

## Defence White Paper 2016

*The Strategist decides*

105

A S P I

AUSTRALIAN  
STRATEGIC  
POLICY  
INSTITUTE

Robert Ayson, Ross Babbage, Kim Beazley, Andrew Davies, Malcolm Davis, Tobias Feakin, Tim Huxley, Peter Jennings, Mike Kalms, Rod Lyon, James Mugg, Benjamin Schreer, Ristian Atriandi Supriyanto, Mark Thomson, Feng Zhang

### Introduction

#### Andrew Davies

The 2016 Defence White Paper (DWP 2016), released in February this year, was the third such document in a little under seven years—a notably shorter interval than has been the case since the release of the first back in 1976. In truth, the new White Paper followed two that, for quite different reasons, failed to be as influential in defence planning as might reasonably be expected. DWP 2009 promised big and delivered little, while DWP 2013 was more an exercise in trading water for political purposes than a serious attempt at matching defence resources to the strategic challenges of the day.

In this volume we've assembled a selection of articles written in the weeks after the release of DWP 2016. The paper's policy settings were formulated at a time of significant strategic challenge. The rise of China, which was a significant element in 2009 but downplayed in 2013, simply can't be ignored in 2016. And global events over the past few years have shown that Australia's defence planning can't take the geographically proximate approach that characterised planning in the 1980s and 90s.



Image courtesy of Twitter user @TurnbullMalcolm.

The first section in this collection looks at DWP 2016's discussion of the strategic environment, and at its policy response to recent and projected changes. Papers by [Peter Jennings](#), [Rod Lyon](#), [Ross Babbage](#), [Benjamin Schreer](#) and [Kim Beazley](#) explore the strengths and weaknesses of the case put forward for a significant boost in investment as a response to our strategic circumstances. Not surprisingly, given the complexity of the environment and the uncertainty of trying to look decades into the future, there's no consensus from our contributors regarding the appropriateness of the white paper's policy settings.

Turning that investment into hardware and defence capability is the subject of the next section. [Malcolm Davis](#) runs his eye over the force structure as a whole. [I take a closer look](#) at submarines—the largest defence project in the nation's history. [Tobias Feakin](#) and [James Mugg](#) explain the DWP's approach to cyber and unmanned systems respectively.

The funding promises of previous White Papers have, for the most part, turned out to be much more promise than funding. The realisation of the ambitious recapitalisation plans in this year's version will require plenty of money, and [Mark Thomson](#) is here to shed some light on the subject, concluding that the government's decision to move away from an arbitrary 2% of GDP is a sound move. [Mike Kalms](#), a member of the Defence Minister's Expert Panel who was a co-lead on work on the Defence Industry Policy Statement that accompanied DWP 2016, examines what the extra spending might mean for the industry sector.

Finally, we take a look at how Australia's declaratory defence policy looks when viewed from other perspectives. Singapore based [Tim Huxley](#) reveals that Southeast Asia will generally welcome Australia's approach—but we shouldn't expect them to say so very loudly. We get an Indonesian perspective from [Ristian Atriandi Supriyanto](#), who notes that Indonesia's next defence white paper might be a good indicator of how the military relationship between the two countries could develop. [Feng Zhang](#) gives us a Chinese view, arguing that Australia's policy as articulated in DWP 2016 moves Australia closer to the United States, with the consequence that we are much more dependent on Beijing and Washington being able to strike an accommodation. The last paper in this collection is from across the ditch, where [Robert Ayson](#) tells us that the most surprising thing about DWP 2016 was that nobody in New Zealand was surprised.

This collection is drawn from a much larger set of articles that appeared on ASPI's blog The Strategist. The interested reader can find the rest [here](#). One of my personal favourites is a piece by an old boss of mine, [Mike Scrafton](#), who asks in a counterfactual what DWP 2016 would look like if written in China. For those interested in what came before, I commend the [short series on the history of Australian Defence White Papers](#) by veteran journo Graeme Dobell and historian Peter Edwards's celebration of [40 years of DWPs](#).

## 1. Strategy/Strategic outlook



Image courtesy Department of Defence

### The 2016 Defence White Paper: good posture

Peter Jennings, 25 Feb 2016

A wide brown land needs a big, big defence policy and Australia has received that very thing with this morning's delivery of the 2016 Defence White Paper.

Conceived in 2013, gestating like a humongous pearl in 2014 and 2015, the 2016 White Paper largely lives up to its self-made claim to be 'deliberate, rigorous and methodical'. Although a close read occasionally points to the White Paper's mixed parentage—the words 'agile' and 'innovative' are salted through the text—this is a document that sets out a clear strategy, a logically-articulated force structure and—can you believe it—a plausible funding plan.

The strategy all hinges on the money. To the extent that any government can commit their heirs and successors, this White Paper locks in a promise to reach a defence budget 'just ahead' of 2% of gross domestic product in 2020–21. That's three years in advance of Tony Abbott's pledge to reach 2% of GDP in 2023–24. Some decry the value of the 2% target, but it kept both Government and Opposition focused on security at a time when others would have happily ditched the spending promise.

On strategic outlook, the White Paper makes a compelling case for being concerned about a generally deteriorating situation. It does so after a throat-clearing reference to the 'greater opportunities for prosperity and development' afforded by generally exciting times. But opportunities for positive excitement can only be realised if prosperity stays underpinned by peace and stability.

The risks are elaborated: cyber attacks are 'a real and present threat'; there will be 'greater uncertainty' for at least the next two decades; serious 'points of friction' are emerging between China and the US; Russia emerges increasingly 'coercive and aggressive'; terrorism is growing and regional countries aren't well placed to handle it; the South China Sea 'will continue to provide a source of tension that could undermine stability'; and so on.

The list of risks isn't exaggerated and they cumulatively point to the need for a stronger set of military capabilities and an Australian Defence Force more engaged in Indo-Pacific regional security cooperation. (Upcoming posts on *The Strategist* will look in detail at capability choices.)

Here it's worth noting that the 2016 White Paper makes more of Defence 'posture' than any of its predecessors. 'Posture' in this sense means what you do with the Defence Force you already have. That's the real start of planning for the defence force we would like to have and might get if funding assumptions hold.

Three 'Strategic Defence Interests' are said to shape policy decisions. These are: one, having the capacity to deter or defeat any attack on, or attempt to coerce, Australia. Two, securing our nearer region of 'maritime Southeast Asia' and the Pacific; and three, contributing to a stable Indo-Pacific region and a rules-based global order.

Fundamentally it's the second of those priorities that drives key posture and future force structure decision-making. The White Paper can be seen as the concluding verse to the generation-long saga of the Defence of Australia (DOA) strategy. 'DOA' is now fully effected in a maritime strategy focused on Southeast Asia and the Pacific.

Defence's international engagement effort is projected to grow renewed priority for bilateral and multilateral cooperation. ADF readiness levels are to be raised to allow for a more sustained ADF presence in the region—a potentially expensive decision. The numbers of ADF and Defence civilian personnel posted overseas will increase, but there are few details about how that will be done.

Almost every major relationship in the Indo-Pacific is projected to grow. The document is bullish on prospects for cooperation with Indonesia. Areas identified for more cooperation include counterterrorism, maritime engagement, HADR, peacekeeping and intelligence. Interestingly, the White Paper refers to the modernisation of the Indonesian Armed Forces as a 'positive development' in regional security and anticipates that Australia could support that process.

The paragraphs on Japan show how far the bilateral relationship has come even before any final decision is made on the preferred submarine design. Identified areas for cooperation include intelligence, developing common capabilities like the Joint Strike Fighter, air and missile defence and maritime warfare technologies. It's perhaps not unconnected with a statement in the section on missile defence which says that Australia will participate in a bilateral working group with the US to examine 'options for potential Australian contributions to integrated air and missile defence in the region'.

On China, the White Paper is measured and restrained. It talks rather soberly of the 'productive working relationship' on Defence matters and stresses in several places that China has an opportunity to step forward to play its own role in regional peace and stability in 'North Asia and the Indo-Pacific.'

The Paper is concerned about the South China Sea becoming a source of tension that could undermine stability. It pointedly says that 'Australia is particularly concerned by the unprecedented pace and scale of China's land reclamation activities'. It pronounces that countries should be 'open and transparent about end-state purposes of land reclamation activities'. Well, a White Paper would have to say something like that, wouldn't it? The 'end state purposes' of China's activities in the South China Sea are pretty obvious, even to the half-blind dugongs that might once have swum around Mischief Reef.

Although Tony Abbott's rhetorical flourish of the 'long, strong arm' of the ADF is behind us, the White Paper preserves a welcome commitment to thinking about Australian strategic interests on a global canvas. Apart from the US, New Zealand and the Pacific, the section on engagement also highlights Australia's productive defence links with the UK, NATO, the UN, France, Canada, the Netherlands, Spain and Germany. This is a welcome change and points to a growing maturity around the thought that Australia can do the strategic equivalent of walking and chewing gum. When it comes to defence thinking we can be both global and local—a skill demanded of us by our increasingly risky strategic environment.

