

**A Forum hosted by the USI of the ACT
on behalf of RUSI OF AUSTRALIA**



“THE DEFENCE WHITE PAPER – BALANCING COMPETING DEMANDS”

**A CONTRIBUTION TO THE 2008 DEFENCE WHITE PAPER
COMMUNITY CONSULTATION PROCESS**

CANBERRA, 6 AUGUST 2008





RUSI OF AUSTRALIA

“The aim of the Institute is to promote informed debate and to improve public awareness and understanding of defence and national security”

“THE DEFENCE WHITE PAPER – BALANCING COMPETING DEMANDS”

**THE PROCEEDINGS OF A RUSI OF AUSTRALIA FORUM
HELD IN CANBERRRA, 6 AUGUST 2008**

AND

**SUBMITTED AS A RUSI OF AUSTRALIA CONTRIBUTION
TO THE 2008 DEFENCE WHITE PAPER
COMMUNITY CONSULTATION PROCESS**

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“THE DEFENCE WHITE PAPER – BALANCING COMPETING DEMANDS”

PART 1

FOREWORD BY NATIONAL PRESIDENT

The Royal United Services Institute of Australia (RUSI) is a non-profit organisation based on volunteers whose collective aims are to promote informed debate and to improve public awareness and understanding of defence and national security.

Through its state and territory chapters across Australia, RUSI regularly pursues these aims by convening presentations by experts in the fields of national security and defence. Periodically, RUSI hosts international seminars featuring key overseas and national speakers, and these have been recorded in RUSI Journals that are held in major national security and defence libraries.

In holding an open Forum on “**The Defence White Paper – Balancing Competing Demands**” at the Australian Defence College, Canberra on Wednesday 6 August 2008, RUSI continued well over 100 years of tradition in promoting informed discussion and debate on defence and national security issues in Australia.

This document contains the proceedings of this open Forum and is provided to the Department of Defence as RUSI’s submission to the 2008 Defence White Paper Community Consultation process.

RUSI state chapters, - agreed to The United Services Institute of the Australian Capital Territory hosting this Forum and our thanks are due to the President of the USI of the ACT, Air Commodore Peter McDermott AM, CSC RAAFAR, and his Council for this effort.

Other RUSI chapters and all RUSI members also contributed to the Consultation process. This product, however, is the sole submission of RUSI of Australia. The views contained in this submission are those of the individuals concerned and do not represent the collective view of RUSI as an organisation.

In holding this Forum, RUSI’s specific aim was to present as its contribution to the 2008 Defence White Paper Community Consultation process, a diverse set of informed views which would contribute to a broader understanding of key national security and defence issues.

I believe this aim has been well met and recommend this document as a valid and significant contribution to open discussion and debate on Australia’s national security.

John Hartley
Major General, AO (Retd)
National President
RUSI of Australia

Canberra

August 2008



**“THE DEFENCE WHITE PAPER –
BALANCING COMPETING DEMANDS”**

PART 2

KEYNOTE ADDRESS BY

MAJOR GENERAL JOHN HARTLEY AO (Retd)

NATIONAL PRESIDENT, RUSI OF AUSTRALIA



Keynote Address by **MAJOR GENERAL JOHN HARTLEY, AO (Retd)** **NATIONAL PRESIDENT, RUSI OF AUSTRALIA**



What is a White Paper? What does it aim to achieve? The Defence 2000 White Paper sought three apparent outcomes. Firstly, to announce and explain the basis for Australia's strategic policy. Secondly, to outline a plan for the development of the armed forces, particularly where this involves capabilities, and finally to make a commitment to provide the necessary funding.

These outcomes are serious challenges. Explaining the basis for Australia's strategic policy in a simple, unambiguous, meaningful manner is not easy and few, if any, White Papers have achieved this.

Nor are capabilities usually convincingly covered. Numbers and types of ships, aircraft or armoured vehicles are relatively easy to determine. But so too must the personnel implications – recruiting, training and retaining experienced people - be considered. Other capability elements are similarly overlooked: the development of doctrine, collective training implications, through-life support, training areas and accommodation and infrastructure.

Nevertheless, White Papers are useful because they force a government to consider its policy priorities in a disciplined and structured way and also provide the electorate, and indeed the international community, with a statement of policy direction.

The publication of the 1976 Defence White Paper, titled *Australian Defence*, started a process that governments would follow when they wished to make a statement about their use of the military element of power.

1976, of course, was a significant year. As a defence force we had been coming to terms with our withdrawal from Vietnam, an involvement that had been more divisive than any conflict in our history. Conscription had ended. There had been a change of government. Our Defence force was in considerable disarray. The focus, at least in the Army, changed from a doctrine of counter-revolutionary warfare to one of conventional operations. We were in a stage of transition.

Our defence outlook became increasingly geographically constrained to our continent. We were only to consider the defence of Australia. We were not to get involved in any foreign military adventures. For many this made sense; the Cold War was the dominant strategic consideration. The threat was inspired by the Soviet Union.

