingly. Such engagement might be closer, earlier and more transparent of Defence plans for companies operating in high strategic risk industry sectors than for those where the strategic risk may be deemed to be low. This would have benefits for all parties.

The absence of ‘mitigation of strategic risk’ from DIPS 2016 is particularly disappointing as the recent JSCFADT report into defence exports stated that “some elements of defence industry are in fact fundamentally important to the operational and materiel support of complex equipment used by Defence” and that what is required is “a new approach to identifying and managing risk”.¹⁷ What is not helpful is the use of the descriptor

¹³ Department of Defence, *2016 Defence Industry Policy Statement* (Canberra: Commonwealth of Australia, 2016), p. 19.

¹⁴ *Ibid.*

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ *Principles and Practice—Australian Defence Industry and Exports*, pp. xxii, viii.

‘Fundamental Input to Capability’ in both the JSCFADT report and DIPS 2016 where the former uses the term to describe industry capabilities associated with high strategic risk whereas the latter uses the term in a broader context to include all industry.

An approach that included ‘mitigation of strategic risk’ as a thematic principle would also provide a vehicle for the implementation of Defence as a ‘smart buyer’ and for improved mechanisms through which to determine value for money and “the considerations of sovereign requirements for Australian industry involvement which would guarantee the ADF’s independence of action”.¹⁸

DIPS 2016 has also replaced the Priority Industry Capabilities (PICs) and Strategic Industry Capabilities (SICs) introduced in the 2009 Defence White Paper with sovereign industrial capabilities to be managed under a Sovereign Industrial Capability Assessment Framework (SICAF). Properly defined and utilised sovereign industrial capabilities could address concerns regarding strategic risk as these are stated as being “so important to Australian Defence missions that they must be developed or supported by Australian industry because overseas sources do not provide the required security or assurances we need”.¹⁹

The recognition of sovereignty requirements for defence industry activity in this way, and the link to Defence missions, is welcomed but the definition is weaker than that which had been applied to PICs, namely being “those industry capabilities which would confer an essential strategic capability advantage by being resident within Australia, and which, if not available, would significantly undermine defence self-reliance and ADF operational capability”.²⁰ This dilution of the definition, and the lack of direct recognition for the ‘mitigation of strategic risk’ in the SICAF criteria, reinforces the overall lack of focus and connectivity for the elements within DIPS 2016. The weakened definition also reinforces the notion that the importance of self-reliance as an underlying principle of Australia’s defence has also diminished.

Sadly DIPS 2016 does not indicate which capabilities may be determined to be sovereign and leaves such determination to the second quarter of 2017. The comment within the policy statement that “Defence envisages the number of sovereign industrial capabilities will be small, properly targeted and managed”,²¹ together with the reference to the already-in-existence CEAFAR and Nulka, suggests an interest in maintaining what might already exist rather than using the SICAF as a means to review sovereign

¹⁸ Department of Defence, *2016 Defence Industry Policy Statement*, p. 21.

¹⁹ *Ibid.*, p. 23.

²⁰ Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009), para 16.21.

²¹ Department of Defence, *2016 Defence Industry Policy Statement*, p. 24.

capabilities against changing strategic risk, and thereby providing a vehicle for the consideration of new technologies.

The revised approach to innovation in the defence environment is welcomed, particularly the statement that “Defence will change its culture and business processes to systematically remove barriers to innovation”.²² The centre-piece of the innovation policy, the Defence Innovation Hub, is frustratingly vague, however, saying only that “new contracting and intellectual property regimes will be established to maximise incentives” and “Defence will develop new approaches to risk ... to allow innovation to flourish across the Defence enterprise”.²³ This is a similar sentiment to that expressed in the 2010 version of the Defence Industry Policy Statement that “The Government will ensure that Australian defence firms have every opportunity to enhance their capacity for innovation, skilling and productivity”.²⁴ It is also not significantly removed from the statement by the then Minister for Defence Industry, Science and Personnel, Bronwyn Bishop, who stated at the release of the Defence and Industry—Strategic Policy Statement on 2 June 1998:

This is a policy soundly based on commercial realities as it is on strategic imperatives. Defence and industry will create a culture of one team—Team Australia. The Government’s new vision for defence industry is simple—we want a technologically advanced Australian Defence Force supported through a close partnership with efficient, innovative and sustainable firms.²⁵

The claim that the “establishment of the Hub within Defence represents a transformational change in the way Defence approaches innovation, bringing together Defence, our academic and industry partners in a more collaborative and effective way”²⁶ is difficult to substantiate at this time given the lack of detailed information on the actual operation of the Hub, but will certainly be a big step forward if realised. Given that the political intent has been common for an extended period, the issue of Defence culture is likely to be the defining factor for success; a point recognised in DIPS 2016 by the statement that “critical to the success of the Hub will be the development of the supporting policies and culture to remove the current barriers in Defence to innovation”.²⁷ Significant and ongoing effort is therefore required to address cultural change within Defence.

²² Ibid., p. 30.

²³ Ibid., p. 35.

²⁴ Department of Defence, *Building Defence Capability: A Policy for a Smarter and More Agile Defence Industry Base* (Canberra: Commonwealth of Australia, 2010), para 1.10.

²⁵ Minister for Defence Industry, Science and Personnel, The Hon Bronwyn Bishop MP, ‘Defence and Industry—Strategic Policy Statement’, Media Release, 2 June 1998, <www.defence.gov.au/minister/1998/min980602.html> [Accessed 11 March 2016].

²⁶ Department of Defence, *2016 Defence Industry Policy Statement*, p. 36.

²⁷ Ibid., p. 35.

The final point to be examined under the intent of DIPS 2016 is that of defence exports. The 2016 version of defence industry policy has continued the recognition from previous White Papers and Industry Policy Statements that exports are an important component in developing an efficient and globally-competitive defence industry sector, and that government support is needed in order for this to occur. Moreover, the importance of Science, Technology, Engineering and Mathematics (STEM) to the longer-term future of the defence industry is given serious attention.

Unfortunately there is no statement to link innovative national developments and subsequent exports with introduction into service in the parent military. The principal aim of the export aspects of DIPS 2016 is to have Australian innovations and companies become part of global supply chains. Whilst the global supply chains of the international primes can bring benefit to individual companies there is a simplistic assumption that the strategic aims of these international primes and those of Australian defence somehow align. Defence needs to be more cognisant of the benefits that will accrue from direct take-up of local innovation, particularly in the important area of capability renewal, rather than acquiring the same via a circuitous route. The same change to Defence culture that has been recognised as key to innovation success is required if export results are to markedly improve.

As in other parts of DIPS 2016 a broad approach to exports, STEM and Australian Industry Capability (AIC) Plans is adopted, rather than a more focused alternative that would address those industry sectors that are more closely associated with the mitigation of strategic risk. An example of this lack of focus is seen in the statement that a skills gap analysis by sector will be conducted “to help ensure Australia has the skills needed to meet the requirements of existing and future capabilities”.²⁸ Whilst such an analysis will be useful, a more effective utilisation of time and resources and more targeted outcomes to redress deficiencies could be achieved by an initial focus on those sectors that contribute most to the overall mitigation of strategic risk.

Australian Defence Industry—The Conflict

Apart from the lack of focus within DIPS 2016 as described above, the potential to achieve the envisaged future for Australian defence industry is hampered by conflicts and omissions between the DIPS 2016 intent and the overall strategy as outlined in DWP 2016.

The first such omission is the absence of a definition of sustainment. This omission is not new as no previous Defence document has provided such a definition. In Australian defence parlance there is a simplistic division between acquisition and sustainment, and that the two can be treated as

²⁸ Ibid., p. 47.

separate entities. In reality, however, acquisition and sustainment form part of a spectrum of industrial activities that also includes capability renewal and the repair of battle damage. In turn each of these activities is comprised to varying degrees of design, manufacture, integration and test for both software and hardware. The Canadian experience recognises a more nuanced consideration of in-service service (ISS) support as:

The specific ISS functions include repair and maintenance; modifications to address changing requirements over the lengthy lifetime of most major equipment, as well as extension of that lifetime; and training incident to the ISS mission. The key capabilities within the broad domain of ISS are those that are technologically sophisticated (usually requiring access to the relevant Intellectual Property of the equipment supplier) and those that are needed to maintain critical assets and functions ...²⁹

This description raises the second omission in both DWP2016 and DIPS 2016, namely there is no recognition of any requirement for access to detailed system design knowledge from international equipment suppliers. Without such access to intellectual property Australia will have little or no ability to undertake indigenous renewal of in-service systems to address technological or operational challenges that we may face; either alone, or in a more strategically-pressing manner than that faced by the equipment supplying nation. That is, without such information our sovereign choices and independence of action are likely to be constrained.

Preparedness is the third omission, or more precisely the lack of recognition of the link between industrial capability and capacity, and the ability of the ADF to undertake the tasks required by government. Wylie has commented on the increasing role of industry in Defence preparedness that was implicit in the 2009 Defence White Paper,³⁰ but DWP 2016 limits the coverage of preparedness to a short section near the end of the document that states that “preparedness is about having forces that can be deployed and sustained on operations in a timely and effective way” (para 5.90) and that higher levels of preparedness will be required. The current White Paper tacitly suggests, therefore, that the higher preparedness can be achieved from within Defence resources.

The industry contribution to preparedness in critical areas should be a consideration within the sovereign industrial capabilities. Without appearing to labour the point, inclusion of ‘mitigation of strategic risk’ as an underlying theme within the overall defence industry policy would provide a mechanism for this to occur.

Alliance interoperability, and the need to enhance the high level of interoperability with US forces, is mentioned regularly through DWP 2016

²⁹ *Canada First*, p. 32.

³⁰ Robert Wylie, ‘Supplying and Supporting Force 2030: Defence Policy for Australian Industry’, *Security Challenges*, vol. 5, no. 1 (Winter 2009), pp. 117-26.

and it is this that provides the conflict between the achievability of the industrial intent and the strategic reality. DWP 2016 unequivocally states that “access to the most advanced technology and equipment from the United States and maintaining interoperability with the United States is central to maintaining the ADF’s potency” (para 5.21). Such statements have been regularly made in Defence White Papers with the 2000 version stating that “the kind of ADF that we need is not achievable without the technology access provided by the US alliance”.³¹ DWP 2016 is more forthcoming regarding the extent of this on the capability development process and states that around 60 per cent of Australian acquisition spending is on US equipment.

Whilst Australia has achieved access to high-technology US equipment it has not achieved the same access to the intellectual property upon which the capability is based. In some cases Australia has entered into associated alliances, partnerships and Memoranda of Understanding for these capabilities but anecdotal information is that detailed design information is not transferred. One example is the submarine-related Advanced Processing Build (APB) Program³² for acoustics, imaging, tactical control, electronic warfare, and advanced sonar arrays for which Australia is a joint partner but Australian industry has had minimal direct influence or involvement.

The lack of such access directly impacts on the achievability of the plan for defence industry as outlined in DIPS 2016. In particular the ability to renew in-service equipment to address regional operational and technological movements will be inhibited as Australia seeks to convince the intellectual property holders of the value of any proposed upgrade, with a consequent impact upon Australia’s sovereignty and independence of action. Other impacts will be felt on the government’s aims regarding the introduction into service of local innovation and on the overall export success of Australian companies.

Conclusion

The Defence Industry Policy Statement 2016 contains many aspects with the potential to impact positively on the Australian defence industry. The recognition of Industry as a Fundamental Input to Capability, (potentially) the recognition of sovereign industry capabilities, the increased focus on local innovation and the emphasis on the importance of exports are all welcomed. The document is however limited in its ability to deliver the desired outcomes through a lack of focus, and the absence of the mitigation of strategic risk as

³¹ Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), para 5.9.

³² See RDT&E Budget Item Justification: PB 2015 Navy, March 2014, <www.globalsecurity.org/military/library/budget/fy2015/navy-peds/0603561n_4_pb_2015.pdf> [Accessed 15 March 2016].

a key industrial theme through which Australia's defence industry can be guided to be the one that Australia needs.

The absence of such a theme means that DIPS 2016 is not really a defence industry policy, but merely an industry policy in a defence wrapper.

