



Australian Government
Department of Defence

LOOKING OVER THE HORIZON:

Australians Consider Defence

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Indigenous Australian readers are advised that this publication may contain images or names of persons who are now deceased, which may cause offence.

The Community Consultation Panel would like to thank all those who have assisted in the development of this publication. In particular, would like to acknowledge the Joint Public Affairs Unit, Directorate of Digital Media and the Defence Science and Technology Organisation (DSTO) in producing and providing many of the images.



**Defence White Paper
Community Consultation Program**

Defence White Paper
Russell Offices
Canberra
ACT 2600

The Hon. Joel Fitzgibbon MP
Minister for Defence
Parliament House
Canberra ACT 2600

11 November 2008

Dear Minister

It is our pleasure to present to you the outcomes of the Defence White Paper Community Consultation Program. Our report to you '*Looking Over the Horizon: Australians Consider Defence*' outlines the major issues raised by the Australian public in response to the Defence discussion paper you released earlier this year.

The response from the public was very positive and many people expressed gratitude for the chance to have their say. Thirty public meetings were held in all states and territories at which over 600 people attended. We also had a number of extremely valuable meetings with policymakers, state government representatives, think-tanks, and industry/business groups.

In addition, over 450 written submissions were received by the panel. Views ranged greatly from those who did not see the need for a defence force, to those advocating significantly increased expenditure on defence. We believe this diversity of viewpoint, supported by public opinion surveys commissioned by the panel, has resulted in a consultation program and a final report, which reflect the views of a broad range of the Australian people.

We would like to pass on the appreciation expressed to us from many people, particularly in regional Australia, who greatly valued the opportunity to express their views on a range of national security issues.

We commend our report to you.

Yours sincerely

Mr Stephen Loosley
Chairman

Mr Arthur Sinodinos AO
Deputy Chairman

Professor Tanya Monro

The Hon. Mr Peter Collins AM QC

RADM Simon Harrington AM (Retd)

Community Consultation Panel



Mr Stephen Loosley – Chairman

Stephen Loosley is a former Senator and ALP National President. He holds First Class Honours degrees in Politics (UNSW, 1976) and the Law (UTS, 1997) and serves as a Councillor on the Australian Strategic Policy Institute.

While a Senator, Stephen served as Chairman of the Joint Standing Committee on Foreign Affairs, Defence and Trade. He is currently Chairman of the Committee for Sydney, and also serves on the Boards of the Australian American Leadership Dialogue, the Partnership Executive Committee of the NRL, Thales Australia and European Australian Business Council. He is a member of the International Institute for Strategic Studies (London) and a Fellow of the Centre for International Legal Studies (Salzburg)



Mr Arthur Sinodinos AO – Deputy Chair

Arthur Sinodinos was Chief of Staff to Prime Minister John Howard, from October 1997 until December 2006 when he became a Senior Director with Goldman Sachs JBWere. He currently works for the National Australia Bank as Regional General Manager – Business and Private Banking.

Arthur joined the Department of Finance in 1979 as a graduate recruit and moved to the Treasury shortly afterwards. He was Assistant Secretary, Labour Markets Branch (1992-1994), Acting First Assistant Secretary, Economic Division (1993-1994 Budget to January 1994), and Assistant Secretary, International Finance and Development Branch (1994-1995).

Arthur was awarded the Order of Australia in 2008.



Mr Peter Collins AM QC

Peter Collins was an ABC-TV journalist and practiced at the NSW Bar prior to his election to the NSW Parliament in 1981. During his 22 year Parliamentary career, he held several portfolios including Health, the Arts, Attorney-General and Treasurer, after which he was Leader of the Opposition.

Peter is a Director of HOSTPLUS, Chairman of the Australian Institute of Health & Welfare and St John Ambulance (NSW) and serves on the boards of Macquarie Generation and Workers Compensation Insurance Fund Investment Board (NSW).

Peter has maintained an active interest in Defence matters throughout his life and has been an officer in both Army (1964-9) and Navy (since 1975) Reserves. He deployed to IRAQ in 2007 and currently holds the rank of Commander.



Rear Admiral Simon Harrington AM RAN (Retired)

Rear Admiral Simon Harrington retired from the Navy in 2002 after nearly 40 years service. A Communications specialist he mostly worked in personnel, operations, and force development billets. He commanded the Frigates Canberra and Adelaide and the Naval College at Jervis Bay. Promoted to Rear Admiral in 1997 he became Support Commander (Navy).

Rear Admiral Harrington's final posting was Defence Attaché in Washington. In 2003 he was appointed to the Repatriation Commission in Veterans' Affairs for 3½ years. In November 2007 he was appointed to the Council of the Australian War Memorial.



Professor Tanya Monro

Professor Tanya Monro is a leading research scientist at the University of Adelaide who works closely with Defence and industry.

Professor Monro is a Federation Fellow and the Director of the Centre of Expertise in Photonics. From 1998 to 2004, Tanya worked at the University of Southampton, UK. Prior to this she completed a PhD at the University of Sydney, for which she received the Bragg Gold Medal for the best physics PhD in Australia. Her research focuses on developing new classes of optical fibres. Tanya has published more than 300 papers and in 2008 was awarded the Prime Minister's Prize for Physical Scientist of the Year.

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Foreword

The work of the Community Consultation Panel for 2008 builds on the experience of 2000 and is an authentic Australian democratic initiative.

As we met with people across the country, the Panel was struck by the strength of the community's regard for the Australian Defence Force (ADF) and its personnel. Many people spoke of their pride in the ADF's role in humanitarian and disaster relief operations, particularly Sumatra Assist, and acknowledged the courage and professionalism of ADF personnel in conducting stabilisation and reconstruction operations and in active service deployments.

This Community Consultation report will inform a new and vital planning document that will create the foundation of Australia's future defence strategy, capability and funding. New ideas and considerations have emerged about the future directions of Australia's defence strategy since the 2000 Defence White Paper.

We commend the Prime Minister, the Hon Kevin Rudd MP, and the Minister for Defence, the Hon Joel Fitzgibbon MP, on their determination to provide the Australian people with a full and detailed reassessment of Australia's strategic circumstances in a new White Paper.

The Australian Government values the community's diverse insights. It is important that the Australian people can contribute to policy making, particularly on matters as important as defence.

We must acknowledge that the Community Consultation Program was undertaken before the global financial crisis entered, as the Prime Minister has described it, a new and dangerous phase. Had the community consultation been conducted in the current financial environment,



some results may have varied. Nonetheless, individuals, groups and businesses put considerable thought and energy into their submissions and, as such, we have endeavoured to represent their views as we found them. We have, in some instances, taken the liberty of acknowledging the likely impact of the financial crisis on our findings. We have not, however, belaboured those points lest we distort the contributions themselves. The Panel acknowledges that the crisis will necessarily influence the Government's decisions, including those in relation to the White Paper. The current economic situation makes it even more important that the resources allocated to Defence are not wasted and a number of submissions addressed methods of improving efficiencies.

This report to the Government reflects the ongoing interest of many Australians in the maintenance of a capable, self-reliant defence force that can safeguard and protect Australia and our interests. It is clear from the Community Consultation process that many people identify strongly with the ADF and that the Defence community is so much broader than the ADF itself. It is important that the contributions of individuals, community groups and industry continue to be recognised, including through meaningful, ongoing, engagement in Defence policy making.

I would like to thank the people and organisations that took the time to make a submission to the Review.

I commend them for their interest in, and their contribution to, this important process.

A handwritten signature in black ink, appearing to read 'Stephen Loosley', written in a cursive style.

Mr Stephen Loosley
Chairman

Summary Of Key Findings

The Panel wanted to note, at the outset, an important and recurring concern in our community consultations that the Defence White Paper should be derived from a national security strategy. A number of people argued that Defence should be considered in a whole of government security context which includes aid programs and diplomacy and contributions by non-government organisations.

There was a broad consensus that the present strategic environment is relatively benign in terms of a major military threat to Australia. Although, given the changing geo-strategic circumstances, caution was evident in a number of contributions.

The Panel was encouraged by the strength of the community's regard for the Australian Defence Force (ADF) and its personnel. Concern that the ADF workforce was being stretched to operate at unsustainable levels pervaded meetings and written submissions and many contributors believed that generating and sustaining personnel capability would continue to demand focus and investment. Many hope to see concrete initiatives targeted at recruitment and retention in the White Paper.

The Community Consultation Program was undertaken before the full scale of the global financial crisis had been widely recognised. Had the community consultation been conducted later, some results may have varied. The Panel notes that future Government decisions, including those in relation to the Defence White Paper, will necessarily be affected by the impact of the global financial crisis.

The key findings of the Community Consultation Program have been presented throughout the report, but they have been captured again here for ease of reference.

Strategic Perspectives

We found that the Australian community continues to support the concept that the ADF's primary function is to defend Australia and our interests.

- Most people consider the current strategic environment relatively benign in terms of a major military threat to Australia.
- Most Australians continue to support the Alliance with the United States.
- A number of Australians are aware of a changing geo-strategic landscape and are alert to the possibility of great power rivalry in the region with the rise of China and India.
- There is ongoing concern about the threat posed by Weapons of Mass Destruction, particularly nuclear weapons.
- Australia's maritime security is assuming a greater prominence in the national security discourse.
- Concern about the threat of terrorism remains, although it is not 'front of mind' for most people in discussions about defence policy.
- A significant number of people believe that climate change will have strategic implications including causing greater regional instability, pressures upon natural resources, and severe weather events in the region.

What role should our armed forces play?

The Australian community continues to expect governments to deliver a strong, well resourced, technically superior ADF that is capable of independent action to secure Australian interests and defend Australian territory.

While most accept that strategic circumstances are relatively benign at present in terms of a direct military threat, the Panel found that they also expect governments to maintain an effective defensive military posture while the possibility of such a threat, however remote, remains.

Overall, most people saw the key roles of the ADF as:

- securing Australia's resources, including offshore resources;
- providing border security, independently or with an appropriate agency;
- providing counter-terrorism support to Australian law enforcement;
- contributing to disaster-relief operations in Australia;
- leading stabilisation, humanitarian and disaster-relief operations in our region;
- making a meaningful contribution to high-intensity operations in our region; and
- contributing to global security, through close cooperation with allies and through United Nations' peacekeeping operations.

What kind of armed forces should we develop?

A significant number of people agree that the ADF should have a force structure that will provide a credible deterrence and a capacity to protect Australia and our interests. Many people expect the ADF will be increasingly called upon to undertake regional stabilisation, humanitarian and disaster relief operations and have a clear expectation that it will continue to invest in capabilities and skills to support those tasks.