This approach would be reinforced in the definitive 1987 Defence White Paper. Defence policy no longer rested primarily on attracting the protective attention of powerful allies.

This would remain our Defence posture for the next 20 years. It was predicated on



the existence of an inimical superpower that could intervene, directly or through a client state, in our immediate region with the aim of launching a conventional attack on Australia.

Initially, we were concerned with a form of continental defence but would shift to one that increasingly looked like a maritime defence where we sought to defeat our would-be invader in the sea-air gap to our north. Since the early-90s, following the end of the Cold War, we have been struggling with a world where old enemies were no longer a threat but where new uncertainties were emerging. Increasingly Australian forces were deployed to areas some distance from our shores.

Much hope was placed on the Defence 2000 White Paper, following its extensive public consultative process. This paper did consider the possibility of supporting global security. Terrorism was covered but only in passing as a non-military security issue along with cyber attack and organised crime. Not surprisingly, the Paper made no reference to September 11. Nor were the deployments a few months later to Iraq and Afghanistan anticipated.

In the Defence Update in 2003, an interim form of White Paper, there was some acknowledgement of changed strategic circumstances, but the basic tenor of previous White Papers had barely changed. For instance, the Minister for Defence was able to say that while defence of Australia remained a key driver, it:

...is multifaceted – it calls for protection of the air sea gap but also recognises that to protect Australia and Australian interests requires a range of capabilities and longer reach.

Now let me say something about some of the challenges that the authors of any White Paper face.

Firstly, what does the government basically want of its defence force? Clearly the defence of our nation is its primary purpose. And this has been reflected in every major political statement since the end of World War II. Initially this would happen by contributing to a UK/US global strategy to defeat the perceived threat from the Soviet Union. More recently, there has been a greater emphasis on self-reliance with operational outcomes centred on our immediate region.

But the Cold War is over. Clearly we continue to recognise the strategic significance of the US. But has the War on Terror replaced the previous generational conflict? I don't think so, and yet it is a pervasive threat, capable of striking without warning and using increasingly sophisticated weaponry while attracting endless supporters prepared to give their lives for their religious belief.

Having said that, I doubt that we face any substantial, identifiable threat, or even potential, threat in the same way that we perceived we did in the past. But our defence force, operating essentially in a peace time environment, is as busy as it ever has been with frequent and protracted deployments to a variety of places that include, and have included Africa, the Middle East, South Asia and Southeast Asia.

The range of activities is impressive: peace keeping, peace enforcement, nation



building, peace monitoring, law and order activities, disaster relief and so on. Globalisation has shifted our boundaries. Global issues of climate change, food and fuel shortages, overpopulation, to say nothing of international criminal activity, including human trafficking, arms smuggling and money laundering, all can call on the military forces to play a role.

So what role does this have in shaping our future defence forces, if any? Or are we happy to adapt essentially conventional forces to such requirements when the need arises? After all that has been our past policy.

This takes me to the second issue. Should the White Paper focus purely on defence issues? Or do we include security aspects as well? Indeed, do we recognise that there are non-military aspects to national security?

Should we be looking at something broader than purely a defence White Paper? I note, for instance, that a foreign policy White Paper is soon to be written. After all, foreign policy is another element of power, together with military and economic factors, psychological operations and so on. Should they be done together?

The government, at least in the lead up to the election, identified three pillars to its foreign policy: a strong relationship with the US, engaging Asia more fully and playing a more active role in the UN. What are the defence implications to all of this?

I suppose that if we took this to its fullest extent, a White Paper would need to encompass all agencies involved in national security that presently exist in the departments of Defence, Foreign Affairs, Attorney General's and Justice. Is a whole of government approach possible or even useful?

I have already alluded to the third issue. How much should we be influenced by our geographic circumstances? We certainly have been in the past. But deployments to Iraq and Afghanistan, to say nothing of Somalia, Namibia and Rwanda, suggest otherwise.

Do we recognise the global implications of international terrorism? Do we acknowledge that activities in Kandahar, in the Northwest Frontier Provinces or in the jungles of Mindanao may have an impact on us?

Or should we be consumed by the failed and failing states in the Arc of Instability where economic underdevelopment, political instability and ethnic tensions are increasingly apparent?

The fourth issue is in some ways an even more difficult one. It is a very current topic in the US defence establishment. In short it is how much do we prepare for future war, recognising all its uncertainties, and how much do we prepare for present or possible short-term conflicts?

Recently the US Secretary of Defence fired both the military and civilian heads of the United States Air Force. Gates succinctly summed this up by saying, "I have noticed too much of a tendency toward what might be called 'next-war-itis' -- the propensity of much of the defense establishment to be in favor of what might be needed in a



future conflict."