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An Exercise in Management: Defence Engagement in the Indo-Pacific

Daniel Baldino

This article presents an evaluation of the 2016 Defence White Paper and the role and orientation of Australia's international defence engagement. It will argue that the White Paper offers some strong engagement and security-related ideas. In particular, the White Paper approach rightly places an emphasis on the significant tactical and operational—rather than strategic—advances from outreach in the Indo-Pacific region. One particular strength is in its attachment to the utility of humanitarian operations, disaster relief coordination and other aid elements. Training issues and related personnel requirements are also a specific focus. Overall, it is broadly attentive to well-adjusted capacity options and harnessing the potential benefits of defence engagement although a number of challenges remain, including a range of co-ordination demands as well as how future constraints might be addressed.

Peacetime defence engagement has emerged as a powerful growth industry in recent years. This trend is evident in the much-delayed 2016 Defence White Paper (DWP2016) that unequivocally places a premium on its role and influence as a core organising principle in force posture and future Australian defence planning. DWP2016 signposts international engagement as a fundamental defence function. It states that its four key engagement objectives will incorporate: positive contributions to ADF capacity-building, the maintenance of Australia's status "as a respected and capable security actor", the construction of "active and effective security partnerships" and improved "international security resilience" (para 5.12). The pitch is that military-to-military cooperation—such as port visits, equipment transfers, education/mentoring activities and low-intensity joint exercises and training—can help improve coordination in dealing with transnational problems, encourage patterns of amity and trust and prevent regional flashpoints from escalating.

Such a perception of defence engagement is reflective, in part, of the narrowing distinction between traditional and non-traditional challenges that threaten national interests. In recognising this narrowing, DWP2016 adds important value in guiding Australia's current enthusiasm for defence engagement. In particular, in reflecting on how to best optimise defence preparedness and the effectiveness of military soft power, the White Paper does provide a revised template that is based around goal-oriented security concerns rather than more ambiguous and transformative strategic goals. It points to a number of specific areas and contributions from defence engagement that will enhance operational readiness and help to address a

more demanding, unpredictable environment. This includes attention to timeliness and shared maritime awareness (para 5.16), a doubling of training for international military students (para 5.8) and operations within a wide web of defence partnerships to address multi-service tasks like medical treatment and aero-medical evacuation (para 4.94).

There is considerable merit in such policy alignment. The long-term potential of defence engagement activities to shape the strategic order remain highly speculative and will be subject to major set-backs.¹ Instead, there is an underlying recognition in DWP2016 to target capacity gaps and exploit new opportunities for closer security ties and operational interactions by linking capacity generation to areas such as Humanitarian Assistance and Disaster Relief (HADR). This is a positive step to deal with existing challenges in an aid-like fashion. HADR remains a top security agenda in which the ADF should be encouraged to take the lead in promoting operational protocols, interoperability and confidence building in the Indo-Pacific.

However, concerns remain about Australia's capability and planning choices. In particular, the outlook for new defence partnerships falls short in contextualising the full scope of defence engagement amidst competitive geo-political dynamics—a gloomy White Paper tone underwritten by US-China interactions—and the potential implications for Australia's strategic position. Additionally, questions remain about the efficient utilisation of institutional avenues to direct defence engagement and how they might be relevant to its best-practice implication—in this instance, DWP2016 missed an opportunity to draw some networking lessons and address the potential of key actors, especially Indonesia.

Finally, in focusing on where defence engagement schemes can be improved, there remains a need for a clear connection between coordination demands, resourcing and the principal instruments of defence diplomacy. The applied instruments of international cooperation and defence diplomacy—that range from ship visits to cooperation agreements to technological exchange—remain numerous. Investments in ADF training areas including in northern Australia can conceivably become a key outlet to help direct defence postures and additional partner training capacity. DWP2016 reinforces the benefits of extending investments in liaison, language and cultural training. These are all constructive components of the White Paper although there remains much room for improvement and refinement in operational principles and planning for capacity support.

¹ Daniel Baldino and Andrew Carr, 'Defence Diplomacy and the Australian Defence Force: Smokescreen or Strategy?' *Australian Journal of International Affairs*, vol. 70, no. 2 (2016), pp. 139-58.

Past Problems and Policy Overreach

In close conjunction with the Defence Cooperation Program (DCP), Australia's peacetime military engagement has been regularly deployed for the stated purpose of enhancing goodwill, boosting security and stability, building interoperability and personnel skills, and mitigating the risks of strategic competition and major interstate conflict. Chapter Five of DWP2016 is devoted to international engagement, the promotion of capable defence relationships and commitments to future collaborative arrangements in areas such as joint exercises and training. The pursuit of military contributions activities are structured in line with core functions across the entire Defence portfolio to support the Strategic Defence Objectives (para 5.7). Importantly, a nuanced approach is taken to the strategic influence of the practice and defence engagement. One major criticism of the 2013 White Paper was the sweeping nature of how defence engagement was defined, its projected impacts and the overstated nature of what it meant in terms of long-term transformative benefits. In particular, the 2013 White Paper had directly stated that Australia's defence international engagement was "both a strategic necessity and a strategic asset" in that could be used to directly influence the way a country thinks about its national interests and when they use force.² In short, a strong emphasis and expectation was placed on defence engagement supporting long-term strategic goals to restrict future threats and shape the international order. Key players, such as the former chief of the Australian Defence Force General David Hurley, were also fond of describing defence cooperation as a form of "strategic engagement".³

Several critics identified this trend, arguing that the 2013 White Paper needed to identify more credible objectives and propose careful limits. Michael L'Estrange questioned the focus of an ad-hoc defence cooperation agenda that did not match "means with ends".⁴ Others like Nick Bisley queried the benefits of defence engagement in strategic terms. "Australian defence diplomacy programs need to have realistic ambitions. Its promise is greatest in practical activities providing foundations for improving specific bilateral relationships that are part of a larger strategic picture."⁵ These have not been new observations. Des Ball and Pauline Kerr claimed in 1996 that Australia's general approach to defence engagement was badly mischaracterised and failed to have "a clear and coherent set of policies,

² Department of Defence, *Defence White Paper 2013: Defending Australia and its National Interests* (Canberra: Commonwealth of Australia, 2013), p. 56.

³ Michael, L'Estrange, 'International Defence Engagement: Potential and Limitations', *Security Challenges*, vol. 9, no. 2 (2013), pp.23-34.

⁴ Sergei DeSilva-Ranasinghe, 'Interviews: General David Hurley', *The Diplomat*, 13 March 2013.

⁵ Nick Bisley, 'The Possibilities and Limits of Defence Diplomacy in Asia', (2015), Defence White Paper Submission 250.

balanced objectives, and means of implementation which are carefully tailored to the political and resources constraints”.⁶

In contrast, a strength of DWP2016 is its focus on instrumental practices that revolve around intermediate security issues and the development of functional patterns in cooperation with a strong capacity-building element. Maritime security cooperation is promoted as a cornerstone in these engagement efforts (para 5.38). And, as mentioned, the benefits of operations are consistently presented through the development of training, exercise and operations in the area of HADR—a prominent area that has great potential to navigate often divergent regional political and organisational demands. Although only one part of a range of defence activities to encourage partnerships, it can be argued that this realignment towards HADR is a welcome return to a less presumptive as well as durable approach to address regional security concerns.

The 2016 White Paper delivers a case that HADR is an indispensable driver of ADF military posture, narrows in on burden sharing and focuses on Australia’s prominent role in policy initiatives and operational examples that entail a transnational scope. Perspectives tend to focus around collective security and security resilience. It also acknowledges areas for improvement with, in part, intentions to advance information exchange, intelligence sharing and shared maritime domain awareness. It signals options about how to best support the impact of defence engagement practices by earmarking investments like training and education. This long-term, preventative approach to defence planning has to be reconciled with visions of the ADF as an adaptable, agile expeditionary maritime force.

Security Contingencies and HADR

As part of defining how defence engagement is related to broader policy conceptions, it had been a dramatic leap of faith by Australian officials in the past to conclude that defence engagement might then significantly alter the fundamental direction of a particular bilateral relationship—and, by implication, change the region’s strategic orientation or resolve disagreements over hegemonic leadership. A dampening of such expectations and a sharpened focus at operational and tactical levels required that advocacy avoids oversimplified prescriptions about the benefits of inter-personal military relationships and contacts including the ability of military ties to overcome ingrained strategic differences, domestic sensitivities and divergent threat perceptions in the region.

At the same time, a better targeted, more nuanced policy approach to deal with competing requirements will be needed. These engagement efforts

⁶ Desmond Ball and Pauline Kerr, *Presumptive Engagement: Australia’s Asia-Pacific Security Policy in the 1990s* (St Leonards, NSW: Allen & Unwin, 1996), pp. 99-101.

feed into force structure options that must be prepared to respond to security requirements at a great distance in a maritime zone whenever required. In this sense, the attention given to burden-sharing and capacity building in DWP2106 through training, education and technology—in major areas like HADR, search and rescue, and maritime patrol surveillance with a range of international partners—does offer a sensible manifesto to better link activities through operational concepts and desired outcomes. A major strength is in its recognition that regional cooperation in HADR has grown considerably and will play a major part in patterns of future collaborative security engagement and peacetime regional support.

Unfortunately, Australia and the region must prepare for more disasters. “Whether these events are geophysical, meteorological, hydrological or climate related, scientific research shows that the number of these natural disaster events is increasing both in frequency and intensity”.⁷ Examples indicative of the types of interagency and interstate cooperation needed and that have affected an array of regional actors include the Boxing Day tsunami of 2004, flooding in Pakistan in 2010, the earthquake and tsunami that hit Japan in 2011, Typhoon Haiyan in the Philippines in 2013, Tropical Cyclone Pam in Vanuatu in 2015, the earthquake in Nepal in 2015 and assistance in Fiji after Tropical Cyclone Winston in 2016 (see para 5.94).

In cataloguing the multifarious operations the ADF has conducted since 2005, the most common type of contribution is HADR.⁸ The DWP is bullish in positioning Australia to be a leader in strengthening formal linkages, sharing knowledge of experiences and building processes and exchange among regional militaries to encourage reciprocity and integrated life-saving responses to regional crisis and problems. As detailed by David Brewster, “disaster management and peacekeeping are low-hanging fruit—while they sit at the ‘soft’ end of the spectrum of security cooperation, they can be very useful ways to develop personal relationships and inter-operability and provide an opportunity to generate significant goodwill”.⁹ HADR will continue to shape thinking about how to plan security cooperation activities while being equated with both preparatory exercises and soft power goals.

In terms of the tangible benefits gained through such international engagement programs, Major General Rick Burr has argued that defence operations offer an obvious “return on investment [where] a vital element of any HADR response is the coordination of the many contributors in what is

⁷ Bill Tweddell, address at the opening of the Indian Ocean Rim Association Disaster Risk Management Workshop, Manila, 15 October 2014.

⁸ Albert Palazzo, *Forging Australian Land Power: A Primer*, Army Research Papers, no. 7 (Canberra: Department of Defence, 2015), pp. 8-9.

⁹ David Brewster, ‘The Australia–India Framework for Security Cooperation: Another Step Towards an Indo-Pacific Security Partnership’, *Security Challenges*, vol. 11, no. 1 (2015), p. 46.

typically a complex, chaotic environment”.¹⁰ Others have similarly stated that “defence assets have exceptional direct utility” to deliver significant benefits in conducting disaster relief and management.¹¹ Of course, opportunities for Australia to extend such operational deployments will likewise play a partial role in justifying military funding and budgets to Australian taxpayers for acquisitions like the two Canberra class amphibious ships and upgrading the Navy’s surface connectors and its multi-mission Landing Helicopter Dock (LHD) ships.