- Most people want the ADF to maintain a force capable of self reliance in most scenarios.
- Many people support the maintenance of a capability edge for the ADF in the region.
- There is broad support for the acquisition of platforms such as the Landing Helicopter Docks (LHDs) and C-17s, not only for military applications but also for use in humanitarian missions.
- There is strong and widespread support for the maintenance of a Blue Water capability for the Navy and particular interest in the replacement of the existing submarine fleet and a move to an increased number of new generation submarines.
- Particular support exists for a long range strike capability, especially from submarines.
- A significant group of people have argued for more effective use of the Reserves, particularly in stabilisation, humanitarian and disaster-relief operations.
- There is an ongoing awareness of the importance of electronic warfare, intelligence, surveillance and reconnaissance and Anti-Submarine Warfare capabilities in the ADF.

Defence People

ADF personnel recruitment and retention were considered to be among the most important challenges confronting Defence and featured heavily in written submissions and in community meetings.

- Many Australians are concerned by the ADF's difficulty in attracting and retaining skilled personnel.
- Many hope to see concrete initiatives to address recruitment and retention issues in the White Paper.
- Many people argue that Reserve units could be better utilised, particularly in light of the difficulties in recruiting and retaining full time ADF members.
- There is support for the creation of industry sponsored Reserves, similar to the model in place in the United Kingdom.
- A significant number of people and groups consider an ADF presence, particularly contact with serving personnel, has the greatest influence on community attitudes towards the ADF and that those attitudes, in turn, influence ADF recruitment and retention.



- The Panel believes that there is merit in appointing 100 leading Australians to become ADF Ambassadors who would act as advocates of the ADF in the community.
- The ADF Cadet youth development program is highly valued by many people and, they argue, it should be expanded wherever it is practical to do so.
- The presence of the ADF is important to the identity of regional communities, their economies, workforce, and their future.
- Many regional communities support ADF regional partnerships to strengthen links with the ADF and support its work.
- Regions with an ADF presence believe that it is important that equipment and platforms based in the region are sustained in the region.
- Regional areas that do not have a permanent ADF presence underscore the importance of having a Reserve (and ADF Cadet) presence, including for local recruitment.

Regional Australia

In its meetings with people across regional Australia, it was clear to the Panel that many communities feel a special relationship with the ADF. There was overwhelming support for Defence personnel, its presence and investment in regional communities, and an eagerness to secure future Defence economic investment.

Developing the ADF: Can we afford such forces?

At the time that the consultation was conducted, supported by polling data from July 2008, the Panel found that:

- most people support existing levels of defence funding;
- there is overall less support for increasing that level of funding; and
- some people would support targeted increases to the Defence budget.

Encouraging Innovation

Many people, both in private and in community meetings, emphasised the importance of Australian innovation in maintaining the ADF's capability edge. They noted that innovation can deliver a military advantage, is important to maintain a research and development workforce capable of supporting the Australia's self reliance, and adds weight to Australia's participation in international technology exchange relationships.

- Industry and research groups are concerned that further investment in innovation and research be ensured to maintain a workforce and infrastructure capable of supporting ADF capability and military self-reliance.
- Universities and research institutions are clearly looking for opportunities to increase the scope and depth of their scientific collaboration with Defence.
- There is a need to strengthen mechanisms for engaging the research sector in areas of relevance to Defence including opportunities for scientific skills development.
- Opinion is divided about the long-term merits of pursuing Military Off-the-Shelf solutions in terms of risk, cost and self-reliance.
- Many people believe that Defence should work to further reduce the environmental impact of its activities.

Australian Industry

Submissions by industry groups and private citizens pointed to the importance of a healthy defence industry for the Australian economy, workforce and strategic self-reliance.

- There continues to be wide public support of Australian defence industry, both in terms of economic value to Australia and strategic value to the ADF.
- The ability to repair and maintain defence equipment in Australia is a key strategic requirement to maintain ADF capability and self-reliance.
- Industry is anxious for the Government to identify and provide meaningful support to Priority Local Industry Capabilities.
- Industry called for Defence to better align its industry policy with implementation, including by introducing performance and compliance measures to 'give the policy teeth'.
- Small and Medium Enterprises (SMEs) called for Defence projects to measure the entire through-life cost of platforms, both to provide meaningful planning parameters to industry and to ensure that the true cost of overseas maintenance and upgrade contracts is exposed.
- Industry is looking to the White Paper to make a comprehensive recommendation regarding the identification of through-life cost of projects.
- The Panel recommends that consideration be given to the appointment of an SME Advocate within the Defence Materiel Organisation. This could possibly be modelled on the United States' example in the Pentagon.
- SME representatives suggested that consideration be given to establishing a pool system for SME insurance. This could possibly be based on the New Zealand insurance pool in the tourism sector.

The Community Consultation Process

The purpose of the Defence White Paper Community Consultation Program was to seek the views of Australians on the future of defence in our country.

Over the course of 10 weeks, hundreds of Australians in capital cities and regional centres gave generously of their time to share their insights and experiences with the Panel. Individuals, interest groups, industry groups, policy analysts and defence and national security commentators offered the Panel their views on current defence policy and future ADF capabilities.

Most particularly, the Panel sought the Australian community's views on three key questions:

- What role should our armed forces play?
- What kinds of armed forces should we develop?
- Can we afford such forces?

The level of community participation was, however, much lower in 2008 than during the 2000 consultation process. The Panel expects that this reflected the generally lower levels of concern in relation to defence issues that have been identified in recent studies.¹ (Interest was particularly strong during the 2000 consultation process due to the Australian-led deployment to East Timor and on the prominent debates on border security). Nonetheless, the Panel commissioned a survey to test whether low participation rates were an indication that the Community Consultation Program itself was not valued. The survey demonstrated that an overwhelming majority of people, across age groups and locations, considered community consultation on the future of the ADF as being fairly or very important.



¹ The Lowy Institute Poll 2008, by Fergus Hanson and the Australian Strategic Policy Institute, Special Report 16 Public Opinion in Australia towards defence, security and terrorism, by Ian McAllister.

"This process reaffirms my pride in Australian democracy."

Phillip Dean, NSW

The Panel intended to make the consultation process available to as many people as possible, including those Australians in very remote areas who were unable to travel to larger regional centres to attend the public meetings. Over the period 5 June to 1 October 2008, more than 450 written submissions were received from all areas of the country. We sincerely thank those who contributed and appreciate the efforts they made to convey their views and ideas. We understand that the limitation on the word length of the on-line submissions generated a little criticism; however, some people overcame this limit by taking the opportunity to provide us with a number of smaller submissions.

"A 1,000 word limit to respond to such a key government document is ridiculous . . ."

Ange Kenos, VIC

The Community Consultation Program revealed a diversity of opinions about the level and nature of strategic risk facing Australia now and in the period to 2020. Lower levels of participation by individuals saw a few meetings dominated by more committed interest

groups. Some groups were very supportive of the ADF although others wanted less government emphasis on defence. While those views are acknowledged in this report, the Panel was concerned to evaluate the extent to which such views were representative of the broader community. To do that, the Panel referred to ongoing surveys of the Australian community's attitudes to Defence (the most recent data collected in June this year).

The Panel has aimed, in this report, to convey the range of ideas discussed in meetings and raised in submissions, but will focus on the views that received greater support.

A series of private meetings were also hosted by the Panel at which Australian defence policy was discussed in greater depth. These meetings enabled distinguished figures from the academic community, public policy think-tanks and other knowledgeable individuals to discuss and contribute to future defence policy.

The Community Consultation Program informed the development of the White Paper over several months. The Panel provided interim and final briefings to Defence during the consultation process and, importantly, this report was presented to the Government ahead of its decisions on the White Paper.



Strategic Perspectives

The Australian community continues to support the concept that the Australian Defence Force's primary function is to defend Australia and our interests.

The strategic implications of the rise of China and India emerged as key themes in discussions about the future security and stability of Australia and our region.

Australian Sovereignty

There was a broad consensus that the present strategic environment is relatively benign in terms of a major military threat to Australia. Caution was evident, however, in a number of contributions given changing geo-strategic circumstances.

Securing our Maritime Interests

Australia is a maritime nation and secure sea and air approaches, including trade routes, are fundamental to our national interest.

A number of people and groups focussed their submissions on Australia's ability to secure its maritime approaches and trade routes including through South East Asia, the South West Pacific, into the Indian Ocean, and the North-West Shelf. There was less consideration of the need to protect Australian air space.

Submissions addressed concerns that Australia's trade routes and the transport of critical energy and food supplies could be vulnerable to military and non-State threats such as terrorism and piracy. Some argued that, as Australia's reliance on maritime trade increases, so too will our vulnerability to disruption or closure of straits. Such disruption would likely impose severe economic consequences.

"Against this uncertain future strategic outlook, the maritime environment will become more significant in both economic and strategic terms. Sea Lines of Communication, increasingly more critical for the economic and energy sinews of the global economy, will become more heavily populated and hence, the vulnerability to commercial shipping will increase."

Submarine Institute of Australia

People expressed a view that as competition for natural resources increases, due to both regional growth and the impact of climate change, the ADF should be able to secure Australia's maritime resources, such as offshore oil and gas fields and fish stocks.

There is an emerging recognition that the potential for greater resource competition will mean new challenges for Australia in the Southern Ocean and potentially in Antarctica.

Regional Security

People at community meetings spoke of their pride in, and support for, the ADF's contribution to operations in the region. A number of people thought that the substantial contributions that the ADF makes to maintaining peace and stability in the region were important to the maintenance of those relationships. The ADF's quick response and its current role in Solomon Islands was a source of pride for many, as was its role in operations in East Timor.



Maintaining strong diplomatic and political relationships with our neighbours, particularly with Indonesia, was viewed as an important element of national security strategy for many people.

Some submissions were concerned by the growth in new military capabilities in South East Asia – particularly submarines, but also combat aircraft and long-range missiles.

Many commentators and contributors noted that China's accumulation of economic and political strength and its program of military modernisation were fundamental in considering the future shape of the region. The rapid modernisation of the Chinese submarine fleet has given many people pause for thought. Some commentators have also watched with caution the growing political and economic intervention of China in the region.

In meetings with the Panel, a number of strategic analysts and defence commentators suggested that while the United States (US) remains the dominant global power, the strength of the US in the region is declining relative to China particularly with the US' substantial commitments to high intensity conflicts elsewhere. The significance and possible implications of this potential change are still unknown.

