



GOVERNMENT RESPONSE

TO

**JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE**

AUSTRALIA'S MARITIME STRATEGY

Department of Defence

May 2006

RECOMMENDATION 1:

The committee recommends that the Government develop a national security strategy (NSS) which addresses Australia's key interests such as, but not limited to:

- economic;
- business;
- leisure/tourism;
- diplomatic and trade;
- social and cultural;
- transnational crime;
- illegal migration;
- population policy;
- the protection of critical infrastructure such as water, power,
- transport and information communications;
- environmental; and
- defence and security.

The NSS should clearly articulate and demonstrate that there is a coherent and coordinated approach by Government to securing our national interests. (paragraph 3.28)

Government Response:

The Government keeps, and will continue to keep, its security policy framework and settings under review. The current strategy for managing national security is set out in a series of policy documents. These include policy documents from the Departments of Foreign Affairs and Trade (*Advancing the National Interest: Australia's Foreign and Trade Policy Paper*, *Transnational Terrorism: The Threat to Australia*, and *Weapons of Mass Destruction: Australia's Role in Fighting Proliferation – Practical responses to new challenges*) and Defence (*Defence 2000: Our Future Defence Force*), and two strategic reviews (*Australia's National Security: A Defence Update 2003* and *Australia's National Security: A Defence Update 2005*). *Protecting Australia Against Terrorism: Australia's National Counter-Terrorism Policy and Arrangements*, released by the Department of Prime Minister and Cabinet, and the National Counter-Terrorism Plan are the primary documents on Australia's national counter-terrorism policy and arrangements, and set out collaborative arrangements between the Commonwealth and States and Territories for preventing, preparing for and responding to terrorist incidents within Australia. The Government notes the recommendation to develop a national security strategy. The Government regularly considers national security issues in the National Security Committee of Cabinet, to ensure a coherent, whole-of-government focus. To foster interagency coordination and a stronger whole-of-government focus on national security issues, the National Security Division was established in the Department of Prime Minister and Cabinet in July 2003.

In addition, there is a network of formal Inter-Departmental Committees that provides a venue for inter-departmental coordination of agencies with national security responsibilities.

Recommendation 2:

The committee recommends that the Defence Minister develop a new Defence *White Paper* for issue during 2005-06. From the introduction of this *White Paper*, a new Defence White Paper should be developed every four years through a rolling four year program. The proposed new *White Paper* should re-emphasise the point that Australia's defence policy is ultimately defensive. The committee would envisage that 'power projection ashore' would relate to instances where Australian forces, as part of coalitions, have been requested to assist with the affairs in other nations. The Government, in developing the new *White Paper*, should take into account the conclusions made by the committee including:

- Australia's strategic objectives be the defence of Australia and its direct approaches together with greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests;
- clear articulation of why Australia's security is interrelated with regional and global security;
- the continuation of the commitment to 'self-reliance' in those situations where Australia has least discretion to act;
- focusing on measures that will enhance interoperability with Australia's allies such as the US; and
- developing and implementing a maritime strategy which includes the elements of sea denial, sea control and power projection ashore. (paragraph 4.124)

Government Response:

On releasing *Defence 2000: Our Future Defence Force*, the Government undertook to review our defence posture periodically to ensure Australia continues to have the appropriate mix of concepts, capabilities and forces to meet any changes to the strategic environment. In response to the attacks of September 2001 and October 2002, a review of Defence strategy, in the form of *Australia's National Security: A Defence Update 2003* was undertaken. This review, and the subsequent one undertaken in 2005, confirmed that the principles set out in the 2000 White Paper remain sound. *Defence 2000*, the *Defence Update 2003*, and the *Defence Update 2005* include the Government's position on the issues raised in the committee's recommendation.

The Government does not agree with the recommendation that White Papers be developed every four years. The Government will continue to implement *Defence 2000* and will maintain an up-to-date strategic assessment to inform changes in our capability priorities, defence planning and wider national security requirements. It will, from time to time, continue to provide public updates of its strategic assessment of our security environment and the policy priorities that flow from this.

Recommendation 3

The Department of Defence should make a statement, subject to security requirements, outlining the Army sustainment model and providing the Parliament with reassurances that the model will be effective and will meet contingencies consistent with guidance provided in the 2000 Defence White Paper. (paragraph 5.46)

Government Response:

The Army Sustainment Model is a tool that will enable the Army to more accurately determine the capability and resources required to meet Government requirements. This includes the strategic direction issued in the 2000 Defence White Paper to sustain a brigade

deployed on operations for extended periods and, at the same time, maintain at least a battalion group available for deployment elsewhere. The additional 1,485 personnel to be recruited under the *Hardened and Networked Army* plan will make the Army more capable of sustaining deployed forces.