Given the nature of this theatre, the combination of typhoons, earthquakes, tsunamis, volcanoes and other natural phenomena provides a constant potential for deploying forces to reduce loss of life and immediate suffering in the wake of such events ... History demonstrates that amphibious forces have utility across a wide range of mission areas and circumstances, especially in a region where the seas are connective tissue among prosperous maritime partners and developing nations.¹²

So the physical footprint of defence engagement in HADR does have many notable elements to like about it. From a force structure perspective, amphibious ships and forces remain highly suited for conducting support and coordination in the Indo-Pacific. And although “relief operations might be a harder sell in some quarters compared to high-end war fighting capabilities ... the fact remains that they tend to happen more often than forcible-entry assaults”.¹³ Further, it has measurable benefits in goals like logistic support and resupply when focused on relief operations or stabilisation and construction programs. It has proven applicability in building connectivity in civil-military partnerships to deal with the threat of Mother Nature as well as a range of other non-traditional security concerns such as counter-piracy and transnational crime that effect a large number of states. These powerful adaptive dimensions that enhance security—and indirectly generate confidence and goodwill—should continue to be encouraged and supported.

A vital element of ADF contributions to build regional capability in HADR is that they are relatively non-controversial. They are overwhelmingly process and goal-orientated, present a pragmatic pathway to better inform civilian-military harmonisation and actively foster preparatory information and exchange in the exercise of forward and contingency planning. Such operations are identified with providing transferable skill sets for diverse deployments. DWP2016 does offer room for thoughtful debate about Australia’s comparative advantages in building momentum to meet non-

¹⁰ Rick Burr, address to Australian Strategic Policy Institute Army’s Future Force Structure Options conference, Canberra, 25 June 2015.

¹¹ Nicholas Floyd, ‘Dropping the Autopilot: Improving Australia’s Defence Diplomacy’, *Policy Brief* (Sydney: Lowy Institute for International Policy, 25 November 2010), p. 7.

¹² Denny Wetherald cited in Mitchell Sutton and Serge DeSilva-Ranasinghe, ‘Meeting Emergent Demands’, *Asian Defence and Diplomacy*, September/October 2015.

¹³ Peter Dean, ‘All Ashore: The Utility of Amphibious Operations’, *The Strategist*, Australian Strategic Policy Institute, 17 December 2012, <www.aspistrategist.org.au/all-ashore-the-utility-of-amphibious-operations/> [Accessed 24 March 2016].

traditional challenges. At the same time, it remains critical to ensure assessments about the capabilities of partners examine how particular projects might be maintained by the host government.

A demonstration of complementary purposes within defence engagement is the search for the missing Malaysian Airlines flight MH370. DWP2016 rightly cites this as a case where the ADF played a significant role in leading and provided broad support and expertise (para 5.15). The search effort, coordinated by the Australian Maritime Safety Authority (AMSA), included cooperation between the United States, Japan, China, Malaysia, the Republic of Korea, New Zealand and the United Kingdom. This multinational operation pointed to the value of the ADF 'capability edge' although—unnoticed in the White Paper—it underscored the complexity of Indo-Pacific cooperation in diplomatic and political terms. Nonetheless, the international collaborative mission highlighted Australia's leverage to become a focal point in contingency planning and expanding inter-service jointness with partners in the Indo-Pacific. The flipside is that the operation and dialogue was not without impediments and recriminations.¹⁴ For this reason, the goal to mitigate and respond to security contingencies should always be attuned to the intentions and concerns, as well as the capabilities, of regional partner nations.

Strategic Cleavages and Choices

In its assessments and evaluations, some conceptual ambiguity in DWP2016 does remain. It is not completely devoid of past sanguine claims about defence engagement operating at the strategic end and variables like more open military communication channels acting to change the relationships between potentially conflicting states. Australia's strategic weight and ability to exert influence is also reaffirmed by building on its ties to its economic and trade links (para 5.5) while cooperation and peacekeeping with partners in places like the Middle East is premised with "where it is in our interest to do so".¹⁵ Encouragingly though, such periodic aspects are well-complemented with caveats including that defence engagement will be closely coordinated with the Department of Foreign Affairs and Trade (para 5.6).

Engagement mindsets in supporting different fields of peacetime military cooperation must be based upon an appreciation of tactical and operational inputs, limitations and how to migrate risks in capability-generation efforts. At the same time, whom Australia seeks to influence, as well as the expectations attached to defence engagement and ideas of collective security, will continue to take place in an arena of shifting diplomatic

¹⁴ Carl Thayer, 'Flight MH370 Shows Limits of ASEAN's Maritime Cooperation', *The Diplomat*, 18 March 2014.

¹⁵ Department of Defence, *2016 Defence White Paper*, p. 15.

tensions, sensitivities over national sovereignty and political mistrust. In particular, the interactions between the United States and China based around intensified strategic differences, as well as varying regional perceptions about (and responses to) China's ambitions in the South China Sea and assertiveness in maritime territorial claims.

To this end, the highest priority on DWP2016 is unequivocally supporting the US role of “underpinning the stability of our region” in a rules-based order (para 2.7). In addition, it signals a commitment to increase military-to-military exercises, personal exchanges and other security-related interactions to enhance trust and facilitate transparency with China (para 5.64). There is much to like about strengthening relationships with China and the United States simultaneously. Yet a fly in the ointment is that defence engagement will need to remain watchful about the extent of ingrained tensions and hedging strategies in the region—particularly given disagreements over hegemonic leadership and existing storm clouds in the ‘new great power game’. The end result is that any push for enhanced defence partnerships does remain exposed to wider strategic (as well as economic) fluctuations, resource competition and military build-ups based around potentially incompatible interests that include the flashpoint waters of the South China Sea. As Benjamin Schreer noted:

The Asian power shifts therefore make Australia a more attractive defence cooperation partner for the regional major powers, opening up new avenues for defence engagement. At the same time the ‘China dimension’ behind some of those activities can't be wished away. That's the bad news—defence engagement in a competitive region necessarily entangles us in major power plays.¹⁶

Policy makers will need to take into account how burden-sharing with the United States can be best balanced with the benefits of more enhanced defence engagement in the Indo-Pacific, so as to not exacerbate existing security dilemma dynamics. If confronted by rising nationalism in the region, defence engagement activities and initiatives may be a tougher road than might be expected. Given the pull by many states towards hedging to both the United States and China and restrictions imposed by considerations for sovereignty as well as divergent threat perceptions, various kinds of defence engagement will remain limited, superficial or unviable. Efforts to pursue an enhanced web of defence cooperation might not be easily divorced from geo-strategic brinkmanship, the pressures and undercurrents of competitive defence modernisation and related counter-measures.

The fallout is that it remains imperative that defence engagement planning in the backdrop of shifting geopolitical circumstances does not inhibit elasticity for future policy choices and remains clear-cut about how to best link

¹⁶ Benjamin Schreer, ‘Australia's Defence Engagement in the Context of Asian Power Shifts’, *The Strategist*, Australian Strategic Policy Institute, 26 July 2013.

activities with Australia's national interests. No matter how well intended the policy, beefed-up defence cooperative efforts do have the potential to be misconstrued or trigger alarm bells between various regional actors. Contributions to a diversified engagement approach might demand a candour without qualifications by Australian policymakers on regional differences that, for example, may upset China. But it might also require seeking more independence within the alliance context based on whether and to what extent Australia differentiates its own positions from that of the United States. As Bates Gill encapsulated, DWP2016, while not expressed explicitly, "is clearly embarked on a strategy of 'engage but hedge' with China" while such an approach "is also the most complicated and demanding".¹⁷

Channels for Defence Engagement

Another core related issue is whether the Australian Government should preference or prioritise formal multilateral or bilateral defence engagement opportunities within the Indo-Pacific region. DWP2016 provides a laundry-list of institutional and bilateral, trilateral and multilateral avenues for future cooperation. The White Paper does contain a deliberate regional focus. It is correct in indicating that collaborative defence engagement should have an upgraded geographic emphasis. This includes with India, Singapore, Japan and South Korea and less-developed partners such as Papua New Guinea, Fiji, Tonga and Timor-Leste. As mentioned, the US relationship remains the centre point in this focus although considerable space is assigned to working with China. Other outlets like the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus), the ASEAN Regional forum and the Indian Ocean Rim Association (IORA) are fully supported.

However, despite the importance of working towards empowering multilateral systems and agendas, different political motives and diverse strategic imperatives do provide many stumbling blocs that limit the prospects and potential for enhanced multilateral defence cooperation within collective groupings. Given a congestion of actors within a broad operating environment, the pitfalls in trying to create and uphold inclusive 'rules of the road' are axiomatic and demand careful investment of resources, both financial and intellectual, to incorporate ideas about the peacetime usage of military-to-military cooperation and infrastructure. To this end, the 'norm entrepreneurship' model might offer policy makers in Australia a directive framework to frame discourse and assess possibilities for action and institutionalisation in a regional community context.¹⁸

¹⁷ Bates Gill, 'Balance the key in China defence alliance', *The Australian*, 2 March 2016.

¹⁸ Andrew Carr and Daniel Baldino, 'An Indo-Pacific Norm Entrepreneur? Australia and Defence Diplomacy', *Journal of the Indian Ocean Region*, vol. 11, no. 1 (2015), pp. 30-47.

Progress in several functional areas of defence engagement will be more likely to occur, at least in the short to intermediate term, on a sub-regional and bi-lateral basis. For instance, working more closely with India, in line with the Framework of Security Cooperation (signed in November 2014), to improve the opportunities for people-to-people links at the operational and tactical levels has strong potential and merit (para 5.69). Singapore is another important cog and the Comprehensive Strategic Partnership (signed in June 2015) could create a stimulus to expand ADF involvement and support through its Regional HADR Coordination Centre (RHCC) (para 5.51). But disappointingly, DWP2016 adopts a middle-of-the-road methodology with no notable design to establish stronger patterns of reciprocity and jump-start our relationship with Indonesia.

Astutely, the 2016 White Paper affirms that the modernisation of the Indonesian armed forces and Indonesia's mounting influence are "positive developments" (para 2.83). Yet aspirations for a deepened relationship with Indonesia are poorly aligned with priority areas and creative channels of defence engagement that will demand cohesive whole-of-government support. While some may claim that Australia might not be a 'natural' partner with Indonesia, there is little guidance about how Australia proposes to take a measured and incremental approach to enhancing a fractured security relationship. And in thinking about what could induce Indonesia to expand defence engagement with Australia, Indonesia's maritime ambitions regarding issues like illegal fishing, curbing piracy and coastal zone management continue to offer a solid basis for future cooperation in mutually vital maritime corridors.

Defence cooperation should be limited to Indonesia's legitimate security needs. The enhancement of joint patrols and improved naval and air interoperability in targeted areas are a logical place to build confidence and work together as much as practically possible. There also remains a clear rationale for closer outreach through Australia–Indonesia Defence Alumni Association (IKAHAN) with the intention to better incorporate partner aims and responses. At the same time, although acknowledging it is facing its own internal obstacles, initiatives should include thinking about how to support improvements to Indonesia's new Maritime Security Agency—(BAKAMLA)—and its capacity to conduct law enforcement and maritime operations. The latter especially catered towards technical cooperation and training courses in oceanography as well as the development of early warning systems to anticipate future natural disasters. Peter Leahy has even suggested that the Jakarta Centre for Law Enforcement Co-operation (JCLEC) should be used as a model for enlarging HADR and prompt a joint

maritime task force through a new 'Jakarta Centre for Maritime Co-operation'.¹⁹

Smart Power Investments

In looking at the broader methods that underpin strong defence relationships, increased investments in the DCP are heavily directed towards more liaison, exchange, training and mentoring with partner forces to respond to security contingencies. In practice, skills in foreign languages, scholarships and pre-deployment cultural training can play a central part in reducing misperceptions engaging across cultures. Further, local participation and local knowledge in defence engagement activities is indispensable to build legitimacy and help navigate cultural barriers. As summarized by John Blaxland in reflections on Indonesia:

Australia's security is intimately linked with that of Indonesia, so the relationship needs careful management, attuned to the different cultural predispositions and respectful of their mores and their proud and independent heritage. The ADF needs to enhance its level of cultural awareness and regional language skills. With modern technology and methods, much of this can be done economically on a distributed basis.²⁰

DWP2016 promises to build intellectual capital and offer training and professional military education partnerships, including staff college exchanges, mobile training teams and English language classes (para 5.36). Inviting Indonesian instructors to the Australian Command and Staff College should be part of this position. Additionally, it states that the overseas presence of Defence personnel will gradually increase over time (para 5.10). The need for bolstered regional information-sharing to enhance situational awareness and technical cooperation to better process and verify this information might be a constructive area in how such increases in numbers posted overseas might be directed. By comparison, given the enormous variety of cultures, languages, customs and technology trends which are found across the Indo-Pacific, professional ADF personnel, especially senior staff, will simply not have the time or capacity to learn all that is needed. As such, a refinement of focus, not only at the national level but within the ADF will be needed.

