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# The Future of Maritime Forces in an Integrated Australian Defence Force

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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".<sup>1</sup> 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

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<sup>1</sup> 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).<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup>

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 Paper<sup>5</sup> into a single SDI: “A stable Indo-Pacific region and a rules-based global order” in DWP2016.<sup>6</sup> Interestingly, “maritime Southeast Asia” has been added to the

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<sup>2</sup> Ibid., pp. 32, 67-68.

<sup>3</sup> 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.

<sup>4</sup> 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).

<sup>5</sup> Department of Defence, *2013 Defence White Paper*, pp. 25-27.

<sup>6</sup> Department of Defence, *2016 Defence White Paper*, pp. 68-70.

inner geographic circle of “the South Pacific” in DWP2016.<sup>7</sup> 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”,<sup>8</sup> 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”.<sup>9</sup>

The increased emphasis upon Southeast Asia, when combined with sea lines of communication (SLOC) security and a “rules-based global order”,<sup>10</sup> 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 denial<sup>11</sup> 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”<sup>12</sup> 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”;<sup>13</sup> 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)”,<sup>14</sup> 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,<sup>15</sup> which provides a rare insight into escalating maritime strategic priorities from a country that does not

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid., pp. 39-41.

<sup>9</sup> Ibid., pp. 68-69.

<sup>10</sup> Ibid., p. 70.

<sup>11</sup> 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.

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

<sup>13</sup> Department of Defence, *2013 Defence White Paper*, p. 28.

<sup>14</sup> 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).

<sup>15</sup> 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.<sup>16</sup>

Although maritime aspects variously appear in DWP2016, including shipbuilding policies,<sup>17</sup> 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 States<sup>18</sup> 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”.<sup>19</sup> 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”.<sup>20</sup> 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”.<sup>21</sup> 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,

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

<sup>17</sup> Department of Defence, *2016 Defence White Paper*, pp. 21, 113-115.

<sup>18</sup> *Ibid.*, p. 67.

<sup>19</sup> *Ibid.*, p. 10.

<sup>20</sup> 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.

<sup>21</sup> 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.<sup>22</sup> 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,<sup>23</sup> 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.<sup>24</sup> 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.<sup>25</sup>

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

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<sup>22</sup> *Ibid.*, p. 107.

<sup>23</sup> *Ibid.*, p. 98.

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

<sup>25</sup> 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.<sup>26</sup> 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.<sup>27</sup> 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 *Armadale* 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

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<sup>26</sup> Department of Defence, *2016 Defence White Paper*, pp. 92-93.

<sup>27</sup> *Ibid.*, p. 108.

White Paper announced the decision to procure “12 new Future Submarines”<sup>28</sup> 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.<sup>29</sup>

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”.<sup>30</sup> 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.<sup>31</sup> 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”<sup>32</sup> 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

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

<sup>29</sup> Department of Defence, *2013 Defence White Paper*, pp. 82-83.

<sup>30</sup> Department of Defence, *2016 Defence White Paper*, pp. 90-93.

<sup>31</sup> *Ibid.*, p. 91.

<sup>32</sup> *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 DWP2016<sup>33</sup> 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,<sup>34</sup> initially eight and increasing to fifteen,<sup>35</sup> plus seven Triton unmanned surveillance aircraft<sup>36</sup> 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,<sup>37</sup> maritime situational awareness and surface and sub-surface warfare capability will be boosted,

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<sup>33</sup> Department of Defence, *2016 Defence White Paper*, pp. 94-97.

<sup>34</sup> *Ibid.*, p. 94.

<sup>35</sup> Department of Defence, *2016 Integrated Investment Program*, p. 79.

<sup>36</sup> Department of Defence, *2016 Defence White Paper*, p. 94.

<sup>37</sup> *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"<sup>38</sup> 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".<sup>39</sup> 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",<sup>40</sup> 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."<sup>41</sup> 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 GDP<sup>42</sup> 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

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<sup>38</sup> Department of Defence, *2016 Integrated Investment Program*, p. 87.

<sup>39</sup> *Ibid.*, p. 112.

<sup>40</sup> *Ibid.*, p. 87.

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

<sup>42</sup> *Ibid.*

of GDP” would be required.<sup>43</sup> 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.”<sup>44</sup>

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”.<sup>45</sup> 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.”<sup>46</sup>

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.<sup>47</sup>

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

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<sup>43</sup> Ibid., p. 112.

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

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

<sup>46</sup> Department of Defence, *2013 Defence White Paper*, pp. ix, 24.

<sup>47</sup> 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.<sup>48</sup>

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.<sup>49</sup> 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.

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

<sup>49</sup> 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.<sup>50</sup> 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”.<sup>51</sup> 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 DWP2016<sup>52</sup> with further details in IIP 2016<sup>53</sup> 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

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<sup>50</sup> Department of Defence, *2016 Integrated Investment Program*, p. 87.

<sup>51</sup> Department of Defence, *2016 Defence White Paper*, p. 100.

<sup>52</sup> *Ibid.*, pp. 100-106.

<sup>53</sup> 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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