The rise of India was also discussed in a number of submissions, with focus on the implications for India's relationship with Pakistan and the risk posed by a confrontation between those nuclear powers. Some contributors argued for broadening our bilateral ties with Pakistan.

While regional terrorism was not often raised during the consultations, there was certainly a recognition that it will continue to present a threat and demand attention, particularly at the whole of government level.

The Australian / United States Alliance

The Panel found that there is general public acceptance that the US Alliance is critical to Australia's security and that the assistance of the US would be necessary to defend Australia against a direct attack by a major power.

There is also an increasing appreciation of the high-end capability benefits that Australia derives from this relationship.

A number of people commented that, although Australian governments have made relatively limited ADF contributions to Coalition operations in Iraq and Afghanistan, Australia would be expected to make a

much larger contribution to any high intensity conflict in the Asia Pacific region and continue to take the principal role in our immediate region.

Various individuals and groups opposed certain aspects of the Alliance, particularly:

- Australia's support for the US-led invasion of Iraq;
- Australia's association, through our Joint Facilities at Pine Gap, with the US Missile Defence program;
- the increasing financial burden of maintaining interoperability with high end US capabilities; and
- that ADF acquisition of high end capabilities was seen to be indicative of Australia's intent to continue to support high intensity, US led, conflicts.

Some also hold the view that Australia's support of certain US policies such as the war in Iraq and missile defence has diminished Australia's international reputation and, in the views of some people, made it a target of terrorism.

These observations should be contrasted with the views expressed by a large majority of Australians of the continuing value of the Australian / US relationship.²

Global Security

Weapons of Mass Destruction, mainly in terms of nuclear weapons, were acknowledged as a serious threat to global security, arising also in the context of discussions about the Korean Peninsula, India and Pakistan. The Prime Minister's announcement of the Nuclear Non-Proliferation and Disarmament Commission was seen by many people as a positive step. A few people called for Australia to exert pressure on the US to abandon its nuclear capabilities.

Some submissions suggested that the strategic implications of climate change would be felt across the globe, and that humanitarian disasters and instability could follow.

Many participants recognised that it was important for Australia, as a developed nation, to continue to support global security particularly through United Nations' (UN) sanctioned operations. However, some did not see the relationship between some of those operations and Australia's security.

The re-emergence of a more assertive Russia has also begun to affect some judgements about the strategic landscape.

Emerging Threats

Many participants cited climate change as the greatest emerging threat to Australian security.

In particular, people expect that climate change will diminish food and water supplies, displace populations and trigger more frequent and more severe weather events. In turn they anticipate an ongoing and increased demand for ADF intervention in stabilisation, humanitarian and disaster-relief operations in the region and a greater demand for ADF contributions to similar operations globally.

Others were more troubled by the implications of climate change for rates of illegal fishing and immigration. Concern was also expressed that rising sea levels and depleted fish stocks could threaten the viability of some Pacific nations.

Some submissions considered that rapid regional growth could lead to strategic competition for minerals and energy reserves across the Asia Pacific.

Concern was also expressed about the threat of cyber warfare to Australia's infrastructure, economy, and transport and indeed to public safety, citing the aggressive cyber attacks on the Estonian and Georgian networks.

² Urbis Community Attitudes to Defence: Final Report, June 2008.



Energy security featured as a recurring issue in the community consultations, including in relation to the strategic consequences of the inexorable decline of oil supplies.

“The defence white paper needs to be focused around the strategic implications of peaking energy supplies, and the ensuing economic and political consequences.”

Sol Hanna, WA

Disruptions to Victorian and West Australian energy supplies in recent years triggered particular concerns about the security of Australia’s critical energy infrastructure and Australia’s ability to respond to such a crisis. (There were particular concerns expressed in the Northern Territory and in Western Australia about the security of expanding energy infrastructure, including oil and gas platforms and new refining facilities.) This was viewed as an important role for the ADF.

There was little discussion about the threat of terrorist attacks in Australia. Most discussion centred on the ADF’s role in the national security response to an attack.

Key Findings

- Most people consider the current strategic environment relatively benign in terms of a major military threat to Australia.
- Most Australians continue to support the Alliance with the United States.
- A number of Australians are aware of a changing geo-strategic landscape and are alert to the possibility of great power rivalry in the region with the rise of China and India.
- There is ongoing concern about the threat posed by Weapons of Mass Destruction, particularly nuclear weapons.
- Australia’s maritime security is assuming a greater prominence in the national security discourse.
- Concern about the threat of terrorism remains, although it is not ‘front of mind’ for most people in discussions about defence policy.
- A significant number of people believe that climate change will have strategic implications including causing greater regional instability, pressures upon natural resources, and severe weather events in the region.

What Role Should Our Armed Forces Play?

The Australian community continues to expect governments to deliver a strong, well resourced, technically superior ADF that is capable of independent action to secure Australian interests and defend Australian territory.

While most accept that strategic circumstances are presently relatively benign in terms of a direct military threat, they also expect the government to maintain an effective defensive military posture while the possibility of such a threat, however remote, remains.

At Home

Many people who participated in the process confirmed that the defence of Australia was the primary function of the ADF. People expect the ADF to be able to:

- defend the continent by denying the air and sea gap;
- secure Australia's resources, including offshore resources;
- contribute to disaster-relief operations in Australia;
- provide border security, independently or with an appropriate agency;
- provide counter-terrorism support to Australian law enforcement;
- provide a strong and credible deterrent force; and
- engage with the community.

A number of submissions also acknowledged that the defence of Australia cannot begin and end at our coastline. The defence of Australia is many layered, involving diplomatic and political links and defence engagement, intelligence, regional security and global stability.

There was some interest in establishing a coastguard capability with dedicated vessels and personnel in preference to the use of the high-end skills and capabilities of the Royal Australian Navy. The Panel was impressed by the performance of the Border Protection Command and acknowledges its important role in providing security for Australia's offshore maritime areas.

In our Region

Many participants advocated a more holistic approach to our international relationships and an increased emphasis on pursuing diplomatic rather than military solutions. There was significant support for expanding Australia's engagement with regional countries. The Panel notes that there does not appear to be a high level of awareness of the nature or objectives of the Defence regional engagement program (or in fact the extent of Australian engagement activities beyond Defence). It is not surprising, therefore, that many people thought that current levels of engagement were inadequate.

There was significant interest in building skills and cultural awareness across the region. Some suggested that more professional, cultural and educational exchanges should be undertaken; others recommended more well-targeted aid and assistance programs. A few submissions recognised the particular importance of ADF personnel becoming familiar with the history, cultures and languages of countries in our region.

Most discussion of regional activities focussed on the ADF's role in regional stabilisation and humanitarian operations. These are roles in which the Australian community clearly has a great deal of pride and considers to strengthen Australia's international reputation. Some submissions called for more ADF exercises to be conducted with our neighbours on humanitarian / disaster relief missions to improve regional capacity for emergency response.

Many noted that Australia would be expected to make much larger contributions to any high intensity conflict in the Asia Pacific region than had been made to Coalition operations in Iraq and Afghanistan.

Beyond our Region

There is a growing view that, while the ADF must be able to deal with the threat of terrorism at the international level, terrorism itself cannot be defeated by military means alone. Many groups and individuals called for a comprehensive national approach to countering and addressing the causes of terrorism. They saw the role of the ADF in such a construct as being limited to the maintenance of effective defence relationships and the conduct of counter-terrorism activities.

A number of people continue to disagree with Australia's involvement in the war in Iraq and, increasingly, in Afghanistan. Beyond the particular sensitivities of the war in Iraq, many did not see a relationship between these operations and Australia's security interests. Some called for the Australian contribution to focus more on building infrastructure in Afghanistan.

A significant number of people supported further ADF contributions to UN peacekeeping operations.

"Increased contributions to UN peacekeeping are essential if Australia is to take a proportional role in global conflict prevention . . ."

Professor John Langmore, National President
United Nations Association of Australia

Non-traditional Roles

The creation of the Asia-Pacific Civil Military Centre of Excellence has been warmly received. There was particular appreciation that non-military agencies would have a more transparent role in the planning of operations and in cooperation programs. Some also saw scope to create a formal process of engagement between non-government organisations and the Australian Government.

Some among those who opposed war and preparations for war called for the ADF to have 'peace support operations' as a second core function.

Key Findings

Most agree that the primary role of the ADF is to defend Australia and our national interests.

Within that construct, the community saw the ADF's key roles to be:

- securing Australia's resources, including offshore resources.
- providing border security, independently or with an appropriate agency.
- providing counter-terrorism support to Australian law enforcement.
- contributing to disaster-relief operations in Australia.
- leading stabilisation, humanitarian and disaster-relief operations in our region.
- making a meaningful contribution to high-intensity operations in our region.
- contributing to global security, through close cooperation with allies and through UN peacekeeping operations.

What Kinds Of Armed Forces Should We Develop?

A significant number of people agree that the ADF should have a force structure that will provide a credible deterrent and a capacity to protect Australia and our interests. In this regard, one critical component is the maintenance of a capability edge – in technology, information and training – for the ADF in our region.

Most people recognised that the fundamental role of the ADF was also the most costly, requiring high-end, sophisticated and expensive platforms and systems operated by highly skilled ADF personnel.

Submissions also pointed to the value of high-end and multi-role platforms in delivering the best result for the ADF, given Australia's (relatively) limited population and economic resources.

While there was clearly a view that Australia's capability edge was particularly important in this regard, some remained nervous that too much emphasis had been placed on technological, knowledge and professional advantages at the cost of platform numbers. Those submissions posited that advantages in those areas only compensate for platform and force numbers to a certain point, after which even those can be overwhelmed by sheer numbers.

The ability of the ADF to attract and retain adequate numbers of appropriately skilled personnel was a recurring issue in discussions of force structure and is addressed in some detail in later chapters.

While the Panel was struck by a focus on capabilities weighted towards either end of the operational spectrum (humanitarian relief and high-end conflict), many submissions called for the ADF to maintain a balanced

force in order to provide future governments with the flexibility to respond to future strategic developments.

“There is little point structuring tomorrow's force for the threat you recognise today.”

Neil James, Australian Defence Association
Community Meeting, Canberra, ACT

Many people expect the ADF will be increasingly called upon to undertake regional stabilisation and humanitarian operations and have a clear expectation that it will continue to invest in capabilities and skills to support those tasks.