Other Resourcing and Operational Issues

Operating principles in defence integration and engagement efforts will need to be matched with effectiveness and economy of means. Such an alignment will continue to work within a framework that aims to project Australia's military capabilities in a way that is underwritten by a confidence

¹⁹ Peter Leahy, 'Meeting the Defence and Security Challenges over the Next Two Decades: An Australian Perspective', *United Service*, vol. 66, no. 3 (Spring 2015), p. 25.

²⁰ John Blaxland, 'Australia Must Rise Above its Small Power Pretensions', *The Drum*, 3 May 2013.

in the professionalism and accountability of our armed forces and an expansion of programs focused on recruiting and retaining people with the necessary science, technology, engineering and mathematics skills.

DWP2016 does identify that the ADF must undergo significant reform to make it a better amalgamated organisation and improve the integration of foreign and defence policy and corresponding decision-making and execution (para 7.5). While the employment of defence diplomacy in itself cannot result in direct strategic outcomes, it may help to contribute to broader strategic goals via integration with various aspects of Australia's regional outreach, not least DFAT (not only diplomatic and cultural but also its trade and aid sections) as well as other departments with relevant expertise and capacity. Although, hard choices still need to be made in managing a potentially overloaded defence engagement agenda. As a start, the US experience might offer some frameworks to enhance cooperation effectiveness with their creation of a 'Deputy Assistant Secretary of Defence for Security Co-operation' position. This role entails responsibility for 'aligning security cooperation resources to defence strategy' alongside supporting inter-agency consultation to reduce wasteful duplication and institutional stove-piping.

Other investments to enhance ADF burden-sharing include facility upgrades in a range of ADF bases (para 4.79). The advance of infrastructure components—including the idea of a defence regional engagement centre based in Darwin—could provide a key focal point to help strengthen capacity-building and capability development in HADR missions.²¹ Darwin's ability to provide access and open space will also play a valuable role in the employment, for example, of extended joint and combined amphibious training exercises and operations (para 4.81). Certainly, Defence's presence and investment in northern Australia is commensurate with the White Paper's commitment to build regional knowledge, to improve defence techniques and procedures and enhance the potency and range of its maritime capabilities.

Training and exercise programs should also remain directed to advancing inclusive rather than exclusive cooperation exchanges. For example, both the United States and Japan remain very active in promoting HADR response capacity. Such measures could create opportunities to constructively involve China—building on outcomes like as Exercise Kowari, a highly modest land-based trilateral military exercises between Australia, China and the United States.²² However, while such exchanges between

²¹ Anthony Bergin, 'Defence White Paper: Darwin Centre Crucial to Regional Influence', *The Australian*, 29 February 2016.

²² The trilateral exercise involved only thirty participants (ten from each country) in the survival training activity in a remote bushland NT location—in essence, a one-dimensional symbolic gesture.

the United States and China should be encouraged, they do remain heavily influenced by partner commitment and implications—especially in the context for broader strategic level changes—should not be over-exaggerated. The time is also right for ADF training programs based around the mobile provision of specialist equipment, including air lift and supplies, to be better tailored to work towards the objective (para 3.18) of supporting closer working relationships between Defence and state and territory emergency response services, although not adding the private sector to this equation was an oversight.

Finally, defence engagement reporting should strive to be more transparent when taking into account metrics that access performance and achievements. Such oversight will play an influential role in not only efforts to achieve optimal tactical and security outcomes but in rationalisations that detail the direction of procurement policy including the acquisition of offshore patrol vessels. Indeed, a significant element of outreach models is the Pacific Maritime Security Program that will provide replacement patrol boats to twelve Pacific island countries from 2018 (para 5.40). This is a follow-on of the Pacific Patrol Boat Program (PPBP) that dates back to 1979 and DWP2016 promises to expand its scope by including enhanced aerial surveillance within vital maritime corridors.

However, the PPBP had not been entirely trouble free. In 2008, an ADF report recommended against continuing the PPBP pointing to high costs and inconsistent levels of support from partner states. There had been a rundown in the equipment, the diversion of the boats for non-security tasks and far fewer avenues to employ the vessels than had been expected.²³ Ongoing concerns have been raised about the ability of recipient governments to absorb the program and the groundwork for its overall reach.²⁴ This mixed record does suggest that such endeavours do need careful oversight and planning to ensure value for money, preclude misuse and maximise their best use. In the past, efforts to measure performance standards in many of these areas have not been straightforward or forthcoming. As a previous special report on the execution of international engagement by the Australian Strategic Policy Institute noted, “it’s difficult to get a full picture of relevant costs and priorities. This is because either the data isn’t available or the relevant papers are classified”.²⁵

²³ Jonathan Pearlman, ‘Defence Calls To Scrap Pacific Patrol Vessels’, *The Sydney Morning Herald*, 30 September 2008.

²⁴ See Foreign Affairs, *Defence and Trade, Security Challenges Facing Papua New Guinea and the Island States of the Southwest Pacific*, vol. 2 (Canberra: Commonwealth of Australia, 2010), pp. 76-77.

²⁵ Sam Bateman, Anthony Bergin and Hayley Channer, *Terms of Engagement Australia’s Regional Defence Diplomacy*, ASPI Strategy series (Canberra: Australian Strategic Policy Institute, 2013), p. 17.

Conclusion

The factors that influence defence engagement and modernisation programs are multi-faceted. One consistent area targeted for integrated cooperation and confidence-building in the 2016 Defence White Paper is pitched at developing appropriate defence responses to HADR. In this regard, there remains considerable scope for constructive alignments and sustainable contributions. The successful delivery and adaption of defence capabilities around effective deployment that directly supports security interests should remain a central outcome for future engagement programs in the Indo-Pacific and related initiatives in training and education. Such an onus appears entirely relevant to efforts to ensure that the ADF has an operational readiness to tackle plausible, interlocked security threats through the coordination of many contributors.

The ADF intends to cement its position as a potent regional (and technologically superior) force that engages broadly with relevant stakeholders. Certainly, opportunities for defence engagement will remain influenced by, and vulnerable to, traditional balance of power concerns and competition for influence. In planning options, policy makers will need to remain attuned not only to counter-productive action-reaction cycles but what lessons Australia can learn by comparing various bilateral and multilateral experiences and arrangements in defence engagement. Further, challenges about how to effectively bond strategy, resources and capabilities will remain. But defence engagement is not a 'strategic asset' on its own. So a valuable emphasis in DWP2016 are ideas on mobility, preparedness and the exercise of a 'post-modern' armed force to conduct engagement in multi-purpose security terms.

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Indonesia in Australia's 2016 Defence White Paper

Evan A. Laksmana

This comment examines how Australia assesses Indonesia's strategic value and the nature of the bilateral relationship by comparing the 2016 Defence White Paper (DWP2016) with its 2013 and 2009 predecessors. As a whole, DWP2016 mentioned or referenced Indonesia twenty-eight times, while the 2013 and 2009 White Papers did so thirty-two and twenty-one times, respectively.¹ Seen through this simplistic benchmark, there seems to be no significant changes in how Canberra sees Jakarta. Upon closer examination, however, we can discern the subtle evolution of Canberra's assessments.

As Canberra gradually abandons traditional security-centric assumptions about Indonesia, the DWP2016 sets the tone of the bilateral relationship in geo-economic terms. While DWP2016 provides a broader space for cooperation by highlighting the strategic goal of common prosperity, the changing strategic landscape—particularly the South China Sea and the US-China strategic rivalry—casts a long shadow over assessments of Jakarta's regional leadership. Finally, and perhaps more importantly, the evolving common security challenges remains intertwined with Indonesia's domestic political landscape and the nature of civil-military relations. The following sections elaborate and expand these arguments.

Changing the Terms of Reference

In setting the tone for Australia-Indonesia relations, DWP2016 defines Indonesia's importance firstly through an economic lens: "Its ... economic development [and] ... growth presents opportunities to build prosperity for both Australia and Indonesia." (para 2.81). Unlike this "common prosperity" tone, the 2013 White Paper looks at Indonesia firstly in terms of strategic geography:

Denying an adversary our air and sea approaches in the archipelago [to Australia's north] is vitally important for deterring and defeating attacks on Australian territory ... As Indonesia comprises much of this archipelago,

¹ See Department of Defence, *Defending Australia in the Asia-Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009); *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013); *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

Australia's strong partnership with Indonesia remains our most important regional strategic relationship.²

Similarly, in 2009, “the security, stability and cohesion of our immediate neighbourhood, which we share with Indonesia ... [matters in that] they are not a source of threat to Australia, and that no major military power ... has access to bases in our neighbourhood from which to project force against us.”³

This shift in setting the terms of reference through which Australia sees Indonesia is important as it highlights the intertwined geo-economic trajectories of both countries. It further suggests that the Turnbull Government is more willing to view Indonesia beyond the traditional—if not outdated—lenses of military geography and security threats. As the Prime Minister argued in his first visit to Jakarta, “the overwhelming concern in Jakarta [and] Canberra is about growth, economic growth, investment and jobs.”⁴ While improving bilateral economic ties has always been a priority for successive prime ministers, placing common prosperity as the strategic signpost is noteworthy and politically refreshing. Whether or not this vision can withstand the domestic posturing in both capitals over various economic or political issues remains to be seen.

No More Faith in Regional Institutions?

Unlike the step forward of setting the geo-economic tone, regional institutions took a step backward in DWP2016. It no longer mentions Indonesia's influence within and importance for the Association of Southeast Asian Nations (ASEAN)—or other multilateral institutions such as the East Asia Summit, APEC and G-20—in regional architecture building.⁵ Instead, it defines Indonesia's influence in terms of its military spending and the fact that both countries “share many common security interests, including a shared maritime border, a commitment to combatting terrorism, promoting peace and stability in our region and working to strengthen the regional security architecture.” (para 2.82) There is nothing fundamentally disagreeable about this position.

However, given the prominence of Jakarta's leadership of ASEAN and other multilateral institutions in regional architecture building in the 2009 and 2013 White Papers, its omission is noteworthy. Instead, DWP2016 first mentions regional architecture, including ASEAN, ADMM-Plus and East Asia Summit,

² Department of Defence, *Defence White Paper 2013*, p. 11.

³ Department of Defence, *Defending Australia in the Asia Pacific Century*, p. 12. To be fair, DWP2016 initially mentioned Indonesia in security terms (p. 33), but it was part of a broader discussion of the maritime domain and common regional security challenges.

⁴ See Mark Kenny, ‘Malcolm Turnbull Lands in Jakarta for his Indonesian Rescue’, *The Sydney Morning Herald*, 12 November 2015.

⁵ See Department of Defence, *Defending Australia in the Asia Pacific Century*, p. 35; Department of Defence, *Defence White Paper 2013*, pp. 12, 26.

within the context of US-China relationship (para 2.15). Indeed, even when stating Australia's support for the "contribution of the ASEAN-led regional security architecture" for Southeast Asian stability, it was preceded by noting the "pivotal role of the United States" and its alliance with Thailand and the Philippines (para 2.74).

Thus, it is not farfetched to argue that ASEAN centrality—particularly within the context of regional architecture building—may have been eclipsed by or subsumed within the broader, changing strategic landscape. Particularly salient is the US-China strategic rivalry, as seen in the tit-for-tat militarisation of the South China Sea by both parties. As Beijing's regional economic ties and Washington's regional alliance system further complicates the strategic equation, Canberra is right to point out in DWP2016 that ASEAN and China should agree on a Code of Conduct as soon as possible (para 2.79).

