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12

Time for a new defence white paper

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by Peter Jennings

Journalist: 'Prime Minister, now that Senator Hill is confirmed back as Defence Minister will you be encouraging production of a new Defence white paper ... four years on from the last one?'

Prime Minister: 'I'll think about that Geoffrey, I haven't decided that it should happen but I'll think about that.'

(Press Conference, Parliament House Canberra, October 22, 2004.)

There are many reasons why a government might choose *not* to produce a new defence white paper. The prospect of a major policy statement raises public expectations of new ideas and initiatives. A defence white paper that failed to deliver substantial new policy content—like the one issued in 1994, for example—would disappoint its intended audience. White papers are also time consuming, intellectually demanding and complex to produce. They absorb and distract the attention of senior officials and politicians. If procurement decisions are slowed pending the statement's release,

L to R: Mr Ric Smith, Secretary of Defence, Senator Robert Hill, Minister for Defence and General Peter Cosgrove, Chief of the Defence Force. Andrew Taylor/Fairfaxphotos

then industry gets frustrated. Subterranean bureaucratic arguments over policy rise to the surface in ways that ministers usually prefer to avoid.

Good quality white papers demand tough judgements—forcing governments to make difficult choices between competing options.

White papers also create losers as well as winners—equipment programs forgone, delivery dates delayed, and old programs cut so money can fund new priorities. These tend not to be popular decisions. Barbara Tuchman's wonderful line from her book *August 1914* is apposite: 'No more distressing moment can ever face a British Government than that which requires it to come to a hard, fast and specific decision.' Good quality white papers demand tough judgements—forcing governments to make difficult choices between competing options. By definition, that limits options for political flexibility.

Given the potential downsides of defence white papers it is not surprising that Prime Minister Howard reserved his judgement when asked late last year whether his government would develop one. Having produced a major defence policy statement in late 2000, Howard needs to be persuaded that a new one is necessary and not a paper-wasting distraction of the type much loved by think-tanks and commentators.

Notwithstanding these potential risks, I will argue here that there are compelling reasons why Australia needs a new defence white paper in 2005. With or without a white paper the government will have to make a number of critical defence policy decisions over the next twelve to twenty-four months. These include decisions about our strategic posture, major military capability acquisitions and plans for defence spending and efficiency measures. These policy choices could be made in isolation, but the best way to arrive at the correct 'hard, fast and specific decisions' would be via a disciplined and systematic review of our defence policy settings. The greatest value of a new white paper is the decision-making process that ministers and officials must go through to arrive at the necessary conclusions.

The Key Questions

- What has *really* changed in Australia's strategic outlook as a result of 9/11?
- How does defence policy fit into Australia's emerging national security strategy?
- What is the best role for the ADF in our counter-terrorism strategy?
- What is the best role for the ADF in promoting stability in Southeast Asia and the South Pacific?
- Is 'structuring for war and adapting for peace' still the best approach?
- How far should we adopt network centric warfare?
- What 'niche forces' should we maintain for coalition operations?
- Should the government continue real growth in Defence spending after 2011?

With or without a white paper the government will have to make a number of critical defence policy decisions over the next twelve to twenty-four months.

Three vital areas of policy need to be addressed in a new defence white paper. In each case significant developments have taken place since the 2000 statement. There is a growing need for the government to set out its future plans. The areas cover international security and strategy, military capability development and, inevitably, funding. Here, I address what could be considered the central policy challenges in each area.

International security and strategy

Australia's strategists continue to debate whether the terrible events of September 11, 2001 changed everything or changed nothing. The answer is far from trivial because it should shape the structure and roles of the ADF. Broadly, there are two schools of thought. Some argue that the threat from terrorism is so pervasive that it has undermined the traditional role of geography in strategy. A contending school argues that, especially in Asia, the potential for conventional war between states remains sufficiently high that we should still focus on the immediate region.

That Defence has struggled to come to terms with this strategic debate can be seen in the way it discusses the issue in its latest *Annual Report* released last December. On the one hand the document says '... we have adjusted to the changed circumstances in our strategic environment.' Terrorism, it argues '... has diminished the value of borders and geographic distance, fundamental to Australia's traditional security posture.'

So here is a ringing endorsement for the 'everything has changed' school. But on the other hand, the *Annual Report* also says that the plans and priorities for force development set out in the *2000 Defence White Paper* remain valid:

> In 2003–04, the Defence Capability Review reaffirmed that the defence of Australia and regional requirements should be the prime drivers of force structure. Tasks such as the protection of Australia's borders remain as important as ever.