## The 'come-as-you-are' war

Rod Lyon, 25 Feb 2016

There's a dominant motif that runs through the strategic assessment underpinning the latest Defence White Paper and, despite what China might think, it's not containment. It's uncertainty. Australia is beefing up for an uncertain world. Beneath some reassuring words about growing regional prosperity and the US rebalance lies a set of deep uncertainties—about the resilience of the current regional order; about the magnitude, scope and timing of possible challenges to that order; and about the ease with which strategic competition might spiral more easily into conflict in coming decades.

That's why the government hasn't reneged on its earlier commitment to spend 2% of GDP on defence. Indeed, it's brought forward that commitment by three full years, from 2023–24 to 2020–21. Attracted as it must have been by the prospect of reaching a budget surplus earlier than now, the government's opted instead for a measured expansion of Australia's defence capability.

In the 2013 Defence White Paper, the Gillard government depicted a regional security environment that bore hallmarks of both cooperation and competition. Today's White Paper signals a judgment—see para 1.6—that the Asian security environment has become more competitive and less cooperative in the intervening years. Moreover, the risk of further slippage in that direction can't be ignored—and muscling up takes time.

Unarticulated in the White Paper is any judgment about the shifting nature of conflict—and whether thresholds and firebreaks that we've become used to over previous decades are weakening. Surely actors with a greater appetite for strategic risk are pushing at the lower rungs of the escalation ladder? It's not only the risk of conflict that's going up. The possibility of unexpected breaches of the thresholds is going up too—making more likely the prospect of sudden conflict with unexpected escalation ladders.

That doesn't mean we stand on the brink of World War 3. Nor is there much prospect of a military attack upon Australian territory by another country. But we do stand on the brink of an age of argy-bargy—though the White Paper doesn't use that technical term—of a rather less civilised global and regional order. The sort of ADF the White Paper intends to field—an ADF that's more capable, agile and responsive—is one more suited to that age of argy-bargy.

The White Paper doesn't bury the message; indeed, it rehearses both judgments—about rising uncertainty and the need for a more muscular and responsive ADF—right up front in para 1.1. But there's relatively little unfolding of either judgment in Chapter 2, which canvasses Australia's strategic environment. There, the US–China relationship—and Australia's relationships with both countries—is handled exceedingly diplomatically; as is the section on the rules-based global order. Terrorism is depicted as a threat, and state fragility as an enabler of a range of malign actors. There's a professional, if dry, section on regional military modernisation, and a set of observations about the cyber and space domains.

Coverage of Australia itself and of its immediate neighbourhood follows those earlier topics, before the chapter turns to a closer analysis of North Asia, the Indian Ocean, the Middle East, and proliferation of WMD. There are some critical judgments here too: I think para 2.83 reflects a new benchmark in Australian positive thinking about Indonesian military modernisation, for example (a position reinforced later at para 5.37). But, again, there's little sense of alarm. The section on Weapons of Mass Destruction—paras 2.102–2.106—is actually boring. Readers of Chapter 2 will be left wondering quite why we're embarking on the course we are.

In contrast to previous White Papers, which were constrained by geographical notions of capability priority, Chapter 3 promises an ADF better structured for the full range of its far-regional and global missions. Para 3.10 notes the government's agreement to three equally-weighted Strategic Defence Objectives to guide the development of the future force—a pleasant and overdue change to earlier doctrine that only the defence of Australia or its near environs could determine force structure.

Notwithstanding Chapter 2, the broad setting of the White Paper suggests a sense of urgency. Not only is money being made available more rapidly than before, there's a broader theme running through the document about our need for an ADF geared to a higher level of preparedness. I think the White Paper gives us the force structure we will want over the next couple of decades. But I'd have been happier with a Chapter 2 that was less diplomatically phrased.

## The 2016 Defence White Paper, China and East Asia: the end of an illusion

Benjamin Schreer, 25 Feb 2016

The strategic narrative of Australia's [new Defence White Paper](#) contains some interesting new aspects. One is the expression of much greater concern about the emerging maritime order in East Asia and China's growing willingness to alter the status quo. In fact, the document reflects the end of the illusion in Canberra that somehow China will continue to accept the (predominantly) Western rules-based maritime order.

The previous two Defence White Papers had quite different things to say about China. The Rudd government's [2009 version](#) used fairly strong language on China's evolving security challenge for the regional order. The Chinese reportedly weren't amused. [Four years later](#), the Gillard government markedly toned down the rhetoric, noting that China's military modernisation was to be expected of a growing major power. It's reasonable to assume that just like the US administration of Barack Obama, the Australian government at the time still had hopes that China would emerge as a 'responsible stakeholder' in maritime Asia.

However, since then China has made abundantly clear that it doesn't accept the established rules in maritime East Asia. Evidence for a growing assertiveness includes Beijing's unilateral declaration of an East China Sea Air Defense Identification Zone in November 2013 which drew a strong response from the Abbott government; the creation and militarisation of artificial structures and disputed islands in the South China Sea (SCS); and attempts to coerce its smaller Southeast Asian neighbours into accepting its massive claims within its so-called 'nine-dash line'.

Australia's response has been to demand the freedom of navigation in the air and sea in and around the disputed territories, to call for stop of all land reclamation activities, and to support US Freedom of Navigation Operations (FONOPs). It has also continued its own patrols in the SCS and has supported the Philippine arbitration case against China.

As a consequence, the new Defence White Paper reflects the reality in maritime East Asia that China has moved to re-write the rules to fit its strategic preferences and historical narratives. As [Peter Jennings points out](#), the document overall is 'measured and restrained' when addressing China directly, stressing repeatedly that Beijing still has an opportunity to play a constructive role in regional peace and stability. However, not only does the White Paper criticise China directly in some places; it also contains some strong messages on China without using the 'C' word, making it unmistakably clear that Canberra's assessment about Beijing's strategic trajectory has become more pessimistic.

Central to this assessment is the White Paper's strong emphasis on the profound challenges to the rules-based global order:

'The framework of the rules-based global order is under increasing pressure and has shown signs of fragility...newly powerful countries want greater influence and to challenge some of the rules in the global architecture established some 70 years ago... some countries...have sought to challenge the rules that govern actions in the global commons of the high seas, cyberspace and space in unhelpful ways, leading to uncertainty and tensions.'

No genius is required to figure out that China is one of those 'newly powerful countries'. While Russia's actions have destabilised Europe, China has started to undermine the regional rules-based order in maritime Asia—and the white paper points this out unequivocally. It states that Australia 'opposes the use of artificial structures in the South China Sea for military purposes'. While theoretically that includes other claimants such as Vietnam or the Philippines, the document goes on to specify that Australia is 'particularly concerned by the unprecedented pace and scale of China's land reclamation activities'.

When it comes to the East China Sea, the White Paper also leaves little doubt, pointing out that 'China's 2013 unilateral declaration of an Air Defence Identification Zone in the East China Sea...caused tension to rise. Australia is opposed to any coercive or unilateral actions to change the status quo in the East China Sea'. Moreover, the document stresses that these challenges to the rules-based regional order are by no means trivial:

‘The coercive use of economic or military power can diminish the freedom of countries such as Australia to take independent action in our national interest. The Government is committed to working with the United States and like-minded partners to maintain the rules-based order by making practical and meaningful military contributions where it is in our interest to do so.’

The 2016 Defence White Paper is thus much more specific about the nature of China’s security challenge to regional and Australia’s security than any of its predecessors, without labelling China explicitly as a threat. Yet, that was never the purpose of the document and reading between the lines is more than sufficient.

## DWP 2016: five key questions

**Ross Babbage, 29 Feb 2016**

The new Defence White Paper is an advance on many fronts. Its appreciation of the changing security landscape is accurate, its logic is mostly clear and it contains a government commitment to spend significantly more, for at least the coming decade.

However, the more I examine the detail in this White Paper, the more concerned I become. Several key challenges deserve closer consideration. Let me touch on five.

My first question is whether the White Paper proposes an adequate response to the more demanding security environment that seems to be in store for the 2030s.

It rightly points out that in the 2030s China’s defence spending is likely to exceed that of the US and that Beijing’s military investments will be concentrated overwhelmingly in East and Southeast Asia. The speed, scale and asymmetric nature of PLA development and Beijing’s confrontational behaviour are already transforming the regional security outlook.

Meanwhile, Washington has been responding to international security challenges with great caution, hesitancy and inconsistency. One consequence is that while China’s defence spending has quadrupled in the last decade, American defence spending has increased by a total of only 12%.

For Australia the challenges may be truly daunting by the 2030s. If a core responsibility of Australian defence planners is to ensure that future Australian governments will always have capabilities to respond effectively to future security crises, will this White Paper deliver enough?

My second question is whether the strategy in this White Paper is sufficiently focussed.

The strategy described in the White Paper has three core priorities. The first is to deter, deny or defeat any attempt to attack, threaten or coerce Australia. The second is to work with regional neighbours to foster a more resilient and secure Southeast Asia and Southwest Pacific. And the third priority is to reinforce a stable Indo-Pacific region and a rules-based international order.