This is why the decoupling of ASEAN (and ASEAN-led regional architecture) from Indonesia's leadership is not insignificant. For one thing, it is hard to imagine ASEAN regaining centrality in managing regional order without Jakarta's leadership. If Canberra genuinely believes in ASEAN's potential to become a strategic partner in its own right, it should have emphasised Jakarta's regional leadership more, not less, in DWP2016. For another, the decoupling—seen in light of the dominant US-China rivalry undertones—could be misconstrued as Canberra prioritising Washington's regional agenda over ASEAN's architecture building, or even a subtle but perceptible lack of trust in Jakarta's foreign policy trajectory under the administration of President Widodo.⁶

Evolving Security Challenges?

While the changing strategic landscape seemingly looms large behind DWP2016, some security challenges between Indonesia and Australia have been de-emphasised. One notable change is the absence of Australia's statement of support for Indonesia's territorial integrity (see in the 2009 White Paper).⁷ In fact, we can notice an overall absence of assessments on Indonesia's domestic political and security challenges in DWP2016. The 2009 and 2013 White Papers noted, for example, how Indonesia's influence is associated with its ability to manage democratic transition, economic reform, and stem the tide of "poverty and failing state institutions".⁸

⁶ Analysts have noted Widodo's foreign policy aloofness and the dimming lights of Indonesia's regional and global diplomatic profile. See Donald E. Weatherbee, 'The Incredible Shrinking Indonesia', *PacNet*, no. 64, 23 September 2015; Aaron Connelly, *Indonesian Foreign Policy under President Jokowi*, Lowy Analysis Paper (Sydney: Lowy Institute for International Policy, 2014).

⁷ See Department of Defence, *Defending Australia in the Asia Pacific Century*, p. 42.

⁸ See Department of Defence, *Defending Australia in the Asia Pacific Century*, p. 35. The 2013 White Paper de-emphasised Indonesia's domestic challenges but retains some of same

This shift in emphasis could be indicative of the belief in Indonesia's ability to overcome its post-authoritarian domestic challenges over the past eighteen years. But one can also argue that DWP2016 is consciously and strategically choosing to be forward-looking by defining a bilateral space in which both countries can build on the existing strengths of the relationship on equal terms, rather than preconditioned on Jakarta's ability to get its house in order. We can see this more clearly in the section that focused on the different defence engagement activities with Indonesia (paras 5.34-5.37).

This shift is also a more fundamental departure than what has been suggested of the 2013 White Paper as the "post-Indonesia guidance document" assuming little to no possibility of a conflict with Indonesia.⁹ While this analysis is accurate when it comes force planning in the case of a direct conflict, the 2013 White Paper still subtly expressed concern about Indonesia's domestic challenges. In other words, it saw a possibility in which Indonesia could not overcome those challenges and become a source of regional instability requiring Australian action; rather than Australian forces going toe-to-toe with Indonesian forces in a direct military conflict *per se*.

Another small, but not insignificant change, is the absence of "Islamist terrorists" (used in the 2013 White Paper) as a way to describe the common regional and bilateral challenges. In counter-terrorism problem framing matters, and erasing the Islamist adjective could go a long way towards grasping the threat landscape—while signalling that Canberra does not view the problem as inherently Islamic. This signal is important given the prominence of Australian assistance in sustaining Indonesia's counter-terrorism capabilities.

It is also noteworthy that the DWP2016 made it clear that:

The modernisation of the Indonesian armed forces ... [is a] positive development that will add to Indonesia's security, and that of the region ... and its growing military capabilities will offer Australia and Indonesia opportunities for more effective cooperation to respond to regional challenges ... (para 2.83)

This is a departure from prior White Papers. The 2009 White Paper was concerned primarily with counter-terrorism, while the 2013 White Paper noted the region's—and Indonesia's—growing military sophistication without clearly spelling out how it could be a directly affect Australia.

The endorsement for modernisation suggests that, on the one hand, Canberra considers the process to be a positive trend for regional security

terminologies: "stability and security" or "success as a democracy and its economic stability", for example. See Department of Defence, *Defence White Paper 2013*, p. 25, 59.

⁹ Stephan Frühling, 'The 2013 Defence White Paper: Strategic Guidance Without Strategy', *Security Challenges*, vol. 9, no. 2 (2013), pp. 46-7.

and interoperability. After all, the more modern the Indonesian military becomes—technologically or organisationally—the more capable it would be to operate alongside advanced regional forces (e.g. Japan or Australia); a vision shared by Jakarta and Canberra under Yudhoyono. On the other hand, Canberra singling out modernisation could be read as a subtle critique on the growing military conservatism (and consequently, the stagnation in modernisation) under Widodo.¹⁰ As some of these defence policy trends include anti-Australian undertones, the endorsement is not surprising.¹¹

Conclusions and the Way Forward

The preceding analysis suggests the evolution of Canberra's assessment of Jakarta's strategic value and the bilateral relationship. DWP2016 hopes to provide space in which concrete cooperation could take place as the defence relationship matures and is further institutionalised. As the DWP2016 focuses on the shared prosperity and geo-economic trajectories while gradually abandoning previously-held security-centric assumptions, it could very well represent the next stage in the bilateral relationship.

However, when and how that occurs depends on Jakarta as well. On the one hand, that many within Indonesia's strategic community responded calmly, if not favourably, to DWP2016 can be attributed to the effectiveness of Canberra's pre-launch consultation mechanisms, as well as Australia's secondary status in the country's strategic calculus.¹² On the other hand, given Widodo's personal lack of interest in defence and foreign policymaking—and the ensuing bureaucratic infighting—Canberra needs to downplay expectations. Gone are the days where a strategic mindset within Indonesia's executive office allowed neighbouring countries to pragmatically deal with regional challenges of the day.

Aside from being cautious in proposing defence engagement activities, and being prepared to recalibrate policies to account for the rapidly changing bureaucratic and domestic politics, Canberra might want to consider expanding its strategic engagement beyond the government-to-government (and military-to-military) exchanges. Re-engaging Jakarta's broader

¹⁰ Widodo has allowed the military and defence ministry to revert back to New Order-styled conservatism and political role. See, for example, Institute for Policy Analysis of Conflict (IPAC), *The Expanding Role of the Indonesian Military*, IPAC Report no. 19 (Jakarta: IPAC, 2015). For the case against a military comeback, however, see Evan A. Laksmana, 'Indonesia's Modernizing Military', *Foreign Affairs*, 3 September 2015.

¹¹ See Suherdjoko, 'Indonesia Faces Proxy War: Army Chief', *The Jakarta Post*, 10 March 2015. Several Australian analysts and officials have also privately complained to the author about the current state of military politics and defence policy since Widodo took office.

¹² See for example, Anggi M. Lubis, "No Worries" for RI over Australia Defense Spending Hike', *The Jakarta Post*, 27 February 2016; Jewel Topsfield, "Australia Is Not a Threat": Indonesian Defence Official', *Sydney Morning Herald*, 20 March 2016. For a more critical assessment, however, see Ristian Atriandi Supriyanto, 'DWP 2016: An Indonesian perspective', *The Strategist*, Australian Strategic Policy Institute, 11 March 2016, <www.aspistrategist.org.au/dwp-2016-an-indonesian-perspective/> [Accessed 1 April 2016].

strategic community—members of parliament, civilian analysts, private businesses and defence companies, as well as universities—might help revive Jakarta's interest in paying closer attention to Australia. This type of engagement, of course, is not new (educational scholarships have ensured a steady stream of Australian-trained policymakers, for example). What is needed, however, is a series of innovative, sustainable mechanisms through which strategic affairs can be discussed candidly to complement the existing defence engagement activities proposed by the 2016 Defence White Paper.

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China in Australia's 2016 Defence White Paper

John Lee

In 2009, the release of the Defence White Paper *Defending Australia in the Asia Pacific Century: Force 2030* created a domestic and regional stir. On the assumption that China will “be the strongest Asian military power ... by a considerable margin”,¹ the section on ‘The Strategic Implications of the Rise of China’ argues that if China does not do more to explain the reasons for its military build-up and modernisation which “appears potentially to be beyond the scope of what would be required for a conflict over Taiwan”, there is “likely to be a question in the minds of regional states about the long-term strategic purpose of its force development plans”.² As if to suggest Australia was not prepared to wait for a Chinese answer to these questions, *Force 2030* had a strong maritime focus and promised a number of new capability enhancements for the Australian Defence Force. This included the building of twelve new conventional submarines in Australia.

Likely cowed by the controversy, and the stern reaction from Beijing who demanded a ‘please explain’, the 2013 Defence White Paper toned down the emphasis on Chinese power as a major factor. Key strategic assumptions in *Force 2030* were not actually overturned, and future capability requirements were left largely unchanged. But rather than explicitly focusing on China, the 2013 White Paper remain largely silent on what specific threats might look like. The document also deferred much of the capability acquisition program and placed more immediate emphasis on the nebulous virtue of regional and military diplomacy as a proxy for actual capability and strategy.

Fast forward to 2016 and China’s rise and behaviour is again nominated as a possible reason for instability in the Indo-Pacific. For example, in the Strategic Outlook section focusing on the United States and China, the 2016 Defence White Paper³ states that while China will not match the United States when it comes to global strategic weight and power, the growth of Chinese power and how Beijing uses that power “will have a major impact on

¹ Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009), <www.defence.gov.au/cdg/documents/defence_white_paper_2009.pdf> [Accessed 29 March 2016], para. 4.26.

² Ibid., para. 4.27.

³ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2009), <www.defence.gov.au/WhitePaper/Docs/2016-Defence-White-Paper.pdf> [Accessed 29 March 2016].

the stability of the Indo-Pacific to 2035” (para 2.10). In addition to ever increasing Chinese military capabilities, the document also emphasises Chinese behaviour in the East and South China Seas. These are held responsible for rising US-China tensions even if the obligatory statement of war between them being unlikely is duly inserted. Pointedly, the same section also identifies “points of friction” caused by differences in Chinese interpretation of rules that govern the seas, and in the cyber and space domains (paras 2.14-2.16).

Despite robust language with respect to concerns about China, the current White Paper has been received with relative calm in Beijing, and even approval throughout much of the region. Which lead to a number of immediate questions. First, why has such blunt language about China not raised domestic and regional eyebrows in the same manner that it did in 2009? Second, the 2016 White Paper commits to a modernisation program which, *inter alia*, is designed to offer Australia military superiority over neighbours in Southeast Asia and the South Pacific. This includes a fleet of twelve of the most advanced conventional submarines in the world, fitted out with leading-edge American weapons systems. How does the military modernisation program fit into concerns about Chinese, if our primary area of responsibility and reach is Southeast Asia (and not Northeast Asia)? Is there a strategy in place vis-a-vis China, or are we simply beefing up military capabilities as a crude response to rising uncertainty?

Responding to China’s Rise: Diplomacy

The 2009 White Paper was not considered a very diplomatic document. From a diplomatic point of view, the document’s problem is that it explicitly cited concerns with China’s rise at a time when Beijing was still ostensibly pursuing a so-called ‘smile diplomacy’ aimed at reassuring neighbours of its self-proclaimed ‘peaceful rise’. With tensions in the East and South China Seas yet to reach current levels, the 2009 document openly challenged the carefully crafted narrative that China was selling to a still open-minded region at the time. This is why Beijing objected as strongly as it did.

It is true that Chinese military modernisation and build-up was continuing at a rapid pace during the previous decade. But there was widespread recognition that China had spent the first two decades of its reform period since 1978 focusing on building up its economy and improving civilian industrial and technological capabilities. The People’s Liberation Army (PLA) had taken somewhat of a back seat during the heady days of economic growth in the 1980s and 1990s. As conventional wisdom would have it, the Chinese military modernisation program was an expected and normal consequence of what any rising economic power with expanding interests might do.

One might have made a compelling case back then that even if such a build-up was a natural consequence of a rising economic power, such a truism is irrelevant as far as the strategist is concerned: the PLA's capabilities were still expanding at a rapid pace in an opaque manner. If we cannot decipher another country's intentions, we still ought to respond to capabilities. But the regional zeitgeist then was still optimistic that China could be persuaded to rise as a 'responsible stakeholder', an emerging power following the rules of the road and content to acquiesce to American leadership and pre-eminence in East Asia.⁴ Suggesting otherwise, as the 2009 White Paper seemed to do, would only encourage 'hardliners' in that system, and lessen the chances of it rising as a 'responsible stakeholder'.

