On Saturday, 2 May, the Rudd government launched its first definitive statement on Australian strategic policy, *Defending Australia in the Asia Pacific Century: Force 2030*. The long-awaited White Paper, sixteen months in preparation, was launched by the Prime Minister on the deck of HMAS *Stuart* at Garden Island—a clear signal that maritime issues would dominate. Attendees at the launch were presented with a folder which included a copy of the new White Paper, a copy of the government’s response to the Mortimer Review on defence procurement and sustainment, and a set of eighty-three (yes, eighty-three) press releases by the Minister for Defence.

Starting with the Prime Minister’s speech in Townsville last year, the government had flagged a ‘beefing up’ of the Australian Defence Force (ADF), especially a major naval build-up, as a likely outcome. In the weeks leading up to the final release, speculation was rife in the media that the document would focus on a rising, potentially hostile China as its rationale for a more muscular ADF. In retrospect, we know now that the picture of China portrayed in the White Paper is a much more ambivalent one. But the paper certainly positions Australia for a substantial force expansion. Since its release, critics have tended to argue that the planned expansion is unaffordable, unwarranted, inflammatory, or all three. Stepping back—for the moment—from those immediate debates, what does the document tell us about the likely future direction of Australian strategic policy?

**Mixed messages**

In truth, it is an ambitious attempt to write Australian strategic policy for a complex world. While the materiel outcomes are clear enough (if uncosted and without timelines in most cases), the paper has spurred debates over how we should see our security environment, and what the key drivers of that environment might be.

On some points the document overlooks issues that might have been included. In the section on the likelihood of major war, for example (paragraphs 2.14–2.19), there is no mention of nuclear deterrence as an important constraint. That seems odd, particularly since (in paragraph 2.18) the White Paper notes ‘there is a risk that the constraints on major power war imposed by the international system might break down unexpectedly and relatively quickly’. The government certainly doesn’t seem to think that about nuclear deterrence: a later paragraph (paragraph 4.59) observes...
that nuclear deterrence will remain ‘a feature of the international system for the foreseeable future’, and paragraph 9.103 observes that unilateral national ballistic missile defences are dangerous precisely because they might ‘undercut’ the nuclear forces of the major nuclear powers.

But there are two issues—Indonesia and ANZUS—where the White Paper seems to introduce more serious uncertainties into Australia’s key defence relations. In terms of our relationship with Indonesia, a sentence in paragraph 5.8 says that Australia has ‘an enduring strategic interest in preventing or mitigating any attempt by nearby states to develop the capacity to undertake sustained military operations within our approaches.’ This is an unusually blunt sentence in relation to Australia’s nearby regional partners. It casts a shadow over the partnership that Canberra has been attempting to build with Jakarta across a range of strategic issues, and overlooks the benefit that we derive from having, in Southeast Asia, partners able to sustain military operations that contribute to their security, and thereby ours. Australian diplomats should take an early opportunity to reaffirm our partnership with Jakarta lest the sentence be misread there as a fundamental change in Australian policy.

Some of the wording on the ANZUS alliance, too, invites confusion about how Australia thinks about the ideas of alliance obligation. Paragraph 6.32, for example, says that because of our policy of defence self-reliance we don’t expect the US to come to our aid if we are attacked, and that we would only expect such aid where the aggressor is a major power. This wording seems to mistake a policy of self-reliance on our part with an implicit reinterpretation of the obligations contained within ANZUS. We should expect the United States to come to our aid if we were attacked, regardless of the size of the attacker. In the words of the White Paper 2000, ‘we should seek and welcome such help’ even if we do not feel we depend on it. Indeed, we should be seeking some level of US assistance under the pact in any instance of a direct military attack on Australia—if only to show to others that the treaty works. Again, Australian officials should have a discussion with defence officials in Washington clarifying this point.