However, in a major departure from its predecessors, this White Paper announces that all three of those priorities are to have equal weighting in force structure design and development. In the past, all three have been accorded roughly equal weighting in ADF activities but the design and development of the ADF has been driven primarily by the most vital tasks; the deterrence, denial and defeat of any attempt to attack, threaten or coerce Australia.

There’s no explanation for this substantial broadening of the criteria for force structure design in either the White Paper or the accompanying Integrated Investment Program. It’s just announced.

That decision is counter-intuitive. One would think that when the country is needing to face up to the demands of a far more challenging security environment and a significantly increased risk of direct military threat in the decades ahead, defence planners would focus acquisition spending on the vital priorities. Nevertheless, this White Paper states that equal investment priority will be given to other types of operations, activities and theatres that don’t pose an existential threat to the country.

In 2035 China's military spending is projected to be some 40 times that of Australia. But here we have a decision to spend two-thirds of this country's comparatively small acquisition budget on capabilities that aren't priorities for the main game.

There are important consequences. One is that if Australia was to be seriously threatened in the 2030s or 40s, the ADF's capabilities to defend the country would be significantly weaker than would otherwise be the case. Second, were the Australian public to realise that only one third of the country's meagre defence acquisition budget was being spent on the direct defence of Australia, they're likely to be unimpressed. Public opinion polling for the last half century has consistently shown overwhelming support for the ADF being structured to directly defend the country but low support for defence operations for other purposes in distant theatres.

In my view, it's highly desirable that Australia conduct operations in our regional approaches and in support of global security and that all of these tasks be priorities for future ADF activities. We certainly should contribute to the fight against terrorism in the Middle East, we should work hard to build security resilience in Southeast Asia and we should lead emergency responses to natural disasters in the Southwest Pacific.

However, giving those sorts of tasks equal weight with the requirements of directly defending Australia in what we buy for the Defence Force is a major change. Moreover the case for this substantial dilution of strategic focus in defence acquisitions has yet to be made.

A third important question is whether it will be possible to sustain the political will to fully fund the defence modernisation program in the White Paper over the coming decade. Locking the defence budget into a 10-year funding model may be sensible business practice but it'll be challenging to maintain.

A fourth major question arises from the substantial restructuring of the defence workforce that'll be needed to operate the new intelligence, space, cyber and the maritime, air and land force combat capabilities that the White Paper details. Many current staff don't possess the required backgrounds or skills and will need to be relocated elsewhere. Simultaneously Defence will be striving to attract and retain the range of highly capable people that the new functions will require.

My final key question arises from the Defence Industry Policy Statement that's attached to the White Paper. This statement breaks new ground on many fronts and is to be welcomed.

However, in order to succeed, the new industry policy and indeed the new capabilities listed in the White Paper, will need industry to perform to higher standards of quality, timeliness and cost control than have been seen in the past. It will require a different, innovative and flexible culture in both Defence and in relevant companies.

## DWP 2016: a throwback to a harder era

**Kim Beazley, 2 Mar 2016**

The 2016 Defence White Paper is a first class statement on Australia's strategic situation. It proffers a balanced view of the significance of Australia's alliances and ably inserts their defence in the context of broader regional and global politics.

A force structure emerges that's affordable and well-pitched to an understanding of the need for an Australian technological edge in a strategic zone to the north of Australia—an area which is witnessing a surge in military capability (and capacity for force projection) at a faster rate than anywhere else. The DWP contains an industry policy which slams into reverse a 20-year drift towards off-the-shelf equipment acquisition. Nowhere is the term 'self-reliance' used but we have a defence industry policy that adopts the rationale and content of the industry section of the 1987 White Paper. The rationale then was self-reliance; optimising the ability to build and sustain as many of our platforms as possible. One has a sneaking suspicion we owe this excellent revival to the voters of South Australia.



As a defence statement it has some flaws, which are best encapsulated in paragraphs 3.10 and 3.11:

‘To ensure Defence has the necessary force structure and force posture to defend and further Australia’s Strategic Defence Interests, the Government has agreed to three equally-weighted high-level Strategic Defence Objectives to guide the development of the future force set out in this White Paper. The Strategic Defence Objectives outline the activities the Government expects Defence to be able to conduct if the Government decides to use military power in support of Australia’s Strategic Defence Interests.’

3.11 defines the Strategic Defence Objectives:

- ‘Deter, deny and defeat attacks on or threats to Australia and its national interests, and northern approaches
- Make effective military contributions to support the security of maritime South East Asia and support the governments of Papua New Guinea, Timor-Leste and of Pacific Island Countries to build and strengthen their security.
- Contribute military capabilities to coalition operations that support Australia’s interests in a rules-based global order.’

All three are indeed important defence objectives and have been pursued on a bipartisan basis by Australian governments since before the Cold War ended. But they’ve not been pursued as coequal determinants of the force structure. That’s because if the government were to do so it would be impossible to prioritise a tight budget. Just about any item of expensive kit could be justified under one of them.

Hitherto the first of the objectives, pursued in the context of an area previously defined as of ‘direct military interest’ to Australia, has been the dominant influence. Forces required for the further objectives have been identified as being drawn from a structure pitched to the first.

There’s no discussion of military strategy in the 2016 DWP. With a focus on the first strategic objective this strategy would be defence in depth or layered defence. There’s no detailed assessment of most likely threats and concepts of warning time. There’s no clear differentiation in development of capability on what belongs in the ‘force in being’ and what is placed as part of an ‘expansion base’ activated in a shift to a high-threat environment.

Pursuing such detailed analysis of course becomes highly contentious. It’s possible some of it is canvassed in the classified version and in scenario-based planning in the department. Past papers have seen fit to canvass these issues in public. It’s possible that exercising this discipline might be seen by the government to be a throwback to an unacceptable past. What had then been a long standing preference for a force structure based on expeditionary activities was replaced by a determination, in the first instance, to defend Australia’s approaches. If the spending in the 2016 White Paper gets into trouble down the track, the best defence will be found in planning for an uncertain region.

The 2016 DWP is saved by a number of factors. It offers a sophisticated enunciation of the multitude of problems Australia confronts globally. It takes a welcome step in prioritising the shifting threat environment into new spheres of cyber and space. It positions us well on the areas of force structure and industry policy for Australia–US collaboration on the technologies entailed in their so-called [third offset strategy](#). Broadly, the 2016 document is strong on allied collaboration.

Above all the actual force structure which emerges, particularly big ticket items for the RAAF, together with submarines and with facilities in the north, conforms to the first strategic defence objective. It ends up in major ways being the defence of Australia document you get when you dare not speak its name. The return to a self-reliant industry policy is at the heart of this. The arguments on sustainment, innovation and enhanced workforce skills are all a throwback to a harder era and are very welcome.

## 2. Force structure and military strategy



Image courtesy of Flickr user [lan is here](#).

### Force structure in the 2016 Defence White Paper

Malcolm Davis, 25 Feb 2016

A key aspect of the new [Defence White Paper](#) is significant enhancement to ADF force structure. In previous White Papers, a list of four principal tasks has shaped Australian military strategy. In the new White Paper, those four tasks have become three 'strategic defence objectives' (see paragraph 3.3), with once again, the defence of Australia as the first; securing maritime Southeast Asia and the Pacific the second; and contributing to stability across the Indo-Pacific region and protecting a rules-based global order the third.

In this sense, the boost to the ADF's joint maritime expeditionary capabilities is apt for the emerging strategic outlook where the ADF's traditional military-technological edge is more openly contested. The commitment to acquire twelve future '[regionally superior](#)' [submarines](#) is emphasised as the centrepiece of the ADF's emerging force structure. The new boats will be acquired under a rolling acquisition process beginning with the down-select from the Competitive Evaluation Process this year, with the first submarines entering service by the early 2030s. The acquisition of the new submarines will be complemented with a review of evolving strategic circumstances and developments in submarine technology in the late 2020s which will consider the case for other specifications, though it's unclear exactly what that means.

Given that the new boats won't be entering service until the early 2030s, any need to shift gears and change direction so late in the program would only resonate with later builds in the out-years of the project. That capability will need to encompass network-centric capabilities if it's to fully enable the boats to employ unmanned underwater vehicles (UUVs) and use deployable acoustic arrays as part of a complete [Theatre Anti-Submarine Warfare](#) capability.

Navy also gets nine ASW-focused future frigates under SEA 5000 from the late 2020s. They will complement the SEA 4000 Hobart-class AWDs, as well as 12 Offshore Patrol Vessels (OPVs), with the latter undertaking a broad range of lower-end tasks such as border protection and patrol missions. Together with the acquisition of the three Hobart-class AWDs, and the recent boost to the ADF's joint amphibious capability through the acquisition of the two Canberra-class LHDs, Navy has done nicely out of this White Paper (as was the case with the previous few). The RAN is set to take the lead as Australia's most visible response to a more challenging strategic outlook.