It seems unlikely that both sets of propositions can be true.

Since 9/11, momentous strategic developments in the Middle East have preoccupied the United States. What this means about the future size and longevity of the foreign military presence in Iraq should become clearer over 2005. What happens there, as well as potentially in Iran and further afield in North Korea, could have major impact on Australian strategic policy during the coming months. In a period of major international flux it is a very difficult but nonetheless essential task to come to grips with the strategic impact of these developments. At one point the government was committed to producing annual strategic reviews. This has not happened. A new white paper will help to develop a coherent policy response to strategic change.

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So the first and in many respects most important task of a new white paper should be to do some hard thinking about the impact of strategic change on defence policy. A clear

statement of Australia's strategic outlook would help to order our thinking about how we should set priorities between traditional 'defence of Australia', regional and global tasks. A new white paper also provides an opportunity to develop some disciplined language explaining Australia's policies. This would be helpful in building relations with our closer neighbours. There is a genuine puzzlement in the region about what was really meant by the comments on pre-emptive strikes that most recently emerged during the 2004 federal election campaign.

Three big strategic questions

A new white paper could tackle three big strategic questions that demand fresh policy thinking. The first of these is how Defence fits into Australia's emerging national security strategy. Since the East Timor intervention in 1999, Australia has increasingly managed security problems with strategies that combine different arms of government. Thus, in 2003, the ADF played a supporting role to a police-led mission in the Solomon Islands. In 2005, aid delivery to Aceh has become one of Australia's most important strategic tools in relations with Indonesia. Defence is becoming increasingly involved in non-war fighting roles such as civil border protection, while police and public servants are in the front line of security in areas as diverse as Baghdad and Bougainville.

How should Defence fit into this national security approach? Not too many years ago, the ADF stridently maintained that its focus on preparing for high-level conflict meant that it should not be burdened by non-military tasks such as pursuing tooth-fish poachers or illegal immigrants. But for the next decade at least it is very likely that Defence will be most busy conducting 'operations other than war' in our nearer neighbourhood. A new white paper needs to define the ADF's place in the broader national security agenda.

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The second big strategic question relates to Defence's role in countering terrorism. In early 2003 a slim document called the *Defence Update* seemed to argue that global terrorism and the proliferation of weapons of mass destruction (WMD), along with regional instability, had become the defining factors in Australian strategic thinking. These developments, it argued, '... indicate a need for some rebalancing of [Defence] capabilities and priorities.' A new white paper might now be more cautious about the ADF's role in regard both to counter-terrorism and WMD.

On terrorism the key lesson of the last two years is that Defence is a relatively small player in Australia's counter-terrorism strategy. Our intelligence agencies, with the Australian Security Intelligence Organisation in the lead, have significantly grown to meet the threat. There has also been huge investment in sectors as diverse as critical infrastructure protection and counter-terrorism research and development. However the focus has appropriately been in non-Defence areas. In the last few years we have also developed a much deeper understanding of the extent of the threat posed by terrorist groups. In Southeast Asia terrorism does present a serious threat to internal stability, but the threat appears to be currently contained. One cannot rule out the possibility that terrorists might launch an attack in Australia, but a great deal has been done to complicate the terrorist's task. Australia is no easy target. Building on what has been learned in the last few years, a new white paper should take a harder look at precisely what role Defence needs to play in counter-terrorism.

The third big strategic question concerns how Australia should use its military forces to promote stability and security in Southeast Asia and the South Pacific. Here there is scope for new thinking following some of the major political and strategic changes in the region. After the election of President Yudhoyono in Jakarta and the appalling devastation of the tsunami in Aceh, Australia has a major opportunity to engage more closely with Indonesia, including with their military. More broadly across Southeast Asia counter-terrorism co-operation is strengthening the security links between countries and there is a measurable warming of relations with Australia. In the South Pacific we see a heightened possibility that the ADF may be called on to undertake operations ranging from disaster relief to very large-scale missions restoring internal stability.

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There are opportunities here that Australia should grasp. More so than at any time in the last twenty years, we can use the ADF as a vehicle for building closer relations with the region. It will always remain the case that the capacity to defend Australia from attack is a primary driver of the ADF's structure. But a new white paper ought to rethink the old maxim that Defence should structure for war and adapt for peace. For the next few years it will make greater sense to invest more heavily in the capabilities we need for disaster reconstruction and rehabilitation, humanitarian aid delivery, and community policing and stabilisation. Our willingness to regularly deploy field hospitals and medical teams, engineers, air and sea lift, and lightly-armed units for community policing will build trust and help to undercut the longer-term causes of more serious conventional conflict.