Additionally, the conventional wisdom then was still that the PLA was primarily focused on acquiring capabilities designed to dissuade Taipei from pursuing *de jure* independence. One might have offered the response then that capabilities being developed by the PLA could easily be deployed in theatres beyond the Taiwan Straits. Nevertheless, the 2009 White Paper was ahead of the public conversation in terms of anxieties created by Chinese military modernisation, while the evidence then was still unclear as to how China would seek to wield its growing power.

In 2016, we are somewhat more enlightened (and subsequently more anxious) as to how China may choose to wield its considerable power if allowed to do so. Since 2010, its contestation of the Japanese administered Senkaku Islands in the East China Sea has become more intense, frequent and provocative. China's unilateral declaration of an Air Defence Identification Zone which partially covers disputed areas in the East China Sea in 2015 has hardened regional opinion with respect to how China intends to exercise its greater clout.

Of greater concern to Australia are Chinese activities in the South China Sea. This includes the building of extensive artificial islands in disputed waters, the construction of features that can host significant military assets, and the recent apparent militarisation of these islands in the form of missile batteries on Woody Island. China has voiced various claims to vast areas of the South China Sea including a deliberately ambiguous nine-dash-line map which covers almost 90 per cent of that sea, and which can only be justified with reasoning that lies beyond any recognised principle of international law. All this has been accompanied by diplomatic and economic intimidation of many Southeast Asian states to remain silent vis-a-vis Chinese claims and activities, and perennially frustrating the conclusion of a binding Code of Conduct with Association of Southeast Asian Nation states. The diplomatic

⁴ For an earlier viewpoint on why this was not realistic, see John Lee, 'China Won't Be a "Responsible Stakeholder"', *Wall Street Journal*, 1 February 2010, <www.wsj.com/articles/SB10001424052748704722304575037931817880328> [Accessed 24 March 2016].

gains made during the Chinese period of 'smile diplomacy' have largely been lost.

Whereas articulating fears about China was once dismissed by many as unnecessary alarmism, the same sentiments are now more likely to be lauded as realism. If China were to seize de facto control of areas in the South China Sea, it would mean a fundamental redrawing of the regional strategic map. It would also undermine American and allied capacity to underwrite the current liberal order and all that goes with it. For example, a rules-based system characterised by free and open access to sea lines of communication, an obligation on great powers to uphold rules without reference to narrower national, strategic, economic or political interests, or a reliance on international law to resolve major disputes and abide by the processes and decisions of international law etc. For these reasons, the 2016 White Paper is more explicit in expressing these concerns but the sentiment is consistent with the zeitgeist throughout the region.

Responding to China's Rise: Strategy

There remains the question of strategic rationale. If one is worried about China when it comes to maintaining stability in the Indo-Pacific and defending a liberal order, what is the relevance of seeking to maintain military superiority in Southeast Asia?

Some critics might say the 2016 White Paper seeks to preserve Australia's military superiority over Southeast Asian neighbours only because we have long enjoyed such, and anxieties caused by China are being used as an excuse to keep one step ahead of immediate neighbours.

This comment takes a different view. It is highly unlikely that a rationale of simply keeping ahead of the Joneses would survive the many internal discussions and debates that go toward writing a White Paper. This author has no special insight into that process. But on closer inspection, one can discern elements of a very credible strategy being devised by the previous Tony Abbott Government and pursued by the current Malcolm Turnbull Government, and that the strategy in place is more (rather than less) likely to help manage China's rise in a way that underwrites both regional stability and the preservation of a rules-based order vis-a-vis its rise.

To make that argument, one must first understand China's broad strategy in the region. Beijing's approach is not to militarily overwhelm the United States as much as it would like to be able to do so. Achieving that is not conceivable for many decades if at all. To Beijing's credit, China's strategy is more subtle.

In the short to medium-term, it is to ensure the PLA can inflict prohibitive costs on US military assets in the event of conflict such that Washington will

be extremely reluctant to intervene against China in any local theatre. This is the essence of what the PLA's anti-access and area-denial capabilities are designed to achieve.

In the medium to long-term, the strategy is to ease the United States out of Asia without having to undertake a costly conflict. The easiest and most efficient way of achieving this is to degrade the strength and viability of its security alliances and partnerships which are relationships critical to the American capacity to use foreign territory in order to project force thousands of kilometres from the homeland. If the so-called hub-and-spokes security network can survive, evolve and be enhanced, then it becomes increasingly difficult and complicated for China to achieve its aims through coercion or actual conflict. Break down the alliance network and the American strategic and military position becomes far less formidable or even sustainable.

When one surveys the region, it becomes clear that there are few genuinely capable navies with regional reach in East Asia. In Northeast Asia, the US alliance with Japan remains the critical relationship. Whereas most policy makers and strategists predicted a declining strategic role for Japan just a few years ago, the implementation of more proactive policies by Prime Minister Shinzo Abe is now creating security headaches for Beijing. Of high significance is the government's successful legislation to allow Japan the right of 'collective self-defence' under certain circumstances, or coming to the aid of allies in the common tongue, even when Japan is not being directly attacked. This brings the hugely underestimated Japanese Self Defence Forces into play in a way that did not exist before.

In Southeast Asia, Australia is the most important bilateral security relationship for the United States and the region in this context. This is due to a number of factors. One is Australia's considerable naval capabilities and the Australian Defence Force's efforts to ensure inter-operability with US forces, which was reaffirmed in the 2016 White Paper. Another is the sharing of intelligence, surveillance and reconnaissance capabilities and facilities between the two countries. A third are the shared political, economic and strategic values and interests which entrenches bilateral cooperation between the two countries. In the context of its network of alliances in Asia, it is no secret that the United States views Japanese and Australian capabilities as a force multiplier for its own military in Asia.

The calculation is that strengthening the alliance network and joint capabilities will complicate the strategic picture for China in various theatres and dissuade Beijing from even more assertive and possibly reckless policies in the region, even if China will hold on to current gains in the South China Sea. In support of such policy logic, one might add that moving in the opposite direction toward a more independent policy (with decreased emphasis on the alliance) will offer Beijing better incentives to *accelerate* current artificial island building activities in the South China Sea, and hasten

militarisation of these features on the basis that doing so is cost free; and that China's strategy to weaken American alliances is working. After all, the hope expressed in the White Paper remains that China be integrated into the existing order that it has benefitted from immensely, and come to play a more active role in that order's defence. If preventing Chinese domination of the South China Sea is integral to Australian national interest, then dissuading Beijing from pushing the boundaries, rather than eliminating obstacles or consequences when it does so, is surely the better way to proceed.

Conclusion

If it is indeed the case that China views the period since 2010 as a window of strategic opportunity to alter the region in a manner favourable to it, then the 2016 Defence White Paper will be welcomed by the vast majority of the region watching to see whether the American-led alliance system can evolve and respond.⁵ It is no small thing for the two most powerful regional naval allies of the United States in Asia to move even closer to Washington. Especially when there is widespread belief that China's presumed economic clout—probably overstated⁶—will invariably change the strategic trajectory of economic partners in Beijing's favour.

Meanwhile, there is a final unwritten chapter to the White Paper which will be revealed later this year. If Australia chooses to partner with Japan to build its new fleet of submarines, then trilateral cooperation between America and its two most important Asian allies will be entrenched for decades. It is unlikely the Japanese option would have been explored as seriously as it currently is if China had remain faithful to its smile diplomacy from the previous decade.

It is appropriate that capability and cost will largely determine the winner of the three-way bidding process between consortia from Japan, Germany and France, even if strategic considerations will carry some weight. If Tokyo wins the bid under these conditions, then Chinese behaviour over the past five years in the East and South China Seas may well be viewed as a period of immense strategic error on the part of Beijing.

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⁵ The region will also be closely watching whether this and subsequent governments actually follow the blueprint in the White Paper and devote sufficient resources to it.

⁶ See John Lee, "China's Economic Leverage in Southeast Asia," *The Journal of East Asian Affairs*, vol. 29, no. 1 (2015).

Japan in Australia's 2016 Defence White Paper

Amy King

Australia's security cooperation with Japan has deepened since 2013, when the Abbott Government came to power. Australia and Japan have signed three high-level agreements on defence logistics, information sharing and science and technology, namely the Japan-Australia Acquisition and Cross-servicing Agreement, the Japan-Australia Information Security Agreement, and the Japan-Australia Transfer of Defence Equipment and Technology Agreement. The two countries have also stepped up their joint participation in military training exercises, and have used bilateral, trilateral and multilateral regional forums to air coordinated language about regional security issues. And Japan remains the most prominent—if no longer the only—country bidding for Australia's future submarine project.¹

Of course, the Australia-Japan security relationship predated the Abbott Government. It particularly intensified in 2007, under the Howard Government, when Australia elevated the bilateral relationship to a security partnership, and was then “quietly but substantially expanded” under the Rudd and Gillard governments.² Nevertheless, over the past three years there has been a pronounced acceleration in Australia's security ties with Japan, culminating in former Prime Minister Tony Abbott's references to Japan as Australia's ‘ally’ and ‘best friend’ in Asia.

Given all this we could have expected to see much greater reference to Japan in the 2016 Defence White Paper (DWP2016).³ This was not the case. To be sure, DWP2016 made reference to the post-2013 developments in the Australia-Japan bilateral security relationship, including the new high-level agreements (para 5.60). It also foreshadowed greater cooperation—including trilateral cooperation with the United States—in developing military capabilities such as the Joint Strike Fighter, missile

¹ Amy King, ‘Subtext Important to the Australia-Japan Sub Deal’, *East Asia Forum*, 31 March 2015.

² Hugh White, ‘An Australia-Japan Alliance?’, *Centre of Gravity* series no. 4 (Canberra: Strategic and Defence Studies Centre, Australian National University, 2012), p. 2.

³ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

defence systems and maritime warfare technologies (para 5.61). Furthermore, the White Paper signalled Australia's intention to develop a bilateral legal framework with Japan that would facilitate these joint security activities (para 5.62). This is particularly important for a country such as Japan, which has historically refrained from joint military cooperation with any other country except for the United States due to Constitutional and other domestic legal strictures. Nevertheless, DWP2016 represents more of an incremental iteration in the Australia-Japan security relationship than a dramatic turning point.

The language in DWP2016 builds on similar statements in the 2013 and 2009 White Papers, which were produced under the two previous Labor governments. Those White Papers referred to deepening bilateral and trilateral defence cooperation with Japan, increasing joint military exercises, and developing greater cooperation in defence science and technology. While the 2016 White Paper goes further in specifically naming the Joint Strike Fighter, missile defence and maritime warfare as areas of joint cooperation in capability development, this is an evolution rather than a fundamental transformation.

Moreover, DWP2016 does not elevate the Australia-Japan security relationship to the kind of partnership that we might have expected had Tony Abbott remained Prime Minister. DWP2016 describes Australia and Japan as "close strategic partners" on the basis of our shared democratic values, decades-long economic partnership, common alliances with the United States, and mutual interest in a stable region and a rules-based global order (para 5.59).

The White Paper also endorses the Abe Government's legislative decisions to more actively contribute to regional and global security (para 5.59). However, DWP2016 makes clear that Japan is not in the same category as Australia's "allies the United States and New Zealand" (p. 22). Rather, it envisages Japan as just one of many security partners in the region, alongside Indonesia, India, Singapore, the Republic of Korea and China. Though an important partner, Japan is rarely singled out. This decision will likely disappoint the Japanese Government which has described Australia as its "second most important security partner after the US".⁴

More importantly, though, DWP2016 depicts an Australian view of the regional security order that differs in some important respects to the view currently held by Japan. DWP2016 makes clear that US leadership—underpinned by its economic and military power—"will be essential to the continued stability of the rules-based *global* order" (para 2.8, emphasis added). But the White Paper makes a distinction about the future US role in

⁴ 'Japan & Australia: A Complementary Relationship with Strategic Interests', Embassy of Japan in Australia, February 2016.

the *region*. DWP2016 does not state that US leadership is “essential” at the regional level, but only that “Australia welcomes and supports the critical role of the United States in ensuring stability in the Indo-Pacific region” (para 2.9). This is where Australia differs with Japan. Japan’s Abe Government is pursuing strategic policies designed to ensure that the United States maintains its post-Cold War position as Asia’s leading power. The Abe Government’s new security bills and revised US-Japan defence guidelines are designed to maintain, not change, the US-led order in Asia. In particular, they will allow Japan to work with regional allies and partners to resist what Japan sees as the most likely threat to that order: Chinese behaviour in the East and South China Seas.⁵

And here the Japanese government sees closer security cooperation with Australia as integral to maintaining the existing US-led regional order. Indeed, the Embassy of Japan in Australia has recently described Japan and Australia as “‘bookends’ sandwiching the western Pacific (East China Sea and South China Sea)”.⁶ This statement implies that the two countries could work together—alongside the United States—in thwarting Chinese efforts to change the status quo in the East and South China Seas.