The Royal Australian Air Force also has a large slice of the spending pie, with Australia's maritime surveillance capabilities to be enhanced for countering both undersea and surface threats. A total of 15 P-8A Poseidon maritime patrol aircraft by the late 2020s, and seven MQ-4C Triton maritime surveillance UAVs from the early 2020s will replace the aging AP-3C Orion MPA fleet, and will join the short-range tactical ship-launched UAVs and the recently acquired 24 MH-60R naval helicopters equipped with dipping sonar capabilities. In considering the strike and air combat capability, the White Paper makes it clear that Australia remains committed to acquiring 72 F-35A Lightning II Joint Strike Fighters from 2020 to replace the Classic F/A-18A/Bs which are approaching the end of their useful life. But the language used to explore the replacements for the current 24 F/A-18F Super Hornets is interesting, and worth quoting directly:

'Options to replace the Super Hornets in the late 2020s will be considered in the early 2020s in light of developments in technology and the strategic environment and will be informed by our experience in operating the Joint Strike Fighters.'

That's certainly not an iron-clad commitment to an additional 25 F-35As as envisaged [under AIR 6000 Phase 2C](#), and opens up prospects for alternative options. As noted by ASPI's Andrew Davies and James Mugg in a recent [submission](#) to the F-35 Senate Inquiry, the risk of delays to the F-35 brought about by developmental challenges could open up the prospect for an additional tranche of Super Hornets, and reduced numbers of F-35s. Furthermore, as I [suggested](#) recently, with the US' Sixth Generation Fighter program soon to get underway, it begs the question of whether those 24 F/A-18Fs might be replaced sometime after 2030 by something much more capable than even additional F-35s. The White Paper also refers to acquiring 'advanced air defence and high-speed long-range strike weapons for the air combat fleet capable of attacking land and maritime targets.' (4.44)

The Army gets some extra teeth too. A new capability that leapt out of the White Paper is the decision to improve maritime and land force strike capabilities through the acquisition of 'deployable land-based anti-ship missiles to support operations to protect deployed forces and vital offshore assets such as oil and natural gas platforms.' (4.46) Government also holds open the option to acquire and deploy in-theatre missile defence capabilities, and will acquire medium-range ground-based air defence capabilities. For Army, new long-range rocket capabilities with operational ranges of up to 300km will offer fire support for ground forces. Most significant though was a decision to acquire medium-altitude unmanned aircraft—armed drones. These will give Army their own organic fixed-wing armed reconnaissance capability. Together with new rotary wing armed reconnaissance helicopters to replace the 22 'Aussie Tiger' ARHs, they will significantly increase Army's ability to conduct mobile high intensity operations of the sort that might be expected in a joint expeditionary deployment.

The 2016 Defence White Paper force structure suggests significant advances in capability, and it appears to be fully funded. But the key challenge is whether those capability choices will be sufficient in the face of a rapidly changing strategic outlook. Many of these capabilities, won't appear until later in the next decade and the subs will not appear until early in the 2030s. Defence can't rest on its laurels now that this report is finished, and events may drive strategic change faster than force structure can evolve.

## Today's order: subs with the lot

Andrew Davies, 25 Feb 2016

The single biggest headline story from today's White Paper launch—one that has [already appeared](#)—is the scale of the future submarine project. Design and construction is costed at a whopping figure of 'over \$50 billion'. Even allowing for that being expressed in out turned dollars over the period 2018–2057 (according to the new Integrated Investment Program), it's still over \$30 billion in today's money, calling into question the credibility of [reported leaks from the CEP process](#). It's also substantially higher than [the German bidder TKMS suggested](#) when they claimed that they could build the fleet of 12 for \$20 billion.

For those who have been following this story for years, the number is close to ASPI's 2009 estimate of \$36 billion, based on the historical trends when significant capability thresholds are crossed. So it's also another piece of evidence that recent attempts to [rein in ambitious requirements](#) haven't been successful. An earlier pointer was the size of the French company DCNS's proposal in the form of their 4,500 ton [Shortfin Barracuda concept](#)—a displacement 50% greater than a Collins class submarine.

It appears that we're shooting for the moon again, a conclusion reinforced by the recurring language of a 'regionally superior' submarine in both the White Paper and at today's launch. Just what that means isn't clear. After all, Australia's future submarines

will find themselves in waters patrolled by nuclear attack submarines operated by China, India, Russia and the US. A diesel-electric boat can aspire to being stealthier or better networked, but it'll always be outclassed by a nuke in terms of speed and endurance.

When it comes to the region's conventional submarines, there'll be an increased number of Japan's own submarines operating in Asian waters, as well as boats supplied to other regional countries by the same European suppliers bidding in the Competitive Evaluation Process. So we'll have to be clever to get ahead of the pack. To do that, we'll have to fuse the best available conventional submarine design technologies with advanced American weapons and combat systems.

Other regional submarine fleets won't be standing still, and any capability edge we generate will tend to be ephemeral unless there's a continual effort to maintain it. That might be the thinking behind the announcement that there will be a build of 12 new submarines, when only a few months ago the rumour-of-record was that the number was likely to be [pruned back to eight](#). By moving to 12, a continuous building program begins to make more sense.

Continuous build means that there's always one or more submarines under construction. As new technologies emerge, designs can be modified to produce steadily more capable boats in batches of three or four before the next suite of modifications is ready to be introduced. Occasionally a brand new class will be required when the cumulative modifications no longer fit comfortably within the existing design. It's a model that Japan has successfully applied for the past few decades, and it has worked very well for them—albeit with a larger fleet of 16 (soon to be 22).

In capability terms, that's the upside of the announced continuous build. Of course, there's also a considerable upside for the industry engaged to produce the vessels. The downside is that it's likely to cost the Australian taxpayer more, a lot more, in the long run to keep such a program running. Proponents of continuous build will no doubt point to potential lower per-vessel costs as the workforce gains experience and becomes more efficient—the [learning curve effect](#). And in any properly managed shipbuilding enterprise that's going to be the case. Ideally, we'd track down the curve to world's best performance. In practical terms, given Australia's lack of comparative advantage in heavy industry, we'll almost certainly end up higher than that. RAND's [review of Australian shipbuilding](#) concluded that we'll likely end up paying a premium price, even with significantly better productivity than we've been able to generate of late. At least the premium for local labour is lower at an exchange rate of US71c than the 90c that prevailed when RAND did their calculations.

But there's another factor to keep in mind. To keep producing subs and keep the number at 12, we'll either have to build really slowly (one every two and half years if each sub has a 30 year service life), or we'll have to dispose of boats at shorter intervals. Either of those approaches means that capability costs more overall—either shipyard productivity is hard to maintain because of the pace, or we amortise the acquisition cost over fewer years of service.

That said, many of the same problems will arise in the surface fleet continuous build, and submarines remain a better bet in terms of being able to operate in an increasingly sophisticated and dangerous regional environment. But it's a big stakes investment—\$50 billion up front for the first 12 and then probably one and a half to two times as much again to support them over their lifetime—hence the new [\\$150 billion](#) headlines.

## Matching rhetoric with action: cyber and the 2016 Defence White Paper

**Tobias Feakin, 25 Feb 2016**

The much-anticipated launch of the 2016 Defence White Paper presented the Australian government with an opportunity to set out a clear understanding of how it views the current and future cyber threat environment. It was also a chance to answer questions about what kind of defence force and capabilities will be required to respond to such threats, and how much government is prepared to invest to make its vision a reality.

During Prime Minister Malcolm Turnbull's opening remarks, he mentioned 'cyber' a number of times, stating that Australia faces the threat of 'increased malicious cyber activity', that as a nation Australia needs to be 'more resilient in cyberspace', and that the White Paper will 'considerably strengthen our cyber capability'. Clearly 'cyber', as an area of defence capability, was viewed as an important focus point, and rightly so. Turnbull's words are re-enforced by the White Paper itself:

‘The security environment of the future, both in peacetime and during armed conflict, will feature increased threats from offensive cyber and spacebased capabilities...State and non-state actors now have ready access to highly capable and technologically advanced tools to target others through internet-connected systems and we are seeing greater use of offensive cyber operations. This trend is likely to continue.’

The White Paper also highlights the fact that while major conflict is unlikely between the US and China, cyberspace is a ‘point of friction’. In fact, in the White Paper’s list of potential relationship flare points (p.43) between the geo-political heavyweights, cyberspace is only preceded by potential unrest in the South and East China Seas.

It was evident that malicious threats in cyberspace was a key theme in the launch and messaging of the White Paper. But is the rhetoric backed up with cash?

Overall, this White Paper is impressive, presenting a costed spending plan to fund the commitments made. A positive step is that ‘cyber security’ has its own dedicated spending line, with a commitment to spend \$300–\$400 million. At first glance, that sounds remarkable, but when you take into consideration that it’s extrapolated out over a 10 year period, the cash injection amounts to a mere \$30–\$40 million per annum. There will be money invested in future cyber threat and capability R&D from the \$730 million larger pool of funds for threat research, but it’s not clear how much will be allocated to cyber research. Compared to other identified threat areas the cyber investment seems to be lacking.