Back to the future

The issues of China, force expansion and funding have consumed much of the media interest in the White Paper. But one of the most important issues it addresses concerns defence doctrine. In Chapter 6, the paper explicitly rejects what it calls the ‘false distinction’ between a defence policy founded on a ‘continentalist, defence-of-Australia’ approach and one founded on a ‘global, expeditionary’ approach. But the policy it sets out in paragraph 6.16, and indeed, the thrust of reasoning underpinning much of the document, looks very much like the old Defence of Australia strategic construct that underpinned the White Papers of 1987, 1994 and 2000.

In doing so, the government obviously intends to signal its unhappiness with the concepts introduced in the Defence Updates of 2003, 2005 and 2007. White Paper 2009 returns to the concentric-circles model of Australian strategic priorities, under which the defence of Australia itself is the top strategic priority, the defence of our neighbourhood is the second strategic priority, stability in Asia is our third strategic priority, and so on. Indeed, the document has a specific section telling us ‘why geography matters’.

That emphasis on geographical determinism is reinforced in the White Paper’s acknowledgement that, while Australia has four major strategic
interests—a secure Australia, a secure neighbourhood, a stable Asia–Pacific and a rules-based global order—only the first two of those interests will actually shape the Australian force structure. Given that, one could be forgiven for wondering why the power balance shifts in the wider Asia–Pacific engendered by the rise of China are given so much prominence elsewhere in the document. Indeed, there seems to be something of a disconnect here. If developments in the wider region are not force structure determinants, why the emphasis on a larger fleet of long-range submarines with strategic strike capabilities?

The revival of the Defence of Australia strategic orthodoxy suggests a narrowing of Australian strategic policy focus under the Rudd government. By returning to a Defence of Australia framework, the document implies that we will be structuring the ADF to cover a smaller portion of the threat spectrum to Australian interests than we were doing previously. Taken at face value, under this doctrine the ADF will routinely be staying closer to home. Some media commentary has suggested that this White Paper is all about Australia’s emergence as a muscular Asian power. It is actually about—at least in the narrative—a more muscular Australian defence. At its core lies a less ‘expansive’ strategic policy than the one Australians have become used to in recent years.

Defence briefers at the launch claimed that the paper returned Australian strategic policy to its ‘classical’ roots. But that raises the question of whether ‘classicism’ is a particularly useful concept in relation to twenty-first century security challenges? Strategy is a moving thing: it needs to find new sources of advantage as the strategic environment changes and old advantages erode. If we see trends developing in the strategic environment, then our responses should reflect those trends. Sliding back to ‘classical’ doctrine might not be a good move in a complex, interconnected security environment, where more actors—and not all of them states—have the power to threaten us.

**Hardware for hard times**

The headline stories on the White Paper have tended to focus on the hardware. And that is not unreasonable—there is a lot of it. But the underlying story is not quite as dramatic as the headlines would suggest. For a start, the big ticket naval items—the expanded fleet of submarines and the future surface combatants—are a long way off into the future. Firm commitments on these won’t be made for a decade, and the last of them won’t be delivered until some time after 2030. Given that contracts won’t be signed on some of the projects before two more White Papers are delivered, in one sense this one is aspirational.

Relatively little of the military capability announced in the White Paper will be acquired in the next five years. And those items that are flagged as being near-term acquisitions, such as the twenty-four naval helicopters to be acquired ‘as a matter of urgency’, are mostly in the 2006–16 Defence Capability Plan (DCP) already. From a planning point of view, that makes sense. It means that the additional funding promised in the period out to 2015 (and the internal savings to be generated) can be used primarily to consolidate existing plans and to address some of the funding shortfalls that have been identified in the pre-White Paper plans for defence. And, of course, it means that a government trying to get out of deficit won’t be facing big bills for new hardware acquisitions.
But not all of the initiatives in the White Paper are big-ticket hardware items. The recognition of the potential value that could be derived from a greater use of the part-time (Reserve) components of the ADF is long overdue. As ASPI found when we visited the issue last year, the part-time forces could generate extra manpower for the ADF, provide a way of maintaining seldom-used (but still relevant) capabilities and bring to the services a wide range of skills that translate from their civilian employment. As the White Paper notes, enhancing the readiness levels of many part-time units and individuals is the key to making more capability available.