Military capability development

A new white paper must also address the key issues and difficult choices we face in developing new or replacement military capabilities. There is the constant challenge of juggling priorities, platform numbers and timeframes for delivery. These issues are more appropriately dealt with in Defence's annual capability review process. White papers, however, play a more foundational role—making sure that the ADF's current and future force structure is the best available to meet our strategic needs. Again, there is room here for some new policy thinking. Two issues in particular should be resolved in the next white paper. The first is the extent to which the ADF should adopt Network Centric Warfare (NCW) as a key organising principle. The second is to make some tough decisions about the so-called 'niche capabilities' we should maintain for working in coalition operations with friends and allies.

NCW is increasingly featured in Australian policy statements as a key element in Defence planning. 'Our task' General Peter Cosgrove wrote in late 2003, 'is to race towards the future and create a networked approach to armed conflict.' One of the problems, however, has been the failure to develop a clear explanation of what NCW actually means. The latest Defence *Annual Report* has this rather unenlightening definition:

> ... the aim of Network Centric Warfare is to improve the ability of the ADF to collaborate internally, with supporting agencies, and with coalition partners across organisational and geographic boundaries. Network Centric Warfare will allow Defence to harness recent developments in computing and communication technologies and enhance decision making and warfighting capability.

Clear? At one level this can be read as an obvious and necessary commitment to improve communications. At another, NCW presents an almost science fiction-like vision of perfectly linked systems and sensors delivering knowledge, speed, precision and lethality to our forces on the battlefield. NCW's champions point to the first few weeks of combat operations in the Iraq war as an example of what it can deliver. NCW's detractors point to the last twenty months of the Iraq occupation as an example of what it can't.

... what would an ADF optimised for NCW look like as it deployed on a Bougainville-style peacekeeping mission?

An Australian version of NCW needs to work on our scale and be achievable within realistic levels of investment. A new white paper should explore what the practical limits and goals of a NCW program should do. For example, what would an ADF optimised for NCW look like as it deployed on a Bougainville-style peacekeeping mission? How would that added benefit compare against, say, the value provided by another lower-technology infantry battalion? A white paper must explore these trade-offs—they are the very practical choices that governments will be forced to make. A new white paper would also hopefully develop some plain-English explanations about the purpose and value of NCW. This is not a trivial point: NCW is unlikely to succeed if it cannot be explained to non-specialist audiences.

One factor driving ADF interest in NCW is the rate of American adoption of new military technology. Australia faces increasingly difficult choices in maintaining interoperability (that is, the technical and procedural prerequisites for close co-operation) with US forces. As the American military becomes more and more high-tech it becomes vastly more expensive for Australia to keep pace.

The 2003 *Defence Update* said there was a growing likelihood that the ADF would be called on to operate with coalition forces further afield, as happened in Afghanistan and Iraq. It noted, though, that our contributions would be '... limited to the provision of important niche capabilities.' That is a practical approach, recognising that not all Defence Force elements are equipped to participate in high intensity combat operations. Now the challenge is to identify the right 'niche' capabilities to optimise for coalition operations.

Some niche capabilities have already been identified. Special Forces, for example have been this government's first choice on a number of occasions to be the lead contribution. Airborne Early Warning and Control aircraft, Collins submarines and mine-clearance diving teams are, again, valuable niche capabilities. But would Australia want to deploy its Abrams tanks, or infantry battalions as a niche capability? Significant investment would be needed to bring such force elements up to the level of capability required for higher-intensity combat operations.

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A new white paper should develop some basis for helping the government decide which ADF force elements are appropriate choices for 'niche' contributions. It may be

Prime Minister John Howard visits the Solomon Islands to thank Australians serving as part of RAMSI, December 2003. Penny Bradfield/Fairfaxphotos

that the simplest way to do this is to identify a dozen or more particular capabilities and then make sure they are developed to the appropriate level of interoperability with US forces. The implication of this approach is that some parts of the ADF will not be designated for coalition operations and may be less well equipped as a result. That may be unpalatable to some, but technology and funding pressures are already making this a de facto reality. A danger is that our definition of 'niche' may look more like 'nada' to the Americans. Under pressure in Iraq or elsewhere the US may raise its expectations of what they would like Australia to deliver. A new white paper would allow Defence to think about this issue in a more structured way and help shape US expectations.