There’s also a commitment to grow Defence’s cyber workforce, with 800 new jobs to be created for ‘enhancements to intelligence, space and cyber security capabilities’, and a further 900 ADF positions required to fulfil the same enhancements. However, those 900 positions will be spread across supporting ‘information requirements of the Joint Strike Fighter, surveillance aircraft and navy ships as well as supporting special forces and cyber security.’ 1,700 bodies across such a multitude of complex and important tasks will result in a thin spread.

We need to ask where these new human resources will come from. At present there’s already a shortage of qualified individuals to fill the broader cyber security skills gap in Australia—although hopefully the upcoming Cyber Security Review will have more to say on this topic in the near future. At today’s launch, the PM employed strong rhetoric about a ‘truly visionary White Paper’. But I’d suggest that it’s simply robust, rather than revolutionary. While there are positive moves to actually cost the commitments, the White Paper offers no significant changes to Defence’s cyber policy position from the 2009 White Paper and in some respects, actually says less on some key issues including the development of norms and the application of international law in cyberspace.

To have been ‘truly visionary’, or at least to keep pace with the defence policies of other advanced nations, the 2016 Defence White Paper would have to have engaged in a more holistic discussion across the spectrum of cyber capabilities. A cursory glance at the American, British, Chinese, French and Dutch defence-related strategies, for example, reveal a great deal more about how those nations deal with cyber both offensively and defensively.

When increased spending and developments in cyber capability are placed within a framework that is at once exceedingly clear, measured and explanatory, it lowers suspicion and the potential confrontation in cyberspace. It may also induce others within our region to develop their capabilities in a similarly restrained and transparent manner.

Unfortunately the language in the 2016 Defence White Paper hasn’t kept up with the pace of change in this area. Indeed, the White Paper tells us very little about how Australia considers military cyber capability as part of its broader state power or how Australia will fund, structure and posture its capabilities to deal with cyber threats.

## DWP 2016: unmanned systems and the future ADF

James Mugg, 16 Mar 2016

The [2016 Defence White Paper](#) mentions ‘unmanned’ systems 15 times. The accompanying [Integrated Investment Plan \(IIP\)](#) [pdf] has 39 references. The government has clear ambitions to purchase UAVs for maritime surveillance and airborne strike, with unmanned systems for other roles evidently under consideration.

Starting with the most assured acquisition, the Triton maritime surveillance UAV has been under [consideration for at least three years](#). The unarmed Triton will provide a high-altitude, high-endurance maritime surveillance capability in concert with the incoming (manned) P-8 Poseidon fleet and other assets. The RAAF is expected to acquire the Tritons from the early 2020s.

As has been [flagged previously](#), the government will also seek to acquire a number of armed reconnaissance UAVs for the Army by the early 2020s. The IIP outlines a plan to acquire ‘armed intelligence, surveillance and reconnaissance unmanned aircraft’ between 2018 and 2038 in Table 8. Until now, Australia has only operated unarmed UAVs like the [RQ-7B Shadow](#), although ADF personnel have been training on US Air Force [MQ-9B Reaper armed UAVs for at least a year](#). A purchase of something like the Reaper is a likely outcome.

Things might get interesting in replacing the Tiger attack helicopter. The IIP states an aim to replace the Tiger with ‘manned or unmanned systems or a combination of both’ (6.32) during the 2020s. The newest generation of AH-64 Apache is likely to be a strong contender. Interestingly, the AH-64E is [highly interoperable with the Shadow UAV](#), and can even take full control of the UAV. That’s a result of the US Armed Forces’ [ongoing ‘MUM-T’](#) (manned-unmanned teaming) experiments, and the ADF is well-positioned to assimilate US experiences in this area.

An alternative or complement to a manned attack helicopter might be an armed vertical take-off UAV (VTUAV) like the [MQ-8B Fire Scout](#), though it has [about half](#) the combat radius of [an Apache](#). An unmanned Apache isn’t outside the realms of possibility (Boeing has an [unmanned version of the Little Bird](#)), although probably not in time for a Tiger replacement. The [MQ-8C Fire Scout](#) will be larger and have greater range than the MQ-8B model, and both can operate from the US Navy’s littoral combat ships (LCS).

The IIP also mentions a maritime tactical unmanned intelligence, surveillance and reconnaissance (ISR) capability (4.32). A Fire Scout or other VTUAV could be operated from RAN ships with helicopter pads. Whatever the chosen type, using a common platform across Army and Navy would streamline the logistics and support arrangements for the platform.

The ADF’s future unmanned systems needn’t be exclusively airborne. For example, the [Fleet-class common unmanned surface vessel \(USV\)](#), intended for the US Navy’s LCS, is designed for mine-hunting and anti-submarine warfare (ASW). A similar platform could be deployed from RAN’s surface combatants and even the future Offshore Patrol Vessel. The White Paper also announced a life extension for four of RAN’s Huon-class mine-hunters (4.36), and the IIP expressed Defence’s interest in a future, modular mine-hunting capability (4.38). A suitably-designed USV could provide rapid-deployable and upgradeable ASW, mine-hunting and ISR capabilities to the host ship.

Another unmanned platform considered in the IIP is a possible replacement of the F/A-18F Super Hornet in the 2030s with ‘either a fourth operational squadron of Joint Strike Fighters or possibly a yet to be developed unmanned combat aerial vehicle’ (5.11). The Joint Strike Fighter may itself be capable of [controlling or remote-piloting multiple nearby UCAVs](#) in the future. If so, a mixed manned-unmanned air capability might be an option for the RAAF. A long-range strike UCAV is also plausible, as demonstrated by the test flight of [Britain’s Taranis UCAV at Woomera two years ago](#).

One unmanned capability is only fleetingly mentioned in the IIP: unmanned underwater vessels (UUVs). The future of submarine capability is highly likely to include [launch and recovery of UUVs](#). Again, the US Navy is leading the way, with development of the [Large Displacement UUV](#), designed to be deployable from Virginia- and Ohio-class submarines, and the [REMUS 600 Autonomous Underwater Vehicle \(AUV\)](#), which was [launched from a Virginia-class submarine last year](#).

However, there’s no mention in the DWP or IIP of any unmanned land systems or robots. Military robots tend to be limited to tasks [like bomb disposal](#), like the [ADF’s Talon RPV](#). The US has also tested [remote-operated gun towers](#) and [walking robots](#), though it’s not yet clear where unmanned land systems will fit into the [future of the ADF](#).

Unmanned systems [are proliferating](#) throughout [Australia’s region](#) and [the globe](#), although they vary greatly in technological capability. A relatively small but high-tech military like the ADF can’t afford to overlook the potential of unmanned systems to be significant force multipliers, allowing us to leverage our technological advantages over potential adversaries. In any case, the 2016 Defence White Paper and IIP indicate a trend toward a growing role for unmanned systems for the ADF.

### 3. Budget and Industry



Image courtesy of Wikipedia.

#### Good riddance to 2% targeting

Mark Thomson, 25 Feb 2016

The Turnbull government's new Defence White Paper promises to increase defence spending to 2% of GDP by 2020–21—three years earlier than Tony Abbott promised. Better still, they've provided an explicit table of Defence funding across the forthcoming decade (see DWP p.180). Not since the early 2000s has a government been this willing to open up its books and be held to account. It was a commendable step.

Looking closely at the numbers, an interesting picture emerges; it appears as though the early attainment of 2% of GDP is an artefact of declining nominal GDP expectations. That's not to take anything away from the government—they unambiguously made good on their promise—but if the numbers are out there, they deserve to be analysed and understood.

In the table below, the nominal (including inflation) funding figures from the DWP are given, along with the annual year-on-year nominal growth rate. In the lower part of the table, the funding is presented in real 2015–16 dollars assuming 2.5% inflation.

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
Nominal \$	32,468	31,532	34,180	36,709	38,486	40,585	42,588	45,193	47,337	49,477	51,540
% Growth		-2.88%	8.40%	7.40%	4.84%	5.45%	4.94%	6.12%	4.74%	4.52%	4.17%
2015-16 \$	32,468	30,763	32,533	34,088	34,866	35,871	36,723	38,019	38,852	39,618	40,263
% Growth		-5.25%	5.75%	4.78%	2.28%	2.88%	2.38%	3.53%	2.19%	1.97%	1.63%

Two things surprised me about the figures. First, the growth rates were somewhat below what I'd anticipated. Second, the early attainment of 2% of GDP seemed an unlikely concession from the taxpayer's guardians in Treasury and Finance. So I looked up the explicit GDP figures from the [2015–16 mid-year update](#) to see what's going on. It turns out that projected nominal GDP growth

is now significantly slower than previously assumed, which explains both the slower growth in defence spending and the earlier attainment of the percent GDP target.

The easiest way to see this is to take the nominal defence spending figures from the DWP and calculate the share of GDP as in successive Treasury projections. This is done in the table below. Because treasury only gives numbers four years out (i.e. out to 2018–19 in the latest update), the latter years have to be estimated by assuming some rate of nominal GDP growth. The key is to realise that the rate of GDP growth assumed by the government was small enough for defence funding to reach 2% of GDP in 2020–21. A little arithmetic shows that nominal GDP growth has to be *less* than 5.2% for defence spending to reach 2% of GDP in 2020–21. In comparison, the 2013 National Commission of Audit assumed nominal GDP growth of around 5.7% around that time (which is the figure I've previously used for modelling purposes). Half a percent can make a big difference once the magic of compounding kicks in.