The US Air Force sees F-22s and other conventional technology as the key weapons of the next generation. The Air Force leadership, facing decades-long timelines in fielding new weapons systems, feels it must focus on the next war now. Gates, responsible for fighting this generation's war, sees the Air Force as neglecting current requirements.

The Air Force's view of the situation is that if all resources are poured into fighting this war, the United States will emerge from it unprepared to fight the next war. From our perspective, two questions immediately spring to mind: can we afford to maintain our immediate commitments as well as prepare for the future, and what will the next war look like; will it be different from this one?

There is a school of thought that argues that we have now entered the fourth generation of warfare. The first generation of war, according to this theory, involved columns and lines of troops firing muzzle-loaded weapons in volleys. The second generation consisted of warfare involving indirect fire and the massed movement of troops, as seen in World War I. Third-generation warfare comprised mobile warfare, focused on out-maneuvring the enemy, penetrating his lines and encircling them. The first three generations of warfare involved large numbers of troops, equipment and logistics. Large territorial organizations - namely, nation-states - were required to carry them out.

Fourth-generation warfare is that conducted by non-state actors using small, decentralized forces and individuals to strike at the enemy and, more importantly, to create political support within the population. A classic example of fourth-generation warfare is that conducted by the Palestinian intifadas against Israel. This involved everything from rioters throwing rocks to kidnappings to suicide bombings. The Palestinians could not defeat the Israel Defence Forces, a classic third-generation force, but neither could the IDF vanquish the intifadas, since the battlefield was the Palestinians themselves. So long as the Palestinians were prepared to support their fourth-generation fighters, they could extract a significant price against Israeli civilians and soldiers. The Israeli-Palestinian conflict thus became one of morale rather than materiel.

In fourth-generation warfare, therefore, unmanned aerial vehicles (UAVs) are one of the keys to defeating the sub-state actor. They gather intelligence, wait until non-combatants do not surround the target and strike suddenly and without warning. It is the quintessential warfare for a technologically advanced nation fighting a sub-national insurgent group embedded in the population. It is not surprising that Gates, charged with prosecuting a fourth-generation war, is furious that the Air Force on focusing on fighter planes when what it needs are more and better UAVs.

The Air Force, of course, could argue that there is no such thing as fourth-generation warfare. There have always been guerrillas, assassins and other forms of politico-military fighters. With the invention of explosives, they have been able to kill more people than before, but there is nothing new in their approach.

We could argue that both are right. Gates is right that the Air Force should focus on



unmanned aircraft; technology may have moved beyond the piloted aircraft as a model. And there is little doubt that with Americans being killed on the battlefield, the best the technology can provide is an imperative. But this does not mean the Air Force should not be preparing for the next war.

Just as we should have been preparing for the current jihadist conflict, while also waging the Cold War, so too the military should be preparing for the next conflict while fighting this war.

Of course the critical question remains: what will the next war be like and how do we prepare for it?

All this leads to our ability to predict the future. I, for one, have no confidence that we can do this with any certainty. Do we therefore attempt to have a balanced force, with its added costs, that might be better positioned to meet unforeseen events, or do we design a force for a specific purpose, recognising that we may have designed it for the wrong conflict and that it will not be able to meet future government requirements?

I am taken by the statement that the government often uses the forces it has rather than those it wished it had.

The final challenge I raise relates to how much new decisions are constrained by what has gone before. How often do we simply replace worn-out capabilities with the latest version of the same thing. It has been pointed out to me that the ADF of 2004 looked surprisingly like that of 1947 albeit with much more powerful capabilities. And yet our security requirements and military contributions abroad are surprisingly different.

These are some of the challenges facing the White Paper. It will be interesting to see the result. Will we be any more convinced than we have been in the past? Or are the competing demands simply too hard to balance?

Biography: Major General J. C. Hartley AO

Major General John Hartley served twice in South Vietnam as an adviser to the South Vietnamese army, was wounded three times, twice mentioned in dispatches and awarded the Vietnamese Cross of Gallantry. As a general officer, he has headed Army's Training Command, served as the Director of the Defence Intelligence Organisation, Deputy Chief of the Army and Land Commander Australia. In this last appointment, he commanded Army's 38,000 combat force and supervised the preparation of forces deployed to East Timor. Since retirement in 2000 he has worked as an adviser to the National Crime Authority. He is the National President of the Royal United Services Institute of Australia and serves voluntarily on many other bodies. He has written numerous articles on defence related issues for newspapers and journals, has lectured at universities, and has been a national commentator on SBS and radio.



**“THE DEFENCE WHITE PAPER –
BALANCING COMPETING DEMANDS”**

PART 3

PANEL PRESENTATIONS

COMMODORE LEE CORDNER AM RAN (Retd)

MAJOR GENERAL JIM MOLAN AO DSC (Retd)

AIR MARSHAL ERROL MCCORMACK AO (Retd)

MAJOR GENERAL GREG MELICK AM RFD S.C.