“NGOs can in no way rival the ADF's highly developed and sophisticated expertise and logistical support. Of particular note are the RAAF C-17 Globemaster heavy transports and the LHD vessels that will come on line in the coming years, which should enable Australia to conduct mass civilian evacuations and facilitate disaster response operations more effectively.”

World Vision Australia

Some submissions suggested that the force structure of the ADF should be tailored to lower level operations, suggesting that to do otherwise would be unnecessarily costly and / or potentially destabilising.



Many submissions argued that the ADF must be structured for high end conflict. This view was shared by defence commentators who noted that while such a force has demonstrated an ability to transition to peacekeepers; the reverse is not true.

Some submissions criticised a lack of discipline and coherence in capability development decisions, suggesting that capital investment opportunities (platforms) drove systems and capability rather than the other way around, which had sometimes resulted in an inappropriate force structure.

Some also pointed to the vulnerability of the ADF's force structure (and ultimately of its capability) from exposure to long supply routes of finite oil supplies and asked Defence to investigate the risk and devise strategies to mitigate it.

Maritime

Discussions about the force structure of the Royal Australian Navy focussed on the future submarine fleet and the Landing Helicopter Dock ships (LHDs).

Next Generation Submarines

A significant number of submissions called for a larger submarine fleet of between 8-12 or more next generation boats. Many emphasised the importance of the next generation of submarines incorporating a land-strike capability and air independent propulsion systems (the latter to enable the submarines to remain covert on patrol for longer periods).

Contributors pointed to the disproportionate effect that a submarine threat has on the behaviour of opposing maritime forces, the value of a submarine land strike capability (including buttressing the air combat strike capability), and the intelligence, surveillance and reconnaissance (ISR) and other roles performed by submarines.

People also pointed to the need to increase the ADF's Anti-Submarine Warfare (ASW) capability commensurate with the number and capability of submarines deployed in the region.

“I just make the observation that submarines work both ways: they will be very effective for Australia, but they will be very effective for other countries as well. Australia must get better at Anti-Submarine Warfare. In a region that is acquiring boats at an impressive rate, our current moribund state of ASW is not going to be adequate to allow us to pursue naval operation – or not with any degree of confidence. I just make the observation that an ASW-capable naval helicopter would be a very good start in this respect.”

Andrew Davies, Australian Strategic Policy Institute

The decision to acquire two large amphibious ships, the LHDs, able to carry troops, helicopters, vehicles and to dock watercraft, has been seen to support both ends of the operational spectrum. The importance of amphibious lift in the East Timor operation of 1999 made an impression on many people and the decision to acquire the LHDs has been seen as recognition, by government, of the future role of the ADF in regional humanitarian assistance operations.

At the other end of the operational spectrum, a number of submissions called for investment in a squadron of Short Take Off Vertical Landing (STOVL) variants of the F-35 Joint Strike Fighter (JSF) and necessary modifications to the LHDs to create, in effect, a light aircraft carrier. Those submissions saw such a solution as providing both power projection and more robust protection of the LHDs themselves. A small group of advocates continues to press for a specific purpose aircraft carrier to project power into the region and, as such, to provide credible support and deterrence.

There is a view that more patrol boats are needed to counter illegal fishing and immigration.

Other suggested changes to Australia's maritime capabilities included:

- the construction of further Air Warfare Destroyers (AWDs) to protect the LHDs among other roles;
- long-range cruise missiles to be launched from surface and sub-surface vessels to provide deep strike; and

- the acquisition of a hospital ship to respond to large scale regional disasters.

Land

Discussions about the Army's force structure tended to focus on Special Forces, stabilisation and humanitarian operations.

Elements of the community accepted the strategic significance of the Special Forces capability and supported its expanded size and role since the 2000 White Paper. Some argued, however, that this focus was detracting from the use of the Regular Army in combat operations.

Special Forces was mainly discussed in terms of its role in Australia's domestic security arrangements. Some people considered that domestic counter-terrorism was not a role appropriately undertaken by the military and questioned why such roles were not undertaken by appropriately trained and funded police forces while noting the particular police capabilities resident in Melbourne and Sydney. Some also argued that the role of the Special Forces in domestic counter-terrorism response distracted from its specialised international role.

There was less commentary on some of the Army's more traditional capabilities, including artillery and armour in community submissions although a number of people stressed the importance of maintaining a well-balanced ADF. A few submissions questioned the utility of the Army's heavyweight Abrams tank in the future strategic environment.

Other submissions advocated further investment in:

- land-based short range air defence systems;
- logistics support to operations;
- Army aviation; and
- expanding the contribution of communities in remote areas of Australia, including indigenous communities, for defence and border protection.

The size of the Army was of particular concern in discussions about the likely future requirements for stabilisation and humanitarian relief operations. Some parts of the community understood that the Army may need a further battalion to be able to meet those needs. A few submissions acknowledged the specific skills and training required for peacekeeping operations (particularly language training). However, the Panel noted a recurring misconception that peacekeeping operations involve less intensive training than is required for high end combat.

Many people to whom the Panel spoke were strongly supportive of the Army's involvement in humanitarian operations. Some said that Australian troops had established a reputation, across our region and the world, for their mediation and people skills.

A small but significant number of people also sought greater gender balance in Australian peacekeeping forces both because of the particular skills that women can bring to the work and to the greater access and influence women would provide the ADF in matriarchal cultures across the region.

Role of Reserves

Many people argued for a greater role for the Reserves in the ADF generally, and in Army in particular. The Panel heard that ADF Reserves were underutilised and undervalued.

Some suggested to the Panel that, with additional investment, the Reserve force could be more effectively utilised. In particular, it was suggested that Reserves could assume responsibility for elements of ADF capability which permit long lead times for deployment such as the management of heavy artillery and Australia's air defence. In this view, such a restructure of responsibilities would allow full-time ADF members to be allocated to more pressing tasks.

Air

The debate continued about the capability of the JSF relative to other aircraft appearing in the region. Those who commented typically called for Australia to leverage its Alliance relationship with the US to secure access to the F-22 Raptor. Some also believed that the extension of the F-111's life was both possible and appropriate. A few submissions suggested that migrating to a single fleet of (as yet unproven) JSF was an inappropriately high risk. However, others supported the purchase and pointed to the high cost of the F-22, the consequential impact on fleet numbers, and to the US export ban on the F-22 as making the JSF the right choice for Australia. The Panel also notes that the US appears to be scaling down the F-22 program.

A number of submissions acknowledged the Wedgetail Airborne Early Warning and Control (AEW&C) aircraft and air to air KC-30 Multi Role Tanker Transport refuellers as important to Australia's future air combat capability.

As mentioned previously, some submissions called for the acquisition of the STOVL variant of the JSF to be deployed with the LHD, providing greater force flexibility, better protection of the vessel and to 'realise the full capability' of the LHD as a light aircraft carrier.

The purchase of the C-17 Globemaster III Strategic Airlift (C-17) aircraft has been well received by the community in terms of its ability to provide rapid support to national and international operations, but particularly because of its capacity to support major disaster relief and evacuation efforts.

Other submissions advocated further investment in:

- transport aircraft, particularly to support humanitarian and disaster relief operations;
- electronic warfare capabilities including through the acquisition of the EA-18G Growler; and
- Unmanned Combat Aerial Vehicles (UCAVs) for close air support and strike including from the LHDs.

Force Enablers

The Panel noted some community concern about the threat of cyber attack by State and non-State actors, although the ADF's role in preventing or responding to such attacks was unclear.

As the ADF makes more use of satellites for communication, intelligence and targeting, some argued that the dependency of certain ADF platforms including the JSF and AWDs on space based services will become a critical vulnerability. Those submissions pointed to the demonstrated ability of China and the US to destroy satellites and raised the possibility of using Unmanned Aerial Vehicles (UAVs) to provide communications redundancy.

Other submissions advocated further investment in:

- protection of ADF systems from an attack on communications and information systems;
- intelligence, surveillance and reconnaissance (including over the horizon / wide area surveillance and UAVs);
- surveillance satellites;
- upgraded medical support to operations; and
- logistics supply chains to sustain operations in the north.

Key Findings

- Most people want the ADF to maintain a force capable of self-reliance in most scenarios.
- Many people support the maintenance of a capability edge for the ADF in the region.
- There is broad support for the acquisition of platforms such as the LHDs and C-17s not only for military applications, but also for use in humanitarian missions.

- There is strong and widespread support for the maintenance of a Blue Water capability for the Navy and particular interest in the replacement of the existing submarine fleet and a move to an increased number of new generation submarines.
- Particular support exists for a long range strike capability, especially from submarines.
- A significant group of people have argued for more effective use of the Reserves, particularly in stabilisation, humanitarian and disaster-relief operations.
- There is an ongoing awareness of the importance of electronic warfare, intelligence, surveillance and reconnaissance and Anti-Submarine Warfare capabilities in the ADF.





Defence People

The Panel was encouraged by the strength of the community's regard for the ADF and its personnel. Many wanted to see concrete initiatives targeted at recruitment and retention in the White Paper.

ADF recruitment and retention were considered to be among the most important challenges confronting Defence and featured heavily in written submissions and in community consultation meetings. Many people were concerned that the ADF workforce was being stretched to operate at unsustainable levels and agreed that lifting personnel capability should continue to demand focus and investment. Submariners and air traffic controllers were cited as examples of personnel categories under particular pressure.

Some submissions pointed to Australia's demographics, the low unemployment rate, lucrative salaries available in the mining industry and the impact of conditions of service on ADF personnel and their families as factors contributing to ADF workforce shortfalls.

Australian Ambassadors Program

Another concept developed during the Panel's dialogue with community members to promote recruitment, retention and community awareness of the ADF was the establishment of an ADF Ambassadors program. It was suggested that 100 leading people from all fields of endeavour could be nominated to become ADF advocates. The suggestion evolved to include one annual 'Armed Services' week across all Services, Reserves and ADF Cadets to maximise public exposure and impact, providing a point of focus in the ADF's community engagement calendar.

Many suggested that greater community engagement could create an environment more conducive to recruitment and retention initiatives and that further investment in the training and use of Reserves could address some full time ADF personnel shortfalls.

Full-Time ADF Members

There was a high level of community awareness and concern at the ADF's struggle to recruit and retain personnel.

The effect of the posting cycle on ADF families featured as a particular issue in discussions about recruitment and retention. Some, including a number of young people, said that potential recruits would want much greater input into their postings and would be much less prepared to accept undesirable ones. Defence housing arrangements were considered by some to be inadequate due to difficulties in placement, less than satisfactory conditions and undesirable locations.