The deterioration in nominal GDP growth has, in effect, made the attainment of spending 2% of GDP easier and brought it forward by three years. One way to see this is to look at successive Treasury projections of GDP and calculate the share of GDP that today's DWP funding would represent. This is also done in the table below. In each case, the growth in GDP after the last available year in the Treasury papers has been projected out using the (manifestly modest) 5.2% discussed above. In the earlier budgets, the rate of GDP growth in the latter years would have been higher, meaning that the GDP share of defence spending would have been lower still.

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
MYEFO 2015-16	1.97%	1.87%	1.88%	1.92%	1.94%	2.00%	2.06%	2.12%	2.15%	2.15%	2.16%
Budget 2015	1.96%	1.85%	1.86%	1.91%	1.93%	1.98%	2.04%	2.10%	2.13%	2.13%	2.13%
Budget 2014	1.90%	1.80%	1.82%	1.86%	1.88%	1.94%	1.99%	2.05%	2.07%	2.08%	2.08%
Budget 2013	1.84%	1.74%	1.75%	1.78%	1.80%	1.86%	1.91%	1.97%	1.99%	2.00%	2.00%
Budget 2012	1.79%	1.70%	1.71%	1.74%	1.76%	1.82%	1.87%	1.92%	1.95%	1.95%	1.95%

Three points are noteworthy:

First, changing expectations of GDP growth can have a significant impact on the measured GDP share of defence spending.

Second, recalling that the original promise was to reach 2% of GDP in 2023–24, it looks as though funding in the DWP was conceived on the basis of the 2014 Budget's projections of GDP growth. That conjecture is consistent with the timing of the WP process. (The overshoot can probably be accounted for by the deterioration in the Australian dollar).

Third, the accelerated attainment of the magic 2% figure reflects falling nominal GDP rather than a more ambitious approach to equipping and expanding the ADF.

If nothing else, the foregoing analysis highlights the shortcomings of GDP share as a planning basis. Fortunately, the DWP dispenses with the 2% target and instead fixes defence funding in dollar terms for the next decade (and with adjustments for foreign exchange risk). This severing of the link with GDP is sensible and pragmatic. Nonetheless, I fear that the 2% target will continue to haunt the discussion of defence funding for years to come.



## DWP 2016: Room for optimism in Australian defence industry

Mike Kalms, 10 Mar 2016

The Federal Government's Defence White Paper signals a complete redesign of the relationship between the Australian Defence Force and industry.

The Turnbull Government's broader [National Innovation & Science Agenda](#) has significantly impacted this White Paper and companies that are innovative, collaborative and internationally focused will benefit. And it isn't just a document that'll reap benefits for large international corporations. This White Paper establishes investment funds and support mechanisms for smaller, innovative service and technology start-ups, which could be the most exciting aspect of the entire document.

Previous Defence White Papers and Industry Policies have tended to be more focused on international prime systems companies with large globally-integrated supply chains, but now it's our small to medium Australian innovators that could benefit the most from the DWP's new industry policy.

While the detail is still to come, \$230 million for the [Centre for Defence Industry Capability](#) (CDIC), \$640 million for an Innovation Hub and a further \$730 million for the [Next Generation Technologies Fund](#) represents a \$1.6 billion, 10-year investment which should flow to Australian small to medium companies and entrepreneurs.

Innovation and entrepreneurship aren't words typically used to describe the Australian defence industry sector—but this industry policy may in fact be remembered for being the document that established the beginning of their association.

If the CDIC is well led, the Innovation Hub and Next Generation Technologies Funds are well managed and the cultural change described in the First Principles Review delivered, Australia could witness the growth of an export focused group of national security entrepreneurs. Just as the start-up mentality begins to gain traction in the Australian economy, Defence plans to inject hundreds of millions of dollars to accelerate those ideas into reality.

In a nation where small business employs around [4.5 million people](#) the redesign of the industry engagement programs will be welcomed. The move from some 35 disparate Defence support programs (not including tens of other Federal Government and state industry support programs), to two streamlined avenues for the defence industry to interact and collaborate with the Department of Defence is a big and welcome change. The CDIC will give a regionally accessible 'shopfront' for SME's seeking to work with Defence. A case management style of support will help business understand Defence's technology and service requirements, seek support and/or sell innovative ideas and technologies that give the ADF an edge.

Execution risk will be front of mind for defence industry leaders wary after years of relative stasis in the industry policy space. Exactly how the new Next Generation Technology Fund will operate under the Defence Science and Technology Group isn't clear. What, if anything, will replace the Strategic and Priority Industry Capability Programs is left unanswered. And the absence of a Naval Shipbuilding Plan will leave parts of the sector nervous.

There's a sense of optimism in Australian defence industry. Now it's time for the hard part.

## 4. Regional reactions



Image courtesy of Flickr user Kevin Hale

### Southeast Asia's muted reaction to the 2016 Defence White Paper

Tim Huxley, 16 Mar 2016

Like its predecessors, Australia's new Defence White Paper pays considerable attention to Southeast Asia. Its 'Strategic Outlook' chapter reiterates the long-held and axiomatic conventional wisdom that the geography of the archipelago to Australia's north 'will always have particular significance', because any conventional military threat—and indeed some low-intensity challenges such as people- and drug-smuggling—are 'likely to approach through the archipelago'.

The DWP also notes Australia's 'deep economic security interests' in Southeast Asia, including the fact that nearly two-thirds of the country's exports 'pass through the South China Sea'. It holds that Southeast Asian instability—whether within or between countries—could affect Australia's security, and highlights a specific current concern over the 'return of foreign terrorist fighters from conflicts in the Middle East'. Significantly, there's a particularly strong emphasis on the dangers of the escalating tension in the South China Sea.

While its focus on the South China Sea is striking, the White Paper's confirmation of the importance of Southeast Asia for Australia's security hardly represents a radical shift in the thinking of Canberra's defence establishment. The country's wide-ranging security interests in the sub-region are reflected in the breadth and depth of its defence relations across Southeast Asia. Those with Malaysia and Singapore are particularly strong, both bilaterally and through the Five Power Defence Arrangements, set up 45 years ago with New Zealand the UK as the other two partners.

For almost as long, Canberra has tried to develop a mutually valuable defence relationship with Indonesia, with fluctuating but not inconsiderable success: it's probably fair to say that this aspect of Australia's relationship with Jakarta is probably now stronger than ever before. The significance of this growing security link was underlined by the fact that Indonesia was included with China among the key countries [briefed in detail](#) by Canberra on the defence white paper's content in advance of its wider release.

Elsewhere in Southeast Asia, Australia has long-established defence relations with the Philippines and Thailand—both of which are technically still allies through the Manila Pact, a fact that's often forgotten or perhaps conveniently overlooked. Canberra's defence links also include less substantial exchanges with Brunei, Cambodia and Laos, a burgeoning partnership with Vietnam, and an embryonic one with Myanmar.

In light of both what the Defence White Paper says about the importance of Southeast Asia, and of the tangible reality of Australia's defence relations throughout the sub-region, the muted reaction across capitals in Southeast Asia to the new statement of Canberra's defence policy is surprising. Whereas [China's official response](#) was quick and essentially critical of Australia's stronger defence posture and tightening strategic relations with the US, even two weeks after the White Paper was released there's been scant reaction from Southeast Asian governments.

The only reported response from Indonesia was the [28 February statement](#) from defence ministry spokesman Brigadier-General Djundan Eko Bintoro's that Jakarta had been 'forewarned' of the White Paper's contents, and that it didn't see the projected Australian military build-up as 'a threat' but rather about creating 'peace and security'.

On the following day, Singapore's *Straits Times* newspaper carried an [op-ed by Daniel Chua](#), of the S. Rajaratnam School of International Studies entitled 'Positive signal to South-east Asia'. It's probably reasonable to see Chua's piece as an indirect indication of the Singaporean government's view on the White Paper. Arguing, perhaps rather sweepingly but nevertheless with insight, that 'South-east Asian countries do not comment on the policies and politics of other nations', Chua didn't attempt to assess the likely private reaction of Southeast Asian governments to the White Paper but rather how they should respond in light of their objective interests.

Overall, Chua argued, Southeast Asian leaders 'should be receptive' to the White Paper's indications that Australia was 'willing to carry some burden in maintaining peace and stability in the South China Sea' by, for example, conducting freedom of navigation operations (FONOPS). The 'loudest applause' for Australia's strengthening defence posture should come from Singapore and Malaysia, he wrote. Jakarta should see Australia's plans to strengthen its maritime capabilities as complementary to the Jokowi administration's own new maritime doctrine for Indonesia. Overall, he concluded, the DWP 'sends a positive signal to South-east Asia and potentially contributes to the region's stability and peace'.