Recommendation 4

The Minister for Defence should make a statement outlining Army Reserves policy focusing on Reserve:

- training;
- effectiveness;
- equipment and capabilities;
- readiness;
- transition to new functions;
- blending with regular units; and
- detailed cost data. (paragraph 5.47)

Government Response:

In recent years, the Government has clearly articulated its support for the three Service Reserves in policy documents such as *Defence 2000* and in a range of new and amended Defence legislation to strengthen the reserve components of the ADF and increase the circumstances in which they can be employed. This has included a plan to deploy Reserves on Australian Navy Ships as Transit Security Elements, the introduction of workplace guidelines enabling Defence reservists to be released for training and operations, the establishment of the ADF Reserves Employer Support Payment Scheme and the establishment of the Reserve Response Force. The *Defence Update 2005* and *Hardened and Networked Army* announcement included plans to refine the role of the Army Reserve to provide a focus on high readiness individuals and small teams to contribute to operational deployments. Approximately 2,800 high readiness Reservists will be made available to support the Army's front line deployable units. Additionally, in the *Defence Update 2005* the Government directed the ADF to further develop active reserves with specific roles and tasks to support Australia's domestic security.

Recommendation 5

The committee recommends that the Department of Defence review the number of air-to-air refuelling (AAR) aircraft that it will need to mount effective operations. The committee is of the view that Defence may require more AARs than has currently been planned. (paragraph 5.72)

Government Response:

The Government does not agree that further review of the number of air-to-air refuelling (AAR) aircraft required to mount effective operations is required, as detailed analysis was completed as part of the process to acquire the AAR aircraft.

The number of AAR aircraft being acquired has been determined based on assessment of what would be needed to support credible contingencies.

Recommendation 6

The committee recommends that the Department of Defence continues to examine air combat capabilities in the region and the cost of ongoing upgrades to the F/A-18A versus its fatigue and ageing. If the F-35 will not be available by 2012 then the Government should give cost details of prolonging the lifespan of the F/A-18A, and provide details on the range of options to maintain air superiority in the region. (paragraph 5.73)

Government Response:

As part of its responsibilities for national security, the Government is continuing to examine regional combat capabilities, including air combat capabilities. The Defence Capability Plan includes funding to maintain the F/A-18A and F-111 capability as required. The requirement to extend the capability will be determined when the Government makes its decision on the F-35, although the DCP contains provision for the upgrade for the F/A-18 as contingency funding in the event that the introduction into service of the F-35 is delayed.

Recommendation 7

The committee recommends that the Minister for Defence by 2006 make a statement clarifying Australia's strike capability in the light of its decision to retire early the F-111. (paragraph 5.74)

Government Response:

The Government clearly articulated the reasons for its decision to retire the F-111 early in the Defence Capability Review. The F-111 will not be retired until a range of capability enhancements are in place to ensure that the Air Force has a strong and effective land and maritime strike capability. These capability enhancements include AEW&C and new A330 tanker aircraft entering service, the systems upgrade of the F/A-18 aircraft including its all-weather weapon capability.

Recommendation 8

The Government's decision to purchase three air warfare destroyers for delivery by about 2013 is supported. The Department of Defence, however, should explain how adequate air protection will be provided to land and naval forces before the air warfare destroyers are delivered in 2013. (paragraph 5.90)

Government Response:

The Government will protect its land and naval forces prior to the delivery of the air warfare destroyers through three key upgrades. Project SEA 1390 will upgrade the weapons and radar systems of the FFG class. Project Sea 1448 will upgrade the self-defence capabilities of the ANZAC class. Joint Project 2089 will improve the ADF's information exchange capability in a joint context through the provision of Link 16 and Variable Message Format information protocols to the ANZAC, upgraded F/A-18 and Armed Reconnaissance Helicopter platforms.

Recommendation 9

If in 2006 the Government confirms that it will purchase the Joint Strike Fighter (F-35) then it should consider purchasing some short take-off and vertical landing (STOVL) F-35 variants for the provision of organic air cover as part of regional operations. (paragraph 5.91)

Government Response:

The CTOL variant of the F-35 is the focus of Defence planning and analysis. This is because the CTOL is seen as providing the most cost-effective option to meet Australia's future air combat requirements. The Government plans to make a decision on the acquisition of the F-35 in 2008.

Recommendation 10

The committee recommends that the Government outline its progress with joint operations and regional cooperation initiatives which seek to enhance the security and protection of vessels using sea lines of communication (SLOCs). (paragraph 6.37)

Government Response:

The ADF conducts a number of joint operations and regional cooperation initiatives to enhance the security and protection of vessels using sea lines of communication. The ADF maintains a regular series of maritime exercises with South-East Asian nations that aim to both increase the ADF's interoperability with regional armed forces for maritime operations, and to improve the capability of regional nations' maritime forces to contribute to regional security.

The ADF also maintains a regular series of bilateral and multilateral maritime exercises within the Asia Pacific region that aim both to increase the ADF's interoperability with regional armed forces for maritime operations, and to improve the capability of regional nations' maritime forces to contribute to regional security. These exercises develop the capabilities of Australia and its neighbours.