Many people were encouraged by the Government's efforts to improve the ethnic and gender diversity of the ADF both as an end in itself and to mitigate workforce shortfalls. Some believed that further work was needed to target recruitment activities towards under represented parts of the population.

Part Time ADF Members (Reserves)

There is broad community support for the role of Reservists in the ADF. Many people indicated that while there may have been improvements, Defence was not yet deriving maximum benefit from Reserve forces and recommended that the size and roles of the Reserves be expanded.

Many people expressed enthusiasm for the use of Reservists in regional development and peacekeeping operations, believing Reservist skills and perspectives to be particularly suited to the nature of those operations. There was also support for using Reservists in some combat deployments. There was some criticism that the role of the Reserves has not been clearly defined and that there is little consistency as to how the Reserves operate. There were suggestions that Defence and the full-time ADF appeared dismissive of the potential capability that could be derived from Reserve units.

Some see the Reserves as an important entry point into the permanent forces and that the presence of Reserve units improved community awareness of, and positive regard for, the ADF more broadly.

During meetings with industry, a proposal was made that the ADF pursue an industry sponsored Reserves model, similar to that in place in the UK. Such a model would allow the ADF to leverage the skills and experience of industry personnel on operations. The sponsored Reservists would receive Defence training and could be deployed to operational areas with the systems or equipment with which they work in their civilian capacity. The model would provide the ADF with skilled, experienced and deployable support.

A number of people thought that more could be done to develop the Reserves as a professional second career option. Some recommended that greater support should be provided to Reservists through training, career management, strong employee protection, medical



benefits and superannuation. Some contributions referred to the US or UK models of support as examples of how best to maintain and support part time military forces.

A few suggested that as support for training and meaningful career paths in the Reserves decreased, unit recruitment and retention also fell and in a number of cases this resulted in the closure of the units altogether, thereby eliminating opportunities for further local recruitment.

“Without the appropriate distribution and infrastructure of ARes [Army Reserve] depots to attract, train and retain Army Reservists from their local communities, particularly in Metropolitan Adelaide, DRA SA predicts that the capability viability of the ARes in South Australia will be virtually demolished. Similarly, there would be deleterious effects on the strength of ADF Cadet Units, which are a significant source of recruiting for the ADF.”

Defence Reserves Association, SA Branch

A suggestion was also made that a demographic study might be required to determine the most appropriate locations of Reserve depots.

Recruitment - General

As discussed previously, recruitment was an issue of significant concern to many people. Views were put forward on how Defence could improve its approach to ADF recruitment. Some thought that the ADF should be working more productively to improve public perceptions of the ADF in order to create an environment more conducive to recruitment (and retention) initiatives.

A lot of discussion concerned the attractiveness of mining wages to ADF members and it was suggested that ADF remuneration packages needed to be more competitive.

Excessive delays in the recruitment process, both to the full-time and part-time ADF, were sources of frustration for potential recruits (and Reserve units). People suggested that the ADF loses potential recruits to other industries because of the delays.

Many members of the public spoke highly of the ADF Gap Year initiative as a developmental opportunity and as a recruitment tool. Some suggested that the program could be expanded to include university leavers, not just school leavers; others suggested that it should have an increased focus on trades. Others argued for the introduction of a scheme along the lines of the Ready Reserve.

There was a general concern that the ADF also needed to be more open-minded in recruitment standards and that it placed too much emphasis on how an applicant ‘looked on paper’, and not on broader aptitude and abilities. Some suggested that the ADF should reassess the health conditions and academic requirements for particular ADF employment categories. Others thought that the ADF could offer some practical support to help applicants who had not met certain standards by a small margin, particularly fitness standards.

Some younger people attending community meetings shared their reasons for not choosing a career in the ADF which included opportunities for higher initial pay and rapid career progression in the private sector. It was also suggested that some would not want to be compelled to participate in wars that they do not agree with. Some suggested more incentives targeted at young people were needed, such as clearing HECS debt and making current ADF home loan subsidies more compelling.

During the consultation process, a number of people said that they perceived the ADF to have a poor reputation for caring for its people. Some believed that the standard of consideration and care provided to injured ADF personnel, particularly those with post traumatic stress disorder, and veterans was poor and that this has diminished the reputation of the ADF as an employer.



Echoing views expressed in the 2000 community consultation program, some Australians expressed support for the introduction of compulsory service. One model proposed that compulsory recruits would not be deployed on active service, but instead would fill administrative roles. Another model put forward by a few people would allow the individual to choose between service in the ADF or in other areas of community and public service.

Retention - General

Views varied on the reason behind Defence's current retention challenges and how to address areas of deficiency. Some people focussed their submissions on the importance of pay increases and expansion of tax incentives. Bonus schemes aimed at retaining specialist personnel were sometimes criticised as an expensive 'band aid' solution.

There was a general understanding that retention schemes need to be flexible and geared to individual motivations. That is, a 24 year old single male is likely to have very different motivations for remaining in the Service when compared to a 45 year old mother – both of whom may have invaluable skills.

Many pointed to ADF family services, accommodation, health care and spousal employment as areas that, with further attention, could improve the recruitment and retention of ADF personnel.

"Emphasis must be placed on family support services, medical and hospital services and other family needs that have a high dollar value in civilian life."

Keith A. Hancock, NSW

A small number of people pointed to the purchase, by ADF members, of personal equipment as an indication of the inadequacy of standard issue equipment and suggested that this diminishes morale.

"If we equip properly then . . . those few who wish to serve may feel their sacrifice is both understood and valued."

Karen Guglielmi, VIC

Finally, some said that Defence should think more broadly about how to harness the skills of ADF personnel leaving the ADF, beyond Reserve positions. People saw scope to harness those skills in defence related industries and in the Australian Public Service (APS).

Skilling Defence's People

A number of people recognised the ADF's need for more skilled and educated personnel as increasingly sophisticated military technology, systems and equipment are employed. Equally, the Panel recognises that operational deployments, particularly in peacekeeping and peacemaking situations, demand alert, quick thinking personnel at all levels who need to be highly trained. The development and maintenance of such specialised skills requires significant financial investment.

The Panel found that the development of ADF personnel was strongly supported in the community, with some members of the public particularly emphasising the need for increased officer education and leadership development opportunities.

“The ADF needs to improve the quality and focus of its intellectual capital if it is to be effective in the increasingly complex strategic and operational environment of the future.”

Dr. Nick Jans
Australian Defence Force Academy, ACT

Submissions also noted that the provision of opportunities for further education are important to attract, retain and develop the skills of defence engineers, scientists and technical management professionals.

Many Reservists advocated improved recording, recognition and utilisation of their civilian skills and qualifications by the ADF. They commented that the ADF could benefit from skills already available in the Reserves and that, better recognised, those skills could provide opportunities for their Reserve career progression.

“There needs to be recognition of civil trades and qualifications by the ADF and also the opposite, to avoid duplication of training, waste of time and even frustration. The ADF also needs to make greater use of civilian professionals, to enhance the capability, by granting them an appropriate rank and providing minimal orientation training for their task, e.g. CIMIC unit personnel for reconstruction and stabilisation operations.”

Defence Reserves Association

Equally, there was a need identified to offer civilian accreditation of ADF qualifications and skills. There was some concern that cut backs in Reserve training delivered short term cost cuts that potentially had long-term impacts including on retention. The Panel was encouraged to hear that Reserve duty is gradually being embraced by employers. The Panel expects that the ADF Reserve Employer Support Program (which provides financial assistance to help offset the costs of releasing employees for ADF service) has been helpful in this regard although at least one employer expressed concerns that the financial assistance offered did not adequately compensate for the absence of highly skilled employees on Reserve Duty.

Civilians in Defence

Civilians in Defence did not receive much attention during this process. The Community and Public Sector Union (CPSU) raised concerns that many support functions within Defence were not adequately resourced for Defence's 'high tempo' of operations.

In its submission, the CPSU recognised that, while Defence maintained an excellent training regime for APS staff, more needed to be done to bring in young staff and train them in many of the highly specialised roles that Defence requires.

The Australian Defence Force Cadets

People were very supportive of the ADF Cadet youth development program often citing the discipline and teamwork skills that it develops in young people. Many people also cited the importance of the ADF Cadets as a source of recruits both for the ADF and defence industry. There was also a view that, like the Reserve units, the presence of ADF Cadets in local communities raises the positive profile of the ADF.

Some people suggested that there was more scope to expand the number of school based ADF Cadet units, to better advertise the ADF Cadet scheme to increase recruitment to Cadet units, and to place a greater emphasis on skill development within the program. A suggestion was also made that Reserve soldiers could be paid or given Reserve time to teach cadets.

A number of contributions advocated increased funding of the ADF Cadet scheme and believed that, in order to support the creation of more ADF Cadet units, consideration should be given to the creation of centres to accommodate local Reserve and Cadet units. The Panel notes that multi-user depots have been constructed for just that purpose, although they also attracted some criticism for removing ADF Cadet units from facilities closer to airfields, harbours and ADF bases that contributed to their sense of belonging to the Services.



Key Findings

- Many Australians are concerned by the ADF's difficulty in attracting and retaining skilled personnel.
- Many hope to see concrete initiatives to address recruitment and retention issues in the White Paper.
- Many people believe that Reserve units could be better utilised, particularly in light of the difficulties in recruiting and retaining full time ADF members.
- There is support for the creation of industry sponsored Reserves, similar to the model in place in the United Kingdom.
- A significant number of people and groups consider an ADF presence, particularly contact with serving personnel, has the greatest influence on community attitudes towards the ADF and that those attitudes, in turn, influence ADF recruitment and retention.
- The Panel believes that there is merit in appointing 100 leading Australians to become ADF Ambassadors who would act as advocates of the ADF in the community.
- The ADF Cadet youth development program is highly valued by many people and they argue it should be expanded wherever it is practical to do so.

Regional Australia

In its meetings with people across regional Australia, it was clear to the Panel that many communities feel a special relationship with the ADF. People spoke highly of ADF personnel and recognised the significance of the ADF's presence to their communities and economies.

Most communities spoke of the ways in which they wanted to strengthen support for ADF regional partnerships to foster growth in the ADF's presence and defence related local industry.

ADF Presence

Many people saw an ADF presence as integral to the history and identity of their communities; some listing the contributions made by their community during times of war. Others spoke of the steadfast support that regional communities provide to the ADF and its people.

"In May 2008, for instance, more than 10,000 residents attended celebration to mark the return of soldiers serving overseas in Reconstruction Task Force 3 (Afghanistan) and the Timor-Leste Battle Group 3."