As well as the unwillingness of Southeast Asian governments to comment openly on other states' policies—also seen in their generally low-key responses to both China's activities in the South China Sea and US FONOPS there—another factor may explain the lack of overt reaction in Southeast Asia to the White Paper: Southeast Asia may simply matter a lot more to Australia's security than vice versa.

Despite Australia's defence efforts in Southeast Asia over the years, security and defence establishments across the sub-region are consumed with complex hedging strategies in relation to the US, China, Japan, along with their relations with their Southeast Asian neighbours. One challenge for Canberra's Defence Department and armed forces in implementing the White Paper will be to change that equation in order to make Australia a more influential player in the sub-region to its immediate north.

## DWP 2016: an Indonesian perspective

**Ristian Atriandi Supriyanto, 11 Mar 2016**

The release of [2016 Defence White Paper](#) signifies a much sharper focus from Australia on maritime Southeast Asia. Geography dictates that whenever Canberra looks at maritime Southeast Asia, the first country that appears in its strategic outlook is Indonesia. Indeed, the 2016 DWP reiterates Indonesia's strategic importance to Australia as a 'near neighbour' (paragraph 2.81). While Indonesia's strategic importance is something that Australia seems obliged to acknowledge heavily in each iteration of the Defence White Paper, the feeling isn't always mutual. Indonesia's [2008 DWP](#), for instance, mentions Australia nine times whereas Australia's [2009](#) and [2013](#) DWPs mention Indonesia 21 and 32 times, respectively. The 2016 DWP is aware of this asymmetry. While

the previous two Australian DWPs denote the relationship with Indonesia as Australia's 'most important' in the region, the 2016 DWP only regards it as 'vital', offering a more realistic and productive view of the relationship.

For instance, while the 2009 DWP considers the potential of 'an authoritarian or overly nationalistic regime in Jakarta' as creating 'strategic risks for its neighbours' (4.33), the 2016 DWP excluded such references, as if to convey a greater Australian confidence in Indonesia's potential as a reliable security partner.

Australia and Indonesia certainly share some common security interests that are discussed in the 2016 DWP, including 'the security and stability of the maritime domains that we share, the free movement of trade and investment through these domains, and countering terrorism and people smuggling in our region' (5.34). But those are only incidental intersections between different strategic outlooks, from which our respective strategic policies follow.

That raises a question about the extent to which Indonesia shares Canberra's unqualified strategic assessment of the United States as a 'stabilising force in the Indo-Pacific' (2.80). While Indonesia certainly views the US' role in regional security and stability as indispensable, the maintenance of US primacy in the region isn't a *sine qua non*. Rather, Indonesia thinks that the region's security and stability is best guaranteed through collective commitments towards shared norms and institutions (embodied within ASEAN-centric architectures) in which all the major powers become their guarantors and are equally responsible for their preservation. Former Indonesian Foreign Minister Marty Natalegawa's 'dynamic equilibrium' concept reflects this sentiment in a way that still resonates within Indonesia's present strategic outlook. The differences between Australian and Indonesian strategic outlooks shouldn't be overstated, but they could become potential future stumbling blocks on the road toward a deeper strategic partnership.

The Australia-Indonesia relationship often depends on how Australia regards its role in Southeast Asia. That's got nothing to do with the dichotomy between Australia's history and geography, as John Howard once [said](#), but is more about Australia's ability and willingness to operate as an autonomous actor in response to strategic challenges in the region. Often Indonesia (and others in the region) finds it hard to distinguish Australia's individual strategic policies from the policies that are implemented merely as demonstrations of Australian commitment to the US alliance, especially as the latter policies can be cloaked in the former. That's particularly pertinent in light of Australia's reactionary [assertiveness](#), potentially through conducting military [freedom of navigation operations \(FONOPs\)](#), against China's excessive maritime claims in the South China Sea.

The 2016 DWP notes Australia's legitimate concerns about the militarisation and fortification of disputed features and waters in the South China Sea. Although the position is addressed to all claimants, China in particular is singled out, given the pace and scale of its reclamation activities relative to other parties. Indonesia is equally, if not more, alarmed as Australia is about China's excessive maritime claims. But the two countries may be driven by different motives when considering their responses to this challenge. Despite its self-proclaimed [non-claimant](#) status, Indonesia is increasingly worried about the potential implications of the disputes on the Natuna Islands, and anxious about the Sino-American geostrategic brinkmanship in the region towards ASEAN's unity and centrality, in which Indonesia's credibility as a *de facto primus inter pares* is at stake. In contrast, Australia may think that challenging China due to its commitment towards the US alliance is as important as its own geostrategic and geoeconomic reasons.

Rather than simply acting out of the commitment to the US alliance, Australia's South China Sea policies that are promoted largely by its own national interests (such as the maintenance of UNCLOS-based maritime order) could actually elicit greater appreciation from Indonesia and perhaps Southeast Asia. This would mean that Australia's efforts shouldn't only be about restraining China from imposing the 9-dash line, but also about mitigating the Sino-American geostrategic contest in the South China Sea.

Yet, the South China Sea could also become an arena where Australian and Indonesian strategic outlooks increasingly converge, and create a stimulus for a closer defence relationship. Indeed, with the 2016 DWP hailing 'Indonesia's increased focus on maritime affairs' and Australia's goal of seeking 'greater cooperation on maritime security activities that contribute to a stable and

prosperous region' (5.34), the South China Sea could serve as a wake-up call for the two countries to consider more sophisticated maritime security [cooperation](#).

Australia is starting to recognise Indonesia's [military modernisation](#) and growing influence as 'positive developments' (2.83), which is a signal of Australia's willingness to ameliorate the seemingly ubiquitous [security dilemma](#) with Indonesia. However, it takes two to tango: Indonesia's next Defence White Paper could make positive reference to Australia's [military build-up](#) as a continuation of its commitment to improving bilateral defence cooperation.

## DWP 2016: China, Australia and the US rebalance?

Feng Zhang, 4 Mar 2016

Australia enters China's strategic landscape because of its role as a close military ally of the US. It's seen [by many inside China](#) as the 'southern anchor' of America's alliance system in the Asia-Pacific region. Yet, when compared with Japan, the 'northern anchor' of this system, Australia has never generated the same amount of frustration or anxiety among Chinese policymakers. Geography and history combine to produce different security dynamics in China-Australia relations, compared with China-Japan relations, despite Australia and Japan's identical roles as a close US ally. Since the end of the Cold War, Australia has occasionally been a minor nuisance to China's strategic planning—rarely a headache, let alone a preoccupation.

But, as the Australian government's 2016 Defence White Paper points out, the strategic environment of the Indo-Pacific region is changing fast, and Australia must cope with a new set of security uncertainties and risks (1.6). Can the current, relatively uneventful security relationship between Australia and China last under changing circumstances?

The US rebalance to Asia and China's recent policies in the South China Sea are intensifying strategic competition between the two countries; it's also increasingly straining the Australia-China security relationship. China was likely embarrassed by the two US freedom of navigation operations carried out in October 2015 and January 2016. It's not happy with Australia's air patrols in the South China Sea either, even though the public reaction hasn't been strong.

Beijing will pay close attention to what the DWP says about the South China Sea. It'll also look at what the document says about the US rebalance to the region. Chinese officials aren't so naïve as to expect Australia to lean toward China in the current strategic environment, but they'll be looking for signs of change in Australia's strategy toward China's rise (such as a more forceful military doctrine targeting China), especially if such change is of a long-term nature.

In those respects, the DWP doesn't send an encouraging signal to Beijing. On the South China Sea, it states that 'Australia is particularly concerned by the unprecedented pace and scale of China's land reclamation activities'. Furthermore, it declares that 'Australia opposes the use of artificial structures in the South China Sea for military purposes'. And that Australia strongly supports freedom of navigation and overflight as well as the peaceful resolution of disputes in accordance with international law.

Those statements make it clear that Australia is supporting the US in opposing China's island construction in the South China Sea. Judging by its air patrols, Australia is the US's most active regional ally in asserting military power and rhetorical messaging to oppose Chinese activities—even more so than the Philippines has been.

So it isn't surprising that China's Foreign Ministry spokesperson [described the DWP's positions on the South China Sea](#) as 'negative', nor that Beijing was said to be 'seriously concerned and dissatisfied' with this part of the document.

The US and ASEAN released a relevant [joint declaration](#) following the Sunnylands summit held in California in February. The document reaffirmed a set of general principles for managing maritime disputes but contained no specific reference to China or the South China Sea. After initial concerns, Beijing was relieved by the moderate tone of the joint declaration and largely chose to ignore it. Beijing might well have hoped for a similar treatment of the South China Sea from the Australian DWP. But Canberra has chosen to eliminate all ambiguities by pointing the finger at China.

Can Beijing hope for a somewhat independent or balanced Australian analysis of the changing Indo–Pacific regional order? The DWP’s treatment of the US rebalance doesn’t inspire confidence. It’s clear that Australia is supporting the US when it comes to defence strategy. As the DWP’s executive summary declares, ‘Australia will seek to broaden and deepen our alliance with the US, including by supporting its critical role in underpinning security in our region through the continued rebalance of the United States military forces.’ To be sure, the DWP also commits Australia to developing defence relations with China. But compared to defence relations with the US, the policy of developing defence ties with China appears no more than a token inclusion to prevent the Australia–China strategic relationship from deteriorating.