DWP2016 does indicate Australia’s concerns about the fragility of the existing regional order, and is explicit that China’s military modernisation, lack of defence transparency, and behaviour in the East and South China Seas are undermining regional stability. Furthermore, DWP2016 is also definitive that the United States will remain Australia’s most important strategic partner, and that Australia will engage in operations to protect sea lines of communication in the Indo-Pacific region.

However, DWP2016 suggests that Australia may be less determined than Japan to lock in the existing US-led regional order. Instead, it recognises that China “will continue to seek greater influence within the region” commensurate with its growing economic and military power (para 2.12). Ultimately, Australia appears more willing than Japan to live with a greater regional leadership role for China.

The 2016 Defence White Paper represents a detectable shift between the Abbott and Turnbull governments’ views of Japan. This makes the forthcoming outcome of Australia’s submarine competitive evaluation process an even more important litmus test not only of Australia’s view of Japan, but also of the wider regional security order, and the place of the United States, Japan and China within that order.

⁵ Amy King and Brendan Taylor, ‘Northeast Asia’s New History Spiral’, *Asia & the Pacific Policy Studies*, vol. 3, no. 1 (2016), pp. 108-16.

⁶ ‘Japan & Australia: A Complementary Relationship with Strategic Interests’, Embassy of Japan in Australia, February 2016.

While the submarine decision should have focused only on Australia's technological, capability and budgetary requirements, it has instead become conflated with Australian and Japanese views of Asia's future strategic order. The Japanese government has made clear that choosing the 'J-option' would signal that Australia and Japan share the "same fate in terms of security".⁷ DWP2016 suggests that this might not be the case.

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⁷ Aurelia George Mulgan, 'The Abe Push Behind the Australian Sub Deal', *East Asia Forum*, 16 March 2015.

India in Australia's 2016 Defence White Paper

Ian Hall

The 2016 Defence White Paper suggests that a realistic appraisal of India's intentions, capabilities, and capacity for strategic partnership has emerged in Canberra. This article analyses this White Paper's treatment of India in the light of those found in its predecessors. It argues that while Australia's defence planners have in the past neglected India and then over-emphasised its potential, the 2016 White Paper presents a more sober view of a maturing partnership, albeit one that gives little away about how it might evolve in coming years.

The 2016 Defence White Paper¹ indicates the Australia-India security partnership is maturing, but gives little indication of how in coming years the partnership might broaden beyond existing mechanisms for dialogue, cooperation, and policy coordination. This reflects recent experience: since 2000, most of the major changes that have occurred in those areas of the bilateral relationship concerned with defence and security have occurred between White Papers, unheralded by them: in 2003 and 2006, major Memoranda of Understanding were agreed; in November 2009, six months after that year's White Paper was released, a "Strategic Partnership" was announced by Joint Declaration; and in late 2014, a wide-ranging Framework on Security Cooperation was agreed. But despite the lack of a clear roadmap for the further evolution of the Australia-Indian partnership, the 2016 White Paper indicates that the relationship is reasonably robust and grounded in shared interests, especially concerning maritime security in the Indian Ocean.

Looking Back

India barely figured in the 1976 Defence White Paper, beyond being designated one of three states—along with China and Japan—with which Australia wished to have "friendly relations".² In 1987, India fared even worse, not meriting a single mention. It was only in 1994 that India started to figure with any prominence in the calculations of Australian strategic planners, following several years of official and scholarly complaints about Australia's "neglect" of the South Asian power.³ That year's White Paper,

¹ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

² Department of Defence, *Australian Defence* (Canberra: Australian Government Publishing Service, 1976), p. 5.

³ Ian Hall, 'Australia's Fitful Engagements of India', in Ian Hall (ed.), *The Engagement of India: Strategies and Responses* (Washington, DC: Georgetown University Press, 2014), pp. 133-35.

Defending Australia, noted India's accelerating economic growth and the possibility that India, already an "important player" in the Indian Ocean region, "may become a key element of the wider strategic balance in Asia".⁴ For these reasons, the 1994 White Paper looked forward to discussions with India (albeit only on an "opportunity basis") to build "understanding of its strategic perceptions and priorities, and [to] encourage India to understand our interests".⁵

Although the bilateral relationship was shaken by India's nuclear tests in 1998 and Australia's overzealous response, the 2000 White Paper nevertheless expressed confidence in India's growing role in regional security and a desire to move beyond *ad hoc* conversations on defence and security issues towards more institutionalised discussions.⁶ This aim was soon achieved, in the form of the India-Australia Strategic Dialogue, first held in August 2001, which helped lay the groundwork for a series of bilateral security cooperation deals, notably the Memorandum of Understanding (MoU) on Combating International Terrorism (2003), the MoU on Defence Cooperation (2006), and the India-Australia Joint Declaration on Security Cooperation (2009).

As a consequence of these various moves, by the time of the 2009 White Paper it was possible to describe India as one of Australia's "key strategic partners", as *Force 2030* put it, alongside the United States and Japan.⁷ "India", it observed, is "an important partner for Australia given our shared democratic values, our maritime interests, and our commitment to combating regional and global terrorism and maintaining a rules-based global security order".⁸ *Force 2030* looked forward to building a much broader-based partnership, with further high-level dialogues, military personnel exchanges and educational opportunities, counter-terrorism coordination and, in particular, cooperation on enhancing maritime security in the Indian Ocean.⁹

This enthusiasm for the strategic partnership did not, however, carry through fully into the 2013 White Paper, *Defending Australia and its National*

See also the Senate Standing Committee on Foreign Affairs, Defence and Trade's Report, *Australia-India Relations: Trade and Security* (Canberra: Australian Government Publishing Service, 1990).

⁴ Department of Defence, *Defending Australia: Defence White Paper 1994* (Canberra: Australian Government Publishing Service, 1994), p. 91.

⁵ Ibid.

⁶ Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), p. 38.

⁷ Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009), p. 95.

⁸ Ibid., p. 96.

⁹ Ibid.

Interests, despite its much-hyped use of the “Indo-Pacific” concept.¹⁰ It took a more cautious line about India, observing that “[o]ver time, [it] will become a very important partner in building security in the Indian Ocean and broader ... region” but making relatively vague commitments to developing and expanding the strategic partnership, especially concerning maritime security. Oddly, and discordantly, for some Indian observers, the White Paper also declared “the maintenance of peace between India and Pakistan” an Australian “national interest” in South Asia, alongside counter-terrorism and nuclear non-proliferation, and expressed concern that a “large-scale India-Pakistan conflict cannot be ruled out”, perhaps triggered by a terrorist attack.¹¹ In sum, the 2013 Paper suggested that what one prominent analyst has called the “limits of strategic convergence” between Australia and India had been reached, at least for the moment.¹²

Looking Forward

The language of the 2016 White Paper indicates some enthusiasm and momentum has been restored in the strategic partnership since the Gillard Government’s version was published. The election of Narendra Modi as Indian Prime Minister in May 2014 and especially the optics and outcomes of his state visit to Australia six months later, during which Modi presented himself as a much more pragmatic and effective leader than India has had for some time, are the most likely catalysts for this change of mood. While in Canberra, Modi signed a Framework on Security Cooperation agreement and promised a swift conclusion to talks about a Comprehensive Economic Cooperation Agreement (CECA).¹³ As David Brewster noted, the Framework agreement confirmed both sides’ desire to see regular bilateral defence and security dialogues continue, but also signalled a range of new

¹⁰ This was to be expected: the “Indo-Pacific” concept is used by some analysts to draw India into Australia’s strategic calculus, but the majority of Australia’s strategic interests arguably still lie in East Asia and the Pacific, and the ability of India to affect those interests will remain limited for some time to come. Moreover, Australia’s engagement of India over the past fifteen years has ebbed and flowed, after a lag, with the United States’ engagement of India, and that process lost momentum after Barack Obama replaced George W. Bush as President in 2009. See Hall, ‘Australia’s Fitful Engagements of India’ and David J. Karl, ‘U.S.-India Relations: The Way Forward’, *Orbis*, vol. 56, no. 2 (2012), pp. 308-27.

¹¹ Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013), p. 16. On maritime security, see especially p. 26 and p. 65, and for evidence of the Indian elite’s somewhat puzzled reception of the claim, see Arvind Gupta, ‘Australia in the Asian Century: Australian Government’s White Paper, Strong and Secure: A Strategy for Australia’s National Security’, *Strategic Analysis*, vol. 37, no. 4 (2013), p. 509. Gupta was then the director general of the Institute for Defence Studies and Analyses (IDSA) in New Delhi; he is currently India’s Deputy National Security Advisor.

¹² David Brewster, ‘Australia and India: The Indian Ocean and the Limits of Strategic Convergence’, *Australian Journal of International Affairs*, vol. 64, no. 5 (2010), pp. 549-65. See also Melissa H. Conley Tyler and Aakriti Bhutoria, ‘Diverging Australian and Indian Views on the Indo-Pacific’, *Strategic Analysis*, vol. 39, no. 3 (2015), pp. 225-36.

¹³ While in Australia, Modi promised that the Comprehensive Economic Cooperation Agreement (CECA) would be concluded by the end of 2015, but at the time of writing, it had not yet been signed.

initiatives.¹⁴ Particularly notable were the commitments to enhanced cooperation in border protection, export control regimes concerned with nuclear materials, and counter-terrorism, which involved intelligence exchanges and discussion about counter-radicalisation, terrorist financing, and the use of cyberspace. For the first time, Australia and India also announced the desire to collaborate in the development of defence technology. And the Framework deal looked forward to further military-to-military cooperation on search and rescue, disaster relief and humanitarian assistance, and peacekeeping operations.

The 2016 White Paper reaffirms Australia's desire to see these commitments realised. The tepid references to India in its predecessor are replaced with more positive terms: India is referred to as a "key partner" in the present, not future, tense, and a partner with which Australia shares "key interests in regional stability and order" across the Indo-Pacific.¹⁵ The focus on maritime security and on collaboration within and around the Indian Ocean Naval Symposium and Indian Ocean Rim Association (what used to be the Indian Ocean Region Association for Regional Cooperation, or IOR-ARC) is, if anything, sharpened, reflecting the work done by both countries to make these bodies more salient and effective. The Paper does, admittedly, mention India-Pakistan tensions and their possession of nuclear weapons, but in what seems to be a softening of language from the 2013 version, it simply notes "the continuing need for mutual dialogue and restraint" (para 2.96).

In quite general terms, the 2016 White Paper looks to "mature and deepen practical engagement" with India, along with Indonesia, Japan, South Korea, New Zealand and China (para 5.17), with maritime security at the forefront. As before, it looks to further meaningful, regular bilateral dialogues, but also to training and joint exercises, noting that the first ever Australia-India naval exercise took place in 2015 (para 5.70). Echoing the 2014 Framework on Security Cooperation agreement, rather than the 2013 White Paper, it also signals further cooperation in the areas of "counter-terrorism, capability acquisition and defence science and technology" (para 5.70). Finally, and in comparatively vague terms, it looks forward to efforts to coordinate security policies at regional multilateral forums, including the East Asia Summit and the ASEAN Defence Ministers'-Plus meeting (para 5.71).

Conclusion

The 2016 Defence White Paper does not, then, signal anything particularly new in Australia's defence policy towards India, but it does highlight the extent to which the bilateral security partnership has evolved, since the early

¹⁴ David Brewster, 'The Australia-India Framework for Security Cooperation: Another Step Towards an Indo-Pacific Security Partnership', *Security Challenges*, vol. 11, no. 1 (2015), pp. 39-48.