Townsville City Council, QLD

Most regions discussed the importance of ADF presence in all forms, including Defence establishments, Reserves, ADF Cadet units and industry. Some people believed that ADF 'road shows' make a positive impact on community attitudes to the ADF by providing opportunities for people to speak with serving ADF personnel. In community consultations in Tasmania, the smaller ADF presence was criticised in terms of its effect on recruitment, local industry and the security of Australia's interests in the Southern Ocean.

Regional Security Perspectives

Border protection and surveillance were raised as issues in some regional areas. Some communities thought that more needed to be done to secure Australia's borders and national infrastructure. Further, some sought opportunities to make local contributions to those activities.



Although many regions recognised the strategic need to place personnel in forward bases in the north, a number of regions called for greater consideration of the strategic potential of other localities. There was concern, particularly in Tasmania, that Australia's economic interests in the Southern Ocean demanded effective surveillance and policing as competition for natural resources increases. There was a view that a regional coalition could be established to police the Southern Oceans.

Local Economies

Many people in regional communities spoke of the importance of economic and infrastructure benefits derived from Defence expenditure. By way of examples, the Wagga Wagga City Council said that the ADF was its sixth largest employer and the Hunter Economic Development Corporation estimated that aerospace industry development in Williamstown (NSW) is likely to create up to 5,000 jobs. Townsville approximated that ADF personnel and their dependants made up at least 10 per cent of the population.

During the community meeting in Alice Springs, members of the local government suggested that the ADF study the feasibility of conducting training and exercises in Central Australia, particularly in Alice Springs, noting that ADF equipment already travels through the town on the way to Port Augusta.

All of the communities consulted valued the ADF's support for local industry and viewed the ADF as a key driver of skills and employment opportunities in the region. A number of submissions highlighted the influx of highly skilled, technically trained workers to areas supporting ADF personnel and defence industry. Some regional councils viewed Defence's economic investment as a primary driver of their future civic planning priorities.

The need for greater communication of ideas and concerns between regional industry, local governments, and Defence was called for in a number of submissions.

"The Hunter has a strong manufacturing base. Many Hunter manufacturers have defence industry involvement. However, this involvement could be much greater through more active engagement between Defence Materiel Organisation (DMO), defence bases, System Program Offices (SPOs) and regional industry."

Hunter Economic Development Corporation, NSW

Suggestions to improve communication, such as the Hawkesbury City Council's concept of 'Defence Council alliances', focussed on strengthening community, industry and local government relationships with Defence.

Recruitment and Retention of Skills

A number of people saw the presence of ADF personnel in the regions as an important influence on ADF recruitment, seeing a direct link between interactions with ADF personnel and levels of recruitment from those areas.

Emphasis was placed on the potential for increased defence industry development and workforce skilling in the regions. Many people from regional communities have served in the military and return to their towns with the skills that they have received during their military career. Several ideas were put forward as to how Defence can improve and expand investment, training and personnel support in regional communities.

Key Findings

- The presence of the ADF is important to the identity of regional communities, their economies, workforce, and their future.
- Many regional communities support ADF regional partnerships to strengthen links with the ADF and support its work.
- Regions with an ADF presence believe that it is important that equipment and platforms based in the region are sustained in the region.
- Regional areas that do not have a permanent ADF presence underscored the importance of having a Reserve (and ADF Cadet) presence, including for local recruitment.

Developing The ADF: Can We Afford Such Forces?

Can we afford not to?

As discussed in the foreword, the Community Consultation Program was conducted before the global financial crisis reached the degree of severity being experienced at the time of writing. Had the consultation coincided with the crisis, we think it only reasonable to consider that many areas of the report would have been affected, with this chapter being among them. We expect that levels of community support for increasing the Defence budget, and probably even maintaining the existing budget may have fallen since the completion of the process. Support for reducing the defence budget may have risen.

Nonetheless, the results as we found them in the period 5 June – 1 October 2008 serve as a baseline from which to judge the impact of the financial crisis on community attitudes towards Defence funding. These results are presented below.

The Defence Budget

Polling indicates that most Australians consider the current level of Defence funding to be adequate. A number of submissions said that the Defence budget, as a percentage of GDP, should be comparable to that of other countries in the region.

Certainly, many submissions continued to call for increased funding of people and equipment, responding to the discussion paper's question 'Can we afford such forces?' with the familiar answer 'Can we afford not to?'.

"Governments are faced with the choice of increasing the proportion of national resources allocated to defence or accepting higher levels of national security risk. . . . adopting the second option would present the greatest risk for the nation and its future. Government acceptance of potentially major national security risk failure is unconscionable."

Australian National Centre for Ocean Resources and Security,
University of Wollongong, NSW

Unlike the Community Consultation process undertaken in 2000, there was less community support in 2008 for increasing the Defence budget. While there was ample discussion in submissions and at community meetings of priority areas for Defence spending, particularly in terms of major acquisitions, explicit comments on the size of the Defence budget were dominated by interest groups and form letters opposed to military activities, either in the broad or in particular. Those submissions called for a decrease in defence funding levels for reallocation to other government priorities and suggested that investment in military capabilities is destabilising.

"Rather than arming ourselves against countries . . . we should independently foster good relations with them through the provision of developmental assistance . . . it would be possible to divert resources presently devoted to acquiring and maintaining armaments (the means for destroying life) into life affirming activities such as education, health, humanitarian aid and coping with climate change and resource depletion."

Marrickville Peace Group, NSW

As discussed earlier, the Panel commissioned an analysis of existing community research on defence issues in order to gauge how representative these views were.

That research found that support for increased expenditure has fallen from 75 per cent in 2000 to 30 per cent in June 2008. The Panel expects that this reflects the commitment made in the 2000 Defence White Paper to 3 per cent annual real growth (on average) for the decade to 2010-11, which was extended in the 2006-07 Budget to 2015-16, and the major defence acquisition decisions since that time.

While the research found that most people were supportive of current levels of Defence expenditure with a growing recognition of the importance of maintaining the effectiveness of the ADF, 11 per cent thought the Defence budget was too high. The Panel anticipates that both of those figures may since have changed in light of the global financial crisis.

Some also sought greater efficiency in Defence's approach to spending. Concerns were generally raised in relation to problems with certain high profile defence projects.

"I'd support targeted increases in some areas – I think we're under-done in many deployments. It is not how much we spend but how we spend it – spend it wisely not on Sea Sprite debacles."

Ballarat Community Meeting, VIC

Key Findings

At the time that the consultation was conducted (supported by polling data from July 2008), the Panel found that:

- most people supported existing levels of defence funding.
- there was overall, less support for increasing that level of funding.
- some people would support targeted increases to the Defence budget.

Encouraging Innovation

Many people, both in private and in community meetings emphasised the importance of Australian innovation in maintaining the ADF's capability edge and supporting strategic self-reliance.

Some people were critical of a real or perceived risk-averse culture in Defence which, in their view, has pushed too great an administrative and legal burden onto industry (a burden felt particularly by SMEs) and neglected innovation opportunities.

The Panel heard that this culture was exacerbated by the pressures of the intense parliamentary and media scrutiny which is, of course, fundamental to public accountability and a healthy democracy. The Panel recognises that there is scope for cultural change in how Defence manages risk and how Defence and governments engage with the community on those risks.

Based on its conversations with industry, the Panel suggests that there is scope for Defence and governments to be more 'front footed' in countering unrealistic public expectations about the extent to which risk can be 'managed out' of the acquisition of major, complex, and cutting-edge technologies and systems. The Panel sees opportunities for both Defence and governments to more actively engage the public in consideration of risks and failures, including the cost of excessive risk aversion on ADF capability, industry and, ultimately, the Australian economy.

Research and Development

Many people expressed broad satisfaction with the Defence Science and Technology Organisation (DSTO) for its performance in supporting the emerging technological needs of the ADF. However, there was a strong appetite within Australian universities and research institutions to play a larger role in the delivery of advanced technologies for the ADF in addition to the provision of short term support.

Most suggested that there is significant scope for a more strategic, long-term and cost effective approach to collaboration between universities, DSTO, other government laboratories (CSIRO, ANSTO, etc) and industry.

"Currently, university contributions to Defence research are largely focussed on and channelled through DSTO, which provides funding for characteristically short term interactions. In recent years these projects have been erratically funded, no doubt reflecting the general decline in funding provided to the DSTO. Consequently, it has been difficult for academic leaders to attract and retain the critical mass of researchers required to undertake key projects . . ."

Professor Glynn Davis AC, Vice-Chancellor,
University of Melbourne, VIC

Universities and research institutions told the Panel that there were few opportunities to conduct core ongoing research tasks and early stage basic research in areas of science and engineering that underpin critical defence capabilities.

Some also pointed to Defence attitudes towards risk as constraining meaningful research opportunities. Some suggested that Defence sensitivity to large-scale project 'failure risk' (whether in terms of cost, timescale or outcome) has driven a risk-averse approach to dealing with all areas of innovation.

While professional risk management is clearly critical for complex projects and systems, the Panel notes that the way in which some parts of Defence manage risk merits



serious reconsideration in the context of research and emerging technologies. The Panel notes that if more of Defence's research dollar is spent on risk mitigation than on innovation, a real risk emerges that programs will fail to deliver innovation. This would present a risk to ADF capability.

University submissions were largely supportive of the principles underlying the three structured programs by which Defence engages with universities and industry on research and development: the Capability Technology Demonstrator (CTD); the Rapid Prototyping Development and Evaluation (RPDE); and the (new) Defence Future Capability Technology Centre (DFCTC) Program. However, they noted that these programs are not widely visible to the broader research community.

The DFCTCs were hailed as a good approach for creating scale and focus in defence research. A number of submissions identified the need for further DFCTCs including to develop ADF capabilities, practical experience and training for researchers, and flow-on effects to industry through commercialisation opportunities.

Many considered the CTD program was a positive approach to aligning research with industry capability. There was concern though that the program's funding levels had been reduced and that CTD parameters were weighted towards low-risk low-reward projects rather than funding projects with the potential to provide disruptive technologies. A further concern was that there are limited opportunities for providing follow-on funding following the successful completion of a CTD.

A number of submissions were dissatisfied by what was perceived to be the current low-level and ad hoc allocation of research and development work to universities. Some said that DSTO's approach to funding research from individual budgets within DSTO exacerbated this situation. The academic community recommends the introduction of consolidated and competitive processes for awarding defence research funding to ensure the best quality outcomes and to foster strategic capability growth. Universities suggested that, by engaging their research centres in a more strategic and structured manner, Defence would be able to draw on a more broad-ranging, versatile, responsive and competitive research base.