Budget challenges

A new white paper also needs to address long term funding challenges for Defence. In 2000, the *Defence White Paper* announced a government commitment to increase the budget by three per cent a year over a decade. This was a new way of doing business—no previous government has made such specific long-term funding commitments to Defence. The aim was to provide the Department with the certainty it needs to plan for the acquisition of such capabilities as new combat fighter aircraft and surface warships.

The commitment to real spending growth runs out in the 2011–2012 budget. This is a significant point because around that time Australia will be engaged in some of the largest military acquisitions in our history—the Joint Strike Fighter and the Air

Warfare Destroyers. Currently, Defence has no alternative other than to assume that the decade of spending growth will stop in 2011. After that point spending will return to the 'zero real growth' experienced during much of the 1990s.

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The difficulty with that outcome is that we now know much of the 2000 White Paper's cost projections were too optimistic. A 2003 capability review bought some breathing space but, unless spending growth continues beyond 2011, Defence will simply be unable to sustain the development of the range of military capabilities currently planned.

The next white paper presents a crucial opportunity to resolve this dilemma. One option would be for the government to commit to a further period of spending growth after 2011, but the Defence organisation would be unwise to assume this will be the automatic result. Defence has benefited from an unprecedented period of high national economic growth and a boom in government tax receipts at the same time as there was a deterioration in regional stability. We can't assume that any of these three factors will continue into the next decade.

The budget prospects for Defence are further complicated because of two new areas of national security spending that put increasing pressure on the federal budget. The first of these is counter-terrorism. According to the government, $3.1 billion of new spending has been devoted to building our counter-terror capabilities since 9/11. Much of this reflects one-off investments in new capabilities but there will be a very significant recurring cost.

The second area of new spending is the increasing cost of underpinning regional stability. This is reflected in one-off payments to Defence as supplementation for the conduct of military operations (an additional $910 million in 2003–04). In addition, though the government also faces significant new spending in areas such as foreign aid and development assistance, the expansion of the Australian Federal Police and non-Defence spending in support of operations like the Regional Assistance Mission to the Solomon Islands.

It seems reasonable to assume that the non-Defence costs of counter-terrorism and of promoting regional stability will only grow in the coming decade. As the total spend on national security grows this will pressure the government to look for budget savings in other areas. One option for the government would be to limit promises of continued Defence spending growth after 2011. An even less palatable outcome for the Department would be if the government increased pressure for Defence to make internal savings. It has been quite a few years since the last systematic attempt to find significant savings in Defence spending. A new white paper holds open the prospect that the government may lift its expectations of the Department in terms of finding efficiencies.

Whatever the funding outcome beyond 2011, the requirements for good planning make it essential that a new white paper gives clear direction on the issue. If Defence does have to pull in its belt it must start planing for that outcome to avoid real financial troubles towards the end of the decade.

Conclusion

Properly done, a review of our defence policy settings will involve close engagement with the National Security Committee of Cabinet (NSCC) to ensure that government is satisfied with the shape of the final policy.

The NSCC devoted a number of days over the course of 2000 to debating different aspects of defence and security policy. That went well beyond simply looking at drafts of the white paper. NSCC held a number of very focussed discussions about difficult defence policy choices. The result was a very clear government endorsement of the *2000 Defence White Paper*—the NSCC of the day felt a strong 'ownership' of the statement. This is not how Defence white papers have typically been written in Australia but it is an approach that will produce the best result.

Whether it is produced in 2005 or 2006, the next white paper will play a crucial role in shaping some fundamental decisions about Australian defence and security policy.

Whether it is produced in 2005 or 2006, the next white paper will play a crucial role in shaping some fundamental decisions about Australian defence and security policy. Most of the issues I have canvassed here have taken on heightened importance since the 9/11 terror attacks or since the sweeping changes to the regional security outlook in Southeast Asia and the South Pacific. It is time for the government and the Defence establishment to undertake a systematic review of these key policy settings. This is a substantial task and it will probably take nine months or a year to fully work through the options. It would be better to start now than to delay a review for too much longer.

Important disclaimer

About the Author

Peter Jennings is Acting Director of ASPI. He is also the Director of Programs and is responsible for the Institute's research and publications programs on defence and international security issues. Peter was most recently the Senior Adviser for Strategic Policy in the Cabinet Policy Unit of the Prime Minister's Office. He has held a number of Senior Executive Service level positions in the Defence Department, including heading the Strategic Policy Branch and being deputy head of the Defence Imagery and Geospatial Organisation. Peter was a Sloan Fellow at the London Business School in 2000–01.

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(Mr Ric Smith, Secretary of the Defence Department, September 2004)

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