The ADF is involved in conferences in various countries in the Asia Pacific region, which address regional maritime security. The Five Power Defence Arrangement (FPDA) countries have moved to expand the focus of the arrangements to look at cooperating on threats such as terrorism and maritime security. A combined FPDA exercise held in September 2004 included a maritime interception activity.

Recommendation 11

The committee recommends that when the Department of Defence develops a new Defence *White Paper*, it should ensure that the maritime strategy includes clear and explicit reference to Australia's *Oceans Policy* and explains its interrelationship with Defence policy. (paragraph 6.38)

Government Response:

The Government notes the committee's recommendation.

Recommendation 12

The committee recommends that the Government provide a report to Parliament outlining its progress with helping to develop a regional *Oceans Policy*. (paragraph 6.39)

Government Response:

The Pacific Islands Regional Ocean Policy (PIROP) was endorsed by Pacific Islands Forum leaders in August 2002. The PIROP is the first such regional policy in the world, and encompasses the region of small island developing states in the Pacific – namely Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

The vision of the Policy encourages the entire region to strive for “a healthy ocean that sustains the livelihoods and aspirations of Pacific Islands communities”. The five Guiding Principles of the PIROP are:

- Improving our Understanding of the Ocean
- Sustainably Developing and Managing the use of Ocean Resources
- Maintaining the Health Of the Ocean
- Promoting the Peaceful Use of the Ocean
- Creating Partnerships and Promoting Co-Operation

Australia strongly supported the development of this Policy by providing to the Pacific Region significant information, advice and experience from the development of Australia's Oceans Policy.

The implementation of the PIROP is also strongly supported by Australia, and assistance with the development of the PIROP and its implementation strategy was a key partnership initiative between Australia and the Pacific region from the World Summit on Sustainable Development. Australia has contributed AUD\$40,000, as well as logistical support and policy advice, to the Secretariat of the Pacific Community to support this initiative.

Australia is continuing to work with the region toward the realisation of PIROP goals. In February 2004, officials from the National Oceans Office, the Department of Foreign Affairs and Trade, and the Department of the Environment and Heritage attended the Pacific Islands Regional Ocean Forum in Suva, Fiji. The meeting was attended by approximately 200 participants, including government representatives from Pacific Island countries and territories, conservation NGOs, regional agencies, industry and academics.

The Forum discussed a range of possible elements for potential inclusion in a final implementation strategy, and agreed a process for drafting a framework for implementing the Policy. This process is currently under way. Australia is pursuing an implementation plan which is easy to use, clearly outlines priority actions and how they will be achieved, identifies funding sources, and includes reference to existing regional programs and activities. At the recent 2004 Pacific Islands Forum leaders' meeting, leaders noted the progress in implementing the Pacific Islands Regional Ocean Policy.

Recommendation 13

The committee recommends that the Government, as a matter of urgency, respond to the measures proposed by the Independent Review of Australian Shipping, and state whether or not it intends to introduce an Australian Shipping policy. (paragraph 6.75)

Government Response:

The Government has set out the key elements of its approach to shipping policy, in 2004 at the Natship conference in Melbourne. While this policy speech touched on many of the issues raised by the Independent Review of Australian Shipping (IRAS), a review commissioned by the shipping industry for the industry, the Government will not be responding to it formally.

The Government believes that the best way it can support any industry is to maintain Australia's strong domestic economy.

Australia's international trade must continue to have access to internationally competitive shipping. IRAS has acknowledged that shipping arrangements that would make our exports uncompetitive would be against the wider national interest. While it is essential for Australia's economic future, it does create challenges for Australian shipping operators.

The Government will continue to supplement coastal shipping for Australian industries by issuing permits for foreign ships in accordance with the established regulatory provisions. However, this will only be done in those cases where no Australian licensed ship is available.

In summary, the Government's shipping policy continues to be a blend of providing shippers with access to competitive shipping and a level of preference for the local industry in the coastal trades.

The Government is committed to enforcing the highest standards of maritime safety, security and environmental protection. It has emphasised that it will never reduce Australia's strict safety, security and environmental standards. Australia's port state control system is world class and will continue that way and Australia has met the 1 July 2004 international deadline for security plans to be approved and in place.

The Government has also made it clear that if there are any security concerns about any ship, its crew or cargo, we will place additional security measures on that ship or require it to leave Australian waters.

Recommendation 14

The committee recommends that, as part of the next Defence *White Paper*, the Department of Defence outline the role of merchant shipping and its support for defence objectives. (paragraph 6.76)

Government Response:

In developing a new Defence White Paper, the Government will consider a wide range of security issues, including other national policies that have implications for national security.

Australia's strategic circumstances and current and proposed force structures do not rely on the existence of a merchant marine fleet. Our experience in recent operations has been to contract for these services, and there are a large number of providers ready and able to undertake this role. Our access to such capabilities meets our current needs and is expected to meet operational needs in the foreseeable future.