While one research organisation acknowledged the importance of an in-house, secure source of scientific and technological expertise in Defence, others called for the DSTO's services to be tested against the market to let universities and industry compete for Defence's research business. Some suggested that DSTO could shift, at least in part, to a model similar to that of the US Defense Advanced Research Programs Agency (DARPA) which acts as a 'gatekeeper', providing funding for, and skilled project management oversight of, outsourced defence-related research projects.

Universities also emphasised their ability to support research into broader security threats including the threats of climate change, resource security, terrorism and disaster prediction.

Scientific Skills Development

Research institutions noted that, as technologies (including defence-related technologies) evolve, Australia will need a workforce skilled to operate, sustain and upgrade increasingly complex systems.

A number of submissions noted with concern the decline in Defence spending on research and development, including relative to the region. Many considered the decline in funding, combined with a defence industry policy perceived to be focussed on sustainment rather than innovation, would see a further strain on Australia's skilled scientific workforce.

Universities and industry agreed that increasing the number of students who receive education in the sciences is necessary to improve Australian defence-related research and developments skills to maintain an adequate scientific workforce. Universities suggested that Defence could be more proactive in promoting defence career opportunities to attract more people to study science, engineering and technology.

“... the Board is concerned about the trend in the decline in Australia's manufacturing capability and skilled workforce and believes the innovation programs help to address this issue and encourage Australian companies to capitalise on opportunities in the global market.”

Innovation Australia

Universities saw opportunities for Defence and industry to cultivate a professional workforce through substantial increases to the number of scholarships jointly funded by Defence and industry to the university sector both for undergraduate and postgraduate programs.

Contributors identified further scope for collaboration. Some suggested that greater exchange of scientists between the DSTO and other university and government research centres would provide opportunities for the identification of defence-related applications of emerging research as well as for the development and maintenance of skills.

Opportunities for Industry Innovation

The Bushmaster project was cited on a number of occasions as an excellent example of Australian Government investment in local industry, pointing to its reported ancillary benefits which included generating \$100 million in exports in less than three years, over 60 per cent of the components being made in Australia, and the skills that it generated.

But overall SMEs, in particular, were frustrated by a perception that government competition policy stifles rather than supports innovation by requiring SMEs to, in effect, tender for their own idea, thus losing their commercial advantage.

A number of industry representatives also expressed some frustration about what they characterised as Defence's risk aversion in capability and procurement decisions and what they considered to be onerous tendering and contracting practices.

“ . . . the White Paper should require the revision of procurement policy to include vastly simplified risk-sharing contract conditions and limited liabilities rather than the current ‘risk management’ and unlimited liability conditions which are in fact risk-averse and unrealistic . . . ”

Australian Industry and Defence Network, VIC

Some industry representatives suggested that intense public scrutiny of Defence project problems, not balanced by the discussion of project successes, has generated an unhealthy risk aversion among government, Defence leaders and Defence Materiel Organisation (DMO) desk officers. A number of SMEs suggested this was, at least in part, one of the reasons that Defence preferred to work with Primes. As one industry representative commented:

“No one gets sacked for hiring IBM.”

Private Meeting with the Kokoda Foundation

Military Off the Shelf Solutions (MOTS)

Military Off-the-Shelf (MOTS) acquisitions allow the ADF to purchase a ‘known quantity’ quickly and are generally accepted to incur a lower risk. However, those acquisitions typically provide less opportunity for Australian industry involvement, particularly in the sustainment of highly-sensitive technologies.

The Panel found that, while Australian industry had clear concerns that MOTS acquisitions had become the preferred method of procurement for Defence, opinion among private contributors was divided on the value of MOTS solutions.

Industry representatives argued that an undue emphasis on MOTS and Commercial off the Shelf (COTS) technologies limits opportunities and drivers for indigenous science and technology.

“The Mortimer Review, which was published on 24 September 2008, highlights key features of Australia’s defence market. It is small; the primary customer is risk -averse; and the cost of building or modifying equipment in relatively small numbers to suit the specific needs of the Australian Defence Force (ADF) can be extremely high. The inescapable conclusion is that the ADF is being drawn to much higher use of Military off the Shelf (MOTS) equipment.”

Gregor Ferguson, NSW

Certainly industry, and many members of the public, were concerned that MOTS options stifle opportunities for Australian industry innovation, self reliance and a capability edge. Sections of industry believed that there was a culture among some Defence desk officers of deference to US technology. One contributor said that the attitude of one desk officer was:

‘If your product is so good, the US would’ve invented it ten years ago.’

Adelaide Community Meeting, SA

Some people argued that there is a need to map key areas of strength in Australian research and development as a way of identifying and supporting areas that have the capacity to support critical defence and defence industry capability areas.

And yet, a number of people who spoke with, or wrote to, the Panel in a private capacity said that they were frustrated and dismayed at waste associated with the ADF’s pursuit of ‘gold plated’ capabilities when other MOTS solutions existed. Opinion is clearly divided.

Defence's Environmental Impact

Defence's environmental impact received particular attention at community meetings and in private submissions. People are clearly concerned that Defence should take meaningful steps to reduce its environmental impact.

Submissions called for Defence to make its buildings more sustainable with the use of solar panels, water tanks and grey water irrigation. Many people have a clear expectation that Defence, both by being a public institution and by virtue of its size, should be taking decisive steps to lessen its impact on the environment.

Other suggestions included factoring the environmental performance of companies into Defence's tender decisions and the carbon footprint of activities into Defence planning.

Defence's environmental performance as a responsible user of the Shoalwater Bay Training Area was recognised at the community meeting in Rockhampton, noting the care with which Defence undertakes consultation and trains its people on environmental issues.

In terms of ADF capability, some participants were concerned that the ADF was vulnerable to rising fuel costs and possibly the onset of peak oil and the consequential impact on ADF platforms, activities and preparedness. They called for Defence to audit that vulnerability and devise strategies to mitigate it.

Key Findings

- Industry and research groups are concerned that further investment in innovation and research be ensured to maintain a workforce and infrastructure capable of supporting ADF capability and military self-reliance.
- Universities and research institutions are clearly looking for opportunities to increase the scope and depth of their scientific collaboration with Defence.
- There is a need to strengthen mechanisms for engaging the research sector in areas of relevance to Defence including opportunities for scientific skills development.
- Opinion is divided about the long-term merits of pursuing Military Off-the-Shelf solutions in terms of risk, cost and self-reliance.
- Many people believe that Defence should work to further reduce the environmental impact of its activities.





Australian Industry

The broad community support for Australian defence industries, apparent in the 2000 Community Consultation Process, remains strong in 2008.

Submissions by both industry groups and private citizens pointed to the importance of a healthy defence industry for the Australian economy, workforce and strategic self-reliance. Around half of Australians are prepared to pay a premium to support Australian industry on defence equipment although the Panel expects that, when read with community attitudes towards the level of Defence funding, that premium would likely be paid in total platform / equipment numbers rather than by an increased budget allocation to Defence.

In the midst of the global financial crisis, the Panel believes that community support for spending in Australia may be more pronounced.

Defence Procurement and Industry Policies

Defence industry groups indicated support for the vision of the 2003 Kinnaird Defence Procurement Review and general satisfaction with the letter of current Defence industry policy.

Concern was evident, however, that there remained too big a gap between policy and practice and that implementation of this current policy could be significantly improved by introducing performance metrics, reporting and compliance measures.

The Panel is aware that the DMO has been working actively on these issues.

The attitude of much of industry towards the DMO in 2008 has improved since the 2000 Defence White Paper in a number of respects. A good example of this is the more structured dialogue that now occurs between DMO and industry. The Team Australia approach used

for the JSF program was applauded by industry groups tempered albeit by the current limitations on its true scope and value pending the Government's decision on the JSF.

Priority Local Industry Capabilities

Industry groups were overwhelmingly supportive of the call for the announcement of government's industry priorities – Priority Local Industry Capabilities (PLICs). The UK policy Defence Industry Strategy: the Defence White paper, December 2005, was often cited as best practice. The Panel understands though that the UK policy has not yet been implemented.

Both industry and private contributors suggested priority industries might include shipbuilding, electronic warfare, systems integration, ammunition and software engineering. A number of submissions advocated the indigenous development of the next generation submarine.

It was suggested that PLICs could be designated as National Strategic Security Priorities to avoid international trade constraints and enable Defence industry, particularly SMEs, to invest in the skills and capabilities required to meet longer term capability sustainment requirements.

Until the PLICs are announced, local defence industries said that they would struggle to tailor their workforce, research, equipment and investment to be competitive for Defence business in those areas.

Concern was raised about the implementation of industry policy, particularly the need to transparently monitor compliance in tender evaluation. There was a view among industry that defence industry policy should be measured in terms of industry improvement. Some said that placing responsibility for industry policy inside a procurement agency focussed on delivering projects 'on time and on budget' limited its effectiveness. Suggestions were made that industry policy be placed in another Defence area (outside of the DMO) or in the Department of Innovation, Industry, Science and Research.

There are few projects in Australia (aside from some mining and infrastructure projects) of the length and complexity of those managed by the DMO. But the lack of corporate memory in DMO has been a cause of some frustration to industry. In the Panel's discussions of this problem with industry and DMO, the idea emerged of retaining retired senior project managers to provide ongoing corporate memory and guidance to full-time project staff. There was some agreement that such a practice could alleviate some of the difficulties and inefficiencies caused to both DMO and industry as a result of staff turnover and might be worthy of further investigation.

Defence Procurement Practices

As discussed previously, Australian industry has been particularly concerned by a perceived Defence preference for MOTS solutions. In any case, industry recognised that there will be times when a MOTS solution is preferred, but would like to see DMO work more effectively to:

- identify the through-life cost of projects in order to test the true economy of international sustainment contracts and to provide Australian industry with information by which to plan for Australian-based through-life support;
- wherever possible and practical, work to secure local industry engagement in the supply chain before the contract is signed; and
- arrange more meaningful skilling opportunities for Australian industry.

Sections of Australian industry pointed to the acquisition of the C-17 as a missed opportunity for greater Australian industry engagement in the global supply chain. The Panel notes that the DMO has managed to achieve a flow of work to some Australian companies through the establishment of an Office of Australian Industry Capability in the US.