Australia’s firm commitment to its alliance with the US should come as no surprise to Beijing. So perhaps Beijing should simply accept Australia’s strong support for the US rebalance as a consequence of its actions in the South China Sea. Still, it’s debatable whether the US strategy of rebalance is the best option available for ensuring peace and stability in the Indo–Pacific region. Since [many inside China](#) see the rebalance as a US attempt to check Chinese influence (if not contain it), Australia’s support for the US has the potential to make it a strategic rival of China, which isn’t in Australia’s best interests. Besides, does Canberra really believe that the US attempt to maintain the status quo of US primacy—if that’s possible—is the best way to contribute to stability in the region during China’s rise?

As the DWP establishes, Australia has operated with the US in every major conflict since the First World War, including recently in Iraq and Afghanistan. Will Australia follow the US into a possible clash with China? It’s a legitimate question to ask of the DWP, and the DWP content on this topic (which proffers unconditional support for US strategy of rebalance) is surprisingly biased and shortsighted. One would hope for a more critical—or at least balanced—view of US strategy and a more long-term take on China that goes beyond the current island construction in the South China Sea. This involves two things: first, China’s South China Sea policy reflects the current inclinations of Xi Jinping’s leadership, so it could change in the future; and second, strategy needs to reflect the long-term trend of a changing power balance in the Indo–Pacific as China rises.

If Australia’s strategy toward China follows the DWP’s proposal of making Australia an appendage of the US rebalance, Canberra should desperately hope that the US and China will be able to find a *modus vivendi* in their strategic competition, in order to avoid breaking its security relationship with China. The irony, of course, is that Australia’s strategic future in the context of US–China relations will be decided by Washington and Beijing, with little input from Canberra.

## Did New Zealand even notice Australia’s White Paper?

**Robert Ayson, 5 April 2016**

One thing is guaranteed in New Zealand’s forthcoming Defence White Paper: Australia will be identified as Wellington’s leading defence partner by some margin. Australia’s importance to New Zealand’s planning suggests that Wellington’s best and brightest should be poring over the 2016 Australian White Paper. But at least in terms of the public debate, there’s very little of that going on.

This doesn’t suddenly overturn the [comment from Defence Minister Gerry Brownlee](#) that ‘New Zealand’s defence relationship with Australia is our closest and most significant.’ It may instead reflect two facts. First, there are far fewer New Zealanders than Australians who take to analyzing defence policy. Second, in 2016, the few kiwis with an eye on Australia’s policy settings mightn’t have found a great deal to be surprised about.

What media coverage there was on this side of the Tasman stayed true to a common view among New Zealanders: that their Australian cousins have a federal government that believes in spending [comparatively large amounts of the public purse](#) on military expenditure. This hardly makes for a novel headline in New Zealand, as [media response to the 2009 White Paper of the Rudd era](#) indicates. Perhaps this is partly why in 2016 nearly as much New Zealand coverage has been devoted to the Australian Defence Force’s [attitude to gluten free recruits](#).

Similarly, New Zealanders will hardly be surprised at the long list of platforms to which the Australian White Paper wishes to commit future taxpayers. Many are beyond New Zealand's reach, including submarines, air warfare destroyers, and joint strike fighters. In three such areas where New Zealand has a particular interest, the Australian direction will hardly be shocking: confirmation of a mix of C-17s and C-130J strategic lift aircraft, new frigates (although at nine the number may impress) and an intention to purchase P-8 maritime patrol aircraft. What's left is the important question of what New Zealand will do to replace its own Hercules, ANZAC frigates and P-3 Orions, the last an airframe heading into its sixth decade with sensor systems in [need of a further upgrade](#). But these are perennial questions for New Zealand. They are not new.

What might have surprised New Zealanders is the way that the Australian White Paper talked about the TransTasman defence relationship. [As I explained recently](#), New Zealand is referred to as an ANZUS partner more than once. To be fair, the main context for these remarks is the bilateral Australia-New Zealand relationship. The Australian White Paper doesn't argue that a fully restored trilateral alliance is on the cards. But that distinction may be easily lost in New Zealand, where ANZUS (and sometimes even just the word 'alliance') remains sensitive political territory. [One report of Prime Minister John Key's response on ANZUS](#) suggests these sensitivities remain close to the surface.

Yet, given the improvement in Wellington's relationship with Washington and its efforts to stay close to Canberra, some mention of the three in quasi-alliance terms seems almost inevitable. After all, the Key government will be pleased that the Australian Paper mentions the Iraq training mission which unites the ADF and NZDF in a US-led overseas coalition. When it appears, New Zealand's White Paper mightn't be quite as gushing about the importance of America's Asian rebalance or of its overall role in what Australia calls the Indo-Pacific region. But one can fully expect the New Zealand Government will confirm its already positive endorsement of America's regional presence.

Similarly, while New Zealand may take a softer line on China than Australia, sentiment on Beijing's impact on regional security is heading in a firmer direction on both sides of the Tasman. As my colleague David Capie has indicated, New Zealand's statements on the South China Sea have become [more noticeable and critical](#). This doesn't mean New Zealand will go as far as Australia and specifically call out Beijing for its land reclamation activities. But in a [recent speech in Singapore](#), New Zealand's Foreign Minister Murray McCully named the very same problem, and it was clear from his comments that New Zealand believes China needs to take a lead in reducing the South China Sea's evident militarisation.

The short and the tall of it is that New Zealand and Australia can't produce anything close to similar defence forces or aggregate defence spending levels. They can be complementary but they'll always differ. But New Zealand's declaratory policy on great power relations in Asia is growing closer to Australia's, as is its mix of concern and comfort about the respective regional roles of China and the United States. Maybe that growing commonality is another reason for what has been a fairly circumspect New Zealand response to the third Australian Defence White Paper in seven years. Or maybe, after four leaders at the Lodge over that same septennium, some New Zealanders think a new White Paper is simply a product of political churn across the Tasman. But it would be a pity if for that, or any other, reason they didn't read the 2016 iteration more closely.

## Important disclaimer

This publication is designed to provide accurate and authoritative information in relation to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering any form of professional or other advice or services. No person should rely on the contents of this publication without first obtaining advice from a qualified professional person.

## About the authors

**Robert Ayson** is Professor of Strategic Studies at Victoria University of Wellington and Adjunct Professor with the Australian National University's Strategic and Defence Studies Centre.

**Ross Babbage** is a former senior Defence official and Managing Director of Strategy International.

**Kim Beazley** is a distinguished fellow at ASPI. He is a former Minister for Defence and recently returned from a six year term as Australia's Ambassador to the United States.

**Andrew Davies** is senior analyst for defence capability and director of research at ASPI.

**Malcolm Davis** is a senior analyst at ASPI.

**Tobias Feakin** is director of national security and head of the International Cyber Policy Centre at ASPI.

**Tim Huxley** is executive director of the International Institute for Strategic Studies-Asia in Singapore.

**Peter Jennings** is executive director at ASPI.

**Mike Kalms** is Lead Partner-Defence Industry at KPMG Australia and was a member of the Government's expert panel advising on the 2016 Defence White Paper.

**Rod Lyon** is a fellow at ASPI.

**James Mugg** is a researcher at ASPI.

**Benjamin Schreer** is Professor in Security Studies and Head of the Department for Security Studies and Criminology at Macquarie University.

**Ristian Atriandi Supriyanto** is the Indonesian Presidential PhD Scholar at the Strategic and Defence Studies Centre, Australian National University.

**Mark Thomson** is senior analyst for defence economics at ASPI.

**Feng Zhang** is a fellow in the Department of International Relations, the Australian National University and a visiting scholar at the East Asian Institute of the National University of Singapore and the Guangdong Institute of International Strategy in Guangzhou, China.

## About Strategic Insights

Strategic Insights are shorter studies intended to provide expert perspectives on topical policy issues. They reflect the personal views of the author(s), and do not in any way express or reflect the views of the Australian Government or represent the formal position of ASPI on any particular issue.

### ASPI

Tel +61 2 6270 5100

Fax +61 2 6273 9566

Email [enquiries@aspi.org.au](mailto:enquiries@aspi.org.au)

Web [www.aspi.org.au](http://www.aspi.org.au)

Blog [www.aspistrategist.org.au](http://www.aspistrategist.org.au)



[Facebook.com/ASPI.org](https://www.facebook.com/ASPI.org)



[@ASPI\\_org](https://twitter.com/ASPI_org)

### © The Australian Strategic Policy Institute Limited 2016

This publication is subject to copyright. Except as permitted under the *Copyright Act 1968*, no part of it may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be addressed to the publishers.

Notwithstanding the above, Educational Institutions (including Schools, Independent Colleges, Universities, and TAFEs) are granted permission to make copies of copyrighted works strictly for educational purposes without explicit permission from ASPI and free of charge.