**Money and management**

It is worth quantifying the additional money provided to Defence under this White Paper. Some of the press reporting has put the additional funding at $300 billion. In fact, that figure is true in ‘then-year’ dollars—not a particularly useful basis for comparisons. Adjusting for the assumed rate of inflation between now and 2030, the additional amount is a little over $130 billion when expressed in 2009 dollars. At first glance that is still a very significant boost in funding, equivalent to almost six extra years of the current defence budget spread over the forecast period. As well, there is also funding to be provided from internal efficiencies—a total of $20 billion over the next decade.

But further reflection suggests that the money available for new initiatives is less than that—potentially much less. As pointed out in last year’s ASPI publication *Strategic Choices*, military equipment and costs have typically increased in cost at a rate higher than inflation. In fact, our working assumption in that paper was that the 3% real increase would cover only those rising costs and allow defence to pursue its existing plans. Any significant expansion of the ADF beyond those plans would require funding above that.

Our estimate for an expanding force structure that we called ‘Australia rules the waves’ (which most closely resembles the initiatives in this White Paper) was that it would require an additional $37 billion. And that was based on prices for new equipment consistent with historical trends—if any of the new platforms cost more than that, the total additional funding requirement would be greater still.

So is there enough funding for the plans outlined? In truth, it is not possible to tell at this point. We simply do not have enough data to reach a solid conclusion. But, at best, it will require some careful management. The situation should become a little clearer next week with the release of the federal budget, which will contain more detail, at least for the next five years.

Also problematic is the ability to enact the proposed program. When the rubber finally hits the road on the major initiatives in this paper, it will put a heavy load onto the acquisition processes within Defence in the years to come. Given the inability of Defence Materiel Organisation and industry to deliver the existing DCP, a considerable performance boost will be required to deliver a much bigger program. And it will also test the ability of Defence to move projects through the capability development process.

In this context, the White Paper describes an improved force structure development process, though it addresses only part of the process, being intended to tighten the nexus between strategic guidance and capability decisions. In practice that will mean that sponsors of capability proposals will mine the extant White Paper of the day for words that support the proposal
at hand. To manage a program of the size proposed, and to ensure that the additional funding is used efficiently, further reforms in the process—including much-strengthened internal contestability mechanisms—would seem to offer some substantial advantages.

**Conclusion**

Under plans announced in the White Paper, the combat weight of the ADF is going to increase. How that will be viewed across the region remains to be seen. Hitherto, the countries of Southeast Asia have been content with the status quo. Spending profiles have been mostly flat (or even declining in terms of GDP share) over the last decade. There is the obvious question to be asked—what effect, if any, will Australia’s more muscular defence posture have on this balance?

A process of military modernisation is already underway across Asia and within that process Australia’s spending is already something of an anomaly in the immediate region, having increased in real terms over the last ten years. So far that has not provoked any competitive strategic behaviour from our neighbours, and with luck that will continue to be the case. But such an outcome is not guaranteed, and we must articulate our policies clearly to avoid creating a localised strategic competition in which Indonesia and the other ASEAN states fear being left behind. In particular we should be careful not to spur a regional competition in new weapons system—like long-range, land-attack cruise missiles.

Beyond our immediate region, the proposed new capabilities will probably be received positively by the US and its allies and negatively by China. In fact, there are indications of both responses in the press this week. There is something of a conundrum in that—while the White Paper says that the force structure is not determined by events or trends in North Asia, it is there that it appears likely to have the greatest impact.

Overall, the White Paper grapples with an exceedingly difficult problem: what can Australia do to improve its strategic position during an era of strategic transformation? The paper looks out on a confused set of possible strategic futures, and tends to emphasise ‘hedging’ rather than ‘shaping’ as the key Australian response to that changing environment. Perhaps as strategic declaratory policy develops under the Rudd government we will see that there are more strings to the government’s bow than show up here. But—in the meantime—the present document has introduced some new uncertainties into Australian policy, and the government should move to lay those uncertainties to rest.
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