Defence was praised for the quick and efficient support it provides to existing or upcoming operations under the Rapid Acquisition procurement process. The Panel notes the critical nature of Rapid Acquisition and its provision of immediate counters to the rapid and adaptive application of technologies used by enemy forces in areas of operation.

Sustainment

Industry and private submissions alike called for more use of Australian industry in the sustainment of Defence capabilities. The ability to maintain and repair ADF equipment in Australia was considered a fundamental strategic requirement and industry groups suggested that procurement decisions should take greater account of the full life-cycle costs.

Industry was concerned that, while Foreign Military Sales of MOTS solutions might be cost effective in the short term, as a relatively small customer of international primes, Australian reliance on international sustainment supply chains would increase cost. They suggested that the ADF would struggle to get timely attention to maintenance requests and that this should also be considered part of the cost of overseas maintenance and sustainment programs.

Industry also said that there can also be real problems with the release of technical data for some highly sensitive systems which in turn diminishes opportunities for Australian through life support and consequential skills development.

Many people wanted to see Defence and the Government support enhanced innovation in Australian defence industry. The promotion of dual use technologies was suggested, as was the better promotion of successful domestic projects, such as the FFH ANZAC class frigates.

The Panel was impressed by consistent representations from industry on the need for through-life support to be addressed in more detail in this White Paper and firmly supports this view.

Industry Involvement in Capability Development

The Defence Capability Development Group (CDG) has been working to improve Australian industry engagement in the earliest (requirements) phases of the process to improve Defence's definition of requirements, reducing project risk, while positioning Australian industry to be competitive when those projects come on line. CDG has been working to refine that model to better protect industry intellectual property and commercial advantage in the process.

Peaks and troughs

Block obsolescence has created a pattern of famine and feast for Australian industry which carries a high overhead. Without long-term solutions, industries struggle to retain skilled staff, and invest in expansion, plant and infrastructure in between projects. Levelling out peaks and troughs would help industry to retain a skilled workforce, achieve more regular investment cycles and improve efficiency and productivity.

The Panel recognises that industry policy considerations alone cannot drive defence policy. Nonetheless, developing longer term strategies for providing continuing work opportunities to industry conveys benefits to both. We trust that the White Paper will consider this issue.

Small and Medium Enterprises

While the issues discussed above remain pertinent to SMEs, the Panel wants to record some of the particular difficulties raised by small and medium companies.

SMEs regularly raised the need for more Defence support, particularly in the following areas:

- accessing the industry supply chain, particularly through the reduction of the \$50 million threshold for supply chain management;
- improving the implementation of industry policies through performance metrics, reports and compliance measures;
- establishing monitoring and compliance mechanisms to encourage prime contractors to translate their use of SMEs at the tender stage into contracts;
- encouraging more, and more meaningful, investment in skilling of Australian industry by prime contractors; and
- reducing the administrative and legal burden on SMEs, particularly in contracting.

The level of insurance required by SMEs to bid competitively for Defence work was also raised as an issue. The levels of insurance were said to be prohibitive. SME representatives suggested that consideration be given to establishing a pool system for SME insurance. This could possibly be based on the New Zealand insurance pool in the tourism sector.

Finally, some SMEs continued to express disappointment that DMO seemed less willing to engage directly with them. During one of those discussions, the idea of creating an SME Advocate in the DMO to represent the interests of SMEs was raised. This could possibly be modelled on the US example in the Pentagon.

Industry Skills

Most agreed that skills shortages need to be addressed by an investment in education, mentoring and professional development by both academia and industry. Like Defence, industry has been struggling to recruit and retain skilled employees.

The Skilling Australia Defence Industry (SADI) Program, established in 2005, was established to address the significant shortfall in the quantity and quality of defence workforce skills (both in trades and professional qualifications) needed to deliver ADF capabilities. The Program has been very well received by industry and a number of participants recognised, and were encouraged by, DMO's efforts to make SADI more accessible to SMEs.

Universities saw opportunities for Defence and industry to cultivate a professional workforce through substantial increases in the number of scholarships jointly funded by Defence and industry to the university sciences. One submission also suggested that the SADI model could be adapted to encourage more people into undergraduate defence-related degrees.

The Panel also notes the recent announcement of a Defence Technical Scholarship program for students entering Years 11 and 12 who want to pursue a technical trade career. We understand that the program aims to address the critical shortage of skilled technical tradespeople in Australia and to expose these students to the benefits of service in the ADF.

Key Findings

- There continues to be wide public support of Australian defence industry, both in terms of economic value to Australia and strategic value to the ADF.
- The ability to repair and maintain defence equipment in Australia is a key strategic requirement to maintain ADF capability and self-reliance.
- Industry is anxious for the Government to identify and provide meaningful support to Priority Local Industry Capabilities.
- Industry called for Defence to better align its industry policy with implementation, including by introducing performance and compliance measures to 'give the policy teeth'.
- Small and Medium Enterprises (SMEs) called for Defence projects to measure the entire through-life cost of platforms, both to provide meaningful planning parameters to industry and to ensure that the true cost of overseas maintenance and upgrade contracts is exposed.
- Industry is looking to the White Paper to make a comprehensive recommendation regarding the identification of through-life cost of projects.
- The Panel recommends that consideration be given to the appointment of an SME Advocate within the Defence Materiel Organisation. This could possibly be modelled on the US example in the Pentagon.
- SME representatives suggested that consideration be given to establishing a pool system for SME insurance. This could possibly be based on the New Zealand insurance pool in the tourism sector.

Appendices

Community Consultation Program

Public Meetings

Australian Capital Territory

Canberra	5 August 2008
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New South Wales

Sydney	27 August 2008
Dubbo	28 August 2008
Armidale	28 August 2008
Newcastle	9 September 2008
Nowra	10 September 2008
Wagga Wagga	10 September 2008
Albury/Wodonga	11 September 2008
Bathurst	11 September 2008

Northern Territory

Darwin	8 July 2008
Alice Springs	9 July 2008

Queensland

Toowoomba	21 July 2008
Brisbane	22 July 2008
Townsville	23 July 2008
Rockhampton	23 July 2008
Cairns	24 July 2008
Mackay	24 July 2008

South Australia

Whyalla	16 July 2008
Adelaide	17 July 2008

Tasmania

Hobart	29 July 2008
Launceston	30 July 2008

Victoria

Geelong	15 September 2008
Melbourne	16 September 2008
Bendigo	17 September 2008
Ballarat	17 September 2008

Western Australia

Perth	2 September 2008
Geraldton	3 September 2008
Bunbury	3 September 2008
Port Hedland	4 September 2008
Albany	4 September 2008

Other Meetings

ACT Government -

Chief Minister, Mr Jon Stanhope, MLA

Australian Industry & Defence Network, NT

Australian Industry & Defence Network, WA

Australian Industry & Defence Network, NSW

Australian Industry & Defence Network, VIC

Australian Industry Group Defence Council, ACT

Australian Marine Complex, WA

Australian National Centre for Ocean Resources
and Security (ANCORS), NSW

Australian Strategic Policy Institute,
Australian AIRCDRE Norman Ashworth (Retd), WA

Border Protection Command, ACT

Chamber of Commerce and Industry, NT

Defence Industry Unit, Australian Business

Defence Industry Unit, Department of Innovation,
Industry and Regional Development, VIC

Defence SA

Defence Support Division, NT Government

Department of Industry and Resources, WA

Dr Stephen Gumley,
Defence Materiel Organisation

Future Directions International, WA

Lowy Institute for International Policy, NSW

Mr David Mortimer,
Crescent Capital Partners, NSW

Mr Duncan Lewis,
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Mr Michael L'Estrange,
Department of Foreign Affairs and Trade

Mr Michael Turner,
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NT Industry Capability Network

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Professor Hugh White,
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Submarine Institute of Australia

The Hon Dr Mike Kelly AM, MP,
Parliamentary Secretary for Defence Support

The Kokoda Foundation

University of Adelaide

University of South Australia

University of Wollongong

List of Acronyms

ADF	Australian Defence Force	GDP	Gross Domestic Product
ADO	Australian Defence Organisation	HECS	Higher Education Contribution Scheme
ANSTO	Australian Nuclear Science and Technology Organisation	ISR	Intelligence, Surveillance and Reconnaissance
ANZAC	Australian and New Zealand Army Corps	JSF	Joint Strike Fighter
APS	Australian Public Service	LHD	Landing Helicopter Dock
ARes	Army Reserve	MOTS	Military Off the Shelf
ASW	Anti Submarine Warfare	NGO	Non Government Organisation
AWD	Air Warfare Destroyers	PLICs	Priority Local Industry Capabilities
CDG	Capability Development Group (Defence)	RAAF	Royal Australian Air Force
CIMIC	Civil Military Cooperation	RPDE	Rapid Prototyping Development and Evaluation
COTS	Commercial Off the Shelf	SADI	Skilling Australia's Defence Industry
CPSU	Community and Public Sector Union	SME	Small and Medium Enterprise
CSIRO	Commonwealth Scientific and Industrial Research Organisation	STOVL	Short Take Off Vertical Landing
CTD	Capability and Technology Demonstrator	UAV	Unmanned Aerial Vehicle
DARPA	(US) Defense Advanced Research Programs Agency	UCAV	Unmanned Combat Aerial Vehicle
DFCTC	Defence Future Capability Technology Centre	UK	United Kingdom
DMO	Defence Materiel Organisation	UN	United Nations
DSTO	Defence Science and Technology Organisation	US	United States

Reference Links

Community Consultation Discussion Paper

www.defence.gov.au/whitepaper/discusspaper_html.htm

Department of Defence

<http://www.defence.gov.au/>

Defence Jobs

www.defencejobs.gov.au

ADF Cadet Scheme

<http://www.cadetnet.gov.au/Pages/Home.aspx>

Border Protection Command

<http://www.customs.gov.au/site/page.cfm?u=5639>

Kinnaird Defence Procurement Review 2003

www.defence.gov.au/publications/dpr180903.pdf

Mortimer Defence Review 2008

<http://www.defence.gov.au/publications/mortimerReview.pdf>

Skilling Australia's Defence Industry (SADI)

<http://www.defence.gov.au/dmo/id/sadi/index.cfm>

Lowy Institute Poll 2008

<http://www.lowyinstitute.org/Publication.asp?pid=895>

List Of Contributors

The following individuals and groups made one or more submissions to the Community Consultation Panel. Every effort has been made to ensure the accuracy of this information. Any errors or omissions are unintentional. Some submissions did not include a State / Territory of residence. An asterisk (*) denotes that some information is unknown.

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