¹⁵ Department of Defence, *2016 Defence White Paper*, pp. 22, 62, para 2.93.

2000s, in ways that better recognise its possibilities and its limits. The language it uses about India is warm, but realistic, and emphasises interests rather than ideals. Some critics might point out a few quirks or curiosities in the treatment of India—despite the ubiquity of the phrase ‘rules-based order’ in the Paper as a whole, for example, it never appears in the discussions of India’s rise or its possible intentions. But on the whole, the 2016 Paper suggests that Australia has moved beyond early doubts and periodic bouts of excitement about India’s potential as a regional power towards a more sober and calibrated assessment of its intentions, capabilities, and capacity for strategic partnership.

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The South Pacific in the 2016 Defence White Paper: Anxiety, Ambivalence and Ambiguity

Joanne Wallis

Australia's geography does not change; the South Pacific (Papua New Guinea, Timor-Leste and the Pacific Island Countries) will always lie across some of our most important air and sea lines of communication. As identified in the 1986 *Review of Australia's Defence Capabilities* (the 'Dibb-Review'), the South Pacific will always be the "area from or through which a military threat to Australia could most easily be posed".¹ Reflecting these strategic realities, since the Dibb Review successive Defence White Papers have identified that a secure South Pacific sits only behind a secure Australia in the hierarchy of Australia's strategic defence interests.

The 2016 Defence White Paper² represents an important change; it repeats oft-cited anxieties about the stability and fragility of South Pacific states, yet by specifying that all three of its key Strategic Defence Objectives are "equally-weighted" (para 3.10), it elevates other regions to the same level of strategic import. It accordingly demonstrates a degree of ambivalence about the South Pacific by implicitly downgrading the unique role that the region plays in our strategic geography. It also demonstrates ambiguity regarding the defence challenges posed by the South Pacific by grouping its analysis of the region with that of maritime South East Asia and by overlooking the geopolitical challenges Australia faces, particularly the increasing presence of other powerful actors in the region.

In terms of continuity, the White Paper echoes earlier versions by identifying that challenges to the South Pacific include "slow economic growth, social and governance challenges, population growth and climate change". It also notes that instability in the South Pacific could "lead to increasing influence by actors from outside the region with interests inimical to ours" (para 2.35). It accordingly advocates a continuation of Australia's security partnerships in the region, including through the Defence Cooperation Program and the Pacific Maritime Security Program (the successor of the Pacific Patrol Boat Program) (para 3.21). It also flags the continuing significance of Australia's

¹ Paul Dibb, *Review of Australia's Defence Capabilities* (Canberra: Commonwealth of Australia, 1986), p. 4.

² Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016).

humanitarian assistance and disaster relief, and the need for Australia to have the capacity to evacuate its citizens from the region when required (paras 3.23 and 3.24).

However, this analysis is paired with that of maritime Southeast Asia. Maritime Southeast Asia is an increasingly contested region and Australia undoubtedly has important strategic interests in its stability, particularly in the continued freedom of navigation. But, by grouping maritime South East Asia with the South Pacific as Australia's "nearer region" (para 3.7), the White Paper elides the two regions in its analysis. This is problematic, as the two regions have very different characteristics, with the size, geography and relative economic and military power of each region's states being the most obvious points of difference. The two regions also face different threats, with those in maritime South East Asia arising primarily between states, and those in the South Pacific within them.

There is also a degree of ambiguity in the approach that the White Paper advocates with respect to the changing geopolitics of the South Pacific. It does recognise that "countries from outside the South Pacific will seek to continue to expand their influence in the region, including through enhanced security ties" (para 2.67). Yet this observation is not referred to when outlining how Australia will undertake its defence strategy in the region, including what limitations the presence of these other powers may have on Australia's ability to deploy its defence forces in response to a major security crisis or natural disaster, or how it may limit its ability to evacuate its citizens.

This observation is also not referred to during the White Paper's analysis of Australia's key relationships in the South Pacific. For example, it rightly foregrounds Australia's relationship with Papua New Guinea, including the deep defence cooperation that occurs with the Papua New Guinea Defence Force and Department of Defence (paras 2.63 and 5.41). But it does not acknowledge how Australia's influence has been undermined by its reliance on Papua New Guinea hosting the Manus Island Regional Processing Centre, combined with the Papua New Guinea government's growing confidence due to its increased resource revenues and international partnerships.³ It also does not consider what impact these factors will have on our attempts at cooperation. The White Paper also recognises the importance of Australia's relationship with Fiji and consequently argues that Australia "will seek to rebuild defence cooperation" with Fiji (para 5.42). Yet it does not admit the difficulties that this may pose; Fiji is likely to welcome reinvigorated defence assistance, but Australia will be providing that support in an increasingly crowded and complex environment, evidenced most recently by the relatively large donation of military equipment to Fiji by Russia. Similar ambiguity is present with respect to Timor-Leste. The White

³ Joanne Wallis, 'Papua New Guinea: New Opportunities and Declining Australian Influence?', *Security Challenges*, vol. 10, no. 2 (2014), pp. 115-35.

Paper reiterates the importance of Australia's assistance to developing the Timor-Leste Defence Force and Ministry and the emergence of maritime security as an area of defence cooperation, including through an invitation to Timor-Leste to join the Pacific Maritime Security Program (paras 5.44 and 5.45). It again does not concede the difficulties. Australia's relationship with Timor-Leste is strained by disagreements over the division of resources in the Timor Sea. Timor-Leste also has an increasingly deep defence relationship with China, from which it purchased two patrol boats in 2008.

In some respects the apparent downgrading of the South Pacific in Australia's strategic defence objectives is to be expected; the region is now relatively stable, the Regional Assistance Mission to Solomon Islands has drawn down and Australia's military and policing deployments in the region are relatively small. This stability may not last; the Bougainville region of Papua New Guinea, in which Australia has a long history of intervention, is due to participate in a potentially fraught vote on its political future (including the possibility of independence from Papua New Guinea) before 2020. The French territory of New Caledonia is also due to participate in a similar vote before 2018. While Australia is likely to be more directly affected by the Bougainville vote, the White Paper does not specifically identify these challenges. Although the White Paper does recognise that Australia has ongoing anxieties about stability in the South Pacific, the ambivalence and ambiguity it exhibits in respect of the region are concerning. Australia does not appear to have recognised that, while its strategic geography has not changed, the geopolitical context in the South Pacific has.⁴ The South Pacific remains the "area from or through which a military threat to Australia could most easily be posed", yet Australia's ability to exercise influence in the region is diminishing, while the presence of other powers, some of whom may have "interests inimical to ours", is growing. If Australia continues to overlook these changes it may find itself (potentially in the very short term in respect of Bougainville and New Caledonia) with very real reasons to be anxious about the South Pacific, but with less capacity to respond to them.⁵

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⁴ Joanne Wallis, 'The South Pacific: "Arc of Instability" or "Arc of Opportunity"?', *Global Change, Peace & Security*, vol. 27, no. 1 (2015), pp. 39-53.

⁵ Joanne Wallis and Michael Wesley, 'Unipolar Anxieties: Australia's Melanesia Policy after the Age of Intervention', *Asia & The Pacific Policy Studies*, vol. 3, no. 1 (2016), pp. 26-37.

From Whiteboard to White Paper: Student Perspectives on the 2016 Australian Defence White Paper

Jay Vlazlovski and Duncan Koenig

The importance of community insights and proposals for shaping the Australian Defence White Paper has changed markedly since its inception in 1976 as a public document for Australian defence policy. These changes began in earnest in 2000 with the Community Consultation Program, prior to which the formulation of ideas for the Defence White Paper fell almost exclusively under the remit of government policymakers and defence practitioners. However, the advent of the Defence White Paper community consultation program in 2000 marked an opportunity for external stakeholders to provide suggestions as to how Australia might best manage and use its defence capabilities.¹ Capitalising upon this opportunity, undergraduate students from the Strategic and Defence Studies Centre (SDSC) at the Australian National University (ANU) have enthusiastically voiced their recommendations for future Australian defence policy.

In late October 2014, as part of a small focus group of students from the Asia-Pacific Security program² at the SDSC, we completed a comprehensive submission for the approaching Defence White Paper. Our submission encompassed four topics ranging from Australian Defence Force (ADF) reform to Australia's relationship with Indonesia. Just as importantly it served as an opportunity for us to provide our insights as the next generation of strategic thinkers on Australian defence policy.

The eventual release of the White Paper in February 2016 demonstrated the fruitfulness of our endeavour; the White Paper's section addressing the need for a dedicated defence search and rescue capability reiterated almost verbatim our proposal. In particular, paragraph 4.94 of the White Paper states, "the Government will acquire enhanced aero-medical evacuation and search and rescue capabilities",³ reflecting our observation that "there is no specialised aerial paramedical rescue capability within the ADF" and that

¹ Department of Defence, *Defence Review 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), p. 1.

² This program was replaced by the Bachelor of International Security program in February 2015.

³ Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016), p. 107, para 4.94.

“the ADF should consider developing a Paramedical Rescue Operations Unit”.⁴ Additionally, our submission was quoted twice in the Defence White Paper Expert Panel’s 2015 report, *Guarding against Uncertainty*, prior to the publication of the actual White Paper.⁵ Recognising these outcomes, this brief article addresses the importance of acknowledging the perspectives and opinions of the nation’s future strategic thinkers in shaping its defence outlook.

A Different Point of View

The first benefit of the public and especially students participating in the White Paper public consultation process is that we are not bound by the constraints of agency or organisational directives. While the opinions of defence sector employees may be influenced by the objectives of their given department, students encounter no such obstacle. Thorough debate and contrasting opinions are actively encouraged within the university environment, particularly in the area of strategic studies, where it is widely recognised that decision-making should be a consultative process. This dynamic played a key role in the formulation of our submission in 2014, where dozens of ideas were condensed by process of debate and elimination into a concise four-point proposal that earned the unanimous support of the group.

In addition, students are not constrained by detailed knowledge of defence capabilities. Despite seeming counter-intuitive, this enables students to provide recommendations based on what we believe *should* be done rather than pre-emptively accepting conceptual limitations on the future of Australian defence capability. Such limitations can in turn limit creativity for future strategy and capability development. In contrast, students apply our knowledge of macro-level strategic priorities and capabilities to provide a unique perspective on the future of defence policy based on objective reasoning and critique of Australia’s future security needs.

Another benefit of the emerging generation of strategic thinkers participating in the White Paper public consultation process is the opportunity for us to try to shape our own future strategic landscape. Indeed, in twenty years, we may be responsible for the outcomes of today’s strategic and capability choices and making our own decisions that will impact Australia’s national security; it is therefore vital that we offer some contribution now. Accordingly, we remain forward-looking, capitalising on the analytical and theoretical skills acquired from our strategic studies to provide fresh insights into Australia’s future security architecture.

⁴ Gabriella Andrews et al., *Defence for our Future: Proposals from the Next Generation of Strategic Thinkers*, Defence White Paper public submission no. 116 (Canberra: Strategic and Defence Studies Centre, 2014), p. 3.

⁵ See: Department of Defence, *Guarding against Uncertainty: Australian Attitudes to Defence* (Canberra: Commonwealth of Australia, 2016), pp. 5, 19.

From Whiteboard to White Paper

The fact that one of the ideas we proposed in our submission to the public consultations appeared in a section of the 2016 Defence White Paper—albeit a brief one—reflects the capacity of developing strategic thinkers to have a tangible impact upon national policy. In addition to being an achievement in its own right, the incorporation of our ideas into Australia's foremost defence policy paper illustrates the importance of collaborative and unrestricted strategic thinking both at the university level and among the wider public.

In this vein, it is hoped that our experience will encourage other strategic thinkers, regardless of age or background, to voice their own ideas and concerns relating to Australian defence policy. This is particularly important given the very real impact of Defence White Paper decisions on the security of the Australian public. Ultimately, the outcome reflects a need for Defence to maintain efforts to consult with focus groups beyond the traditional realm of advice, whose opinions are likely to reflect a broader spectrum of perspectives on Australian defence policy both today and in the future.

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Notes for Contributors

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