



WHITE PAPER 2016 – FIRST LOOK

EXECUTIVE SUMMARY

The Defence White Paper 2016 appears to be a robust and comprehensive document that achieves a number of welcome milestones. Chief among these is an agreed ten-year funding model. This will bring clarity and certainty to the management of capability within Defence. Similarly, the development of an Integrated Investment Program puts the capability emphasis squarely on the requirements of joint capability, rather than the needs of individual services or environments. Of even more importance in the closer term, the Defence White Paper confirms that the Government has directed the ADF to increase its preparedness level across the board in response to a more complex and uncertain strategic environment. The proposals for both major and other capabilities, as well as the ramping up of preparedness levels are welcome news to the Australian Defence Industry Sector that will be the primary beneficiary of this increased activity.

Finally, the RSL welcomes the linkages in the Defence White Paper between current and former ADF members through the increased support through the Department of Veteran Services (Support for Wounded, Injured and Ill Program), and confirmation of the program by which former ADF members with at least three years' service and who are suffering from Post-Traumatic Stress Disorder (PTSD) have their treatment paid for by the Department of Veterans' Services without the need to establish that their mental health condition is related to their service.

STRATEGIC ENVIRONMENT

The Defence White Paper 2016 (DWP2016) charts a careful path in what is a very complex and shifting strategic environment. The key issue that emerges from it is an overwhelming concern for the maintenance of the "rules-based global order" that has been undermined in recent times by Russian activities in Ukraine and elsewhere; the events in Syria; and closer to home, China's aggressive building of ground outposts in the South China Sea that are, in their location and effect, contrary to the Law of the Sea Convention, which forms the globally-agreed basis for the establishment of sovereignty claims in maritime regions.

Also surprising, although very welcome, are the repeated references to climate change as factors increasing the strategic uncertainty in both the near region and elsewhere. Of note, the document also highlights the effect that climate change and sea-level rises will have on naval and other ADF facilities around Australia.

PERSONNEL

The DWP2016 puts forward a complex equation with respect to Defence (and ADF) personnel numbers. On the one hand it is clear that an additional 2,500 ADF positions will be created to support both new capabilities and the refurbishment of core enabling capabilities; and on the other it outlines how 2,300 ADF positions will be re-allocated to fill higher-priority needs. It is unlikely that the members who currently fill those positions will have either the rank or specialisation that will be required, so this move may see the curtailing of many an ADF career. The situation is similar in the APS where FTE-equivalent numbers will grow from 17,900 to 18,200 but will see the re-allocation of 1,200 positions (800 to Space and Intelligence, and 400 to IT and other support areas). Again, this means the departure of many APS officers who will not have the right classification or skills profile to make the jump into the new areas of priority.



CAPABILITY AND ACQUISITION

While commentary prior to the publication of the DWP2016 outlined many of the major new capabilities, there are a number of points worth noting. First, is the introduction of an Integrated Investment Program that firmly focuses on the need for joint and enabling capabilities, and should provide a way out of the never-ending arguments about allocation of capability spending to each of the Services.

Second, the confirmation that surface warfare vessels will continue to be built in Australia. Unfortunately, that confirmation does not extend to the new submarine capability, the new supply vessels or the newly-announced riverine patrol capability. One item of interest that the DWP2016 does say about submarines is that they will no longer have a strategic strike role. This puts paid to any suggestion that the new submarines may be armed with cruise missiles or other land-attack weapons.

Third, it is worrying that the ADF is now looking at maintaining SIX different types of helicopters, when the lessons that were painfully learnt over the past couple of decades were that such complexity in logistics, operations and training invites catastrophe.

Finally, the DWP2016 puts a very welcome emphasis on Space capabilities and dealing with Cyber threats. What is missing, however, is more than a passing reference to the need for organic Space-based sensor assets, and of the urgent need for a domestic space launch facility.

DEFENCE INDUSTRY

The DWP consummates the marriage with the Australian Defence Industry by declaring it to be a Fundamental Input to Capability. It then provides for its long-term wellbeing by asserting that the new surface combatants will all be built in Australia, as will be new land capabilities like the protected mobility vehicles. The document asserts that some 2,500 new jobs will be created by this guarantee of ongoing work. This is a substantial and welcome development for defence industry, particularly in South Australia.

What is yet missing is any declaration on the future submarines, on the new supply ships, the riverine patrol capability, or any Australian industry component to the acquisition of the P-8A Poseidon, the Unmanned Maritime Surveillance Triton, or the medium range, armed UAV.

SPACE AND CYBER THREATS

There is a considerable shift in personnel numbers into the Space and Cyber realms, outlined in the DWP2016. This reflects the overall assessment that these areas had been under-resourced or previously not been given adequate priority. Nevertheless, there is little new capability announced in the document, with only the possibility of organic Space-based sensor assets sometime in the future. It is worth noting that several commentators have over recent years, including Australia's Chief Scientist, bemoaned the lack of organic space-based sensors, not just for defence use but for a wide variety of important areas of economic activity. The RSL believes this is one area where the DWP2016 may prove to have been short-sighted. Similarly, despite having wide open areas and suitable infrastructure, Australia still does not have a domestic space launch facility. Lack of investment in this area will, again, likely be seen as short-sighted in coming years.



CLIMATE CHANGE

The RSL welcomes the repeated references in the DWP2016 to climate change and its deleterious effect on both the strategic environment and on Australia's defence infrastructure. It is very likely that new capabilities such as the Canberra-class LHDs, new frigates, Offshore Patrol Vessels, as well as the ADF's air transport fleet will find climate change and its effects a key driver of activity over the coming decades.

INVESTMENT AND FUNDING

The DWP2016 highlights an agreement with government to guarantee the steady increase in funding that would take it to about 2 percent of GDP in 2020-21, which would bring the Defence Budget to about \$42.4 Bn. The most welcome feature of this announcement is that it will not be subject to any further adjustments as a result of changes to Australia's GDP growth estimates. While the RSL applauds the current Government for this guarantee, it remains wary of future circumstances where either a change of circumstances or government sees the guarantee withdrawn.

One particular feature of the development process for DWP2016 that is worth highlighting is that the costing and funding models were subjected to repeated and intensive external inspection by private sector experts. This provides a welcome degree of reassurance that the costs outlined throughout the document have a robust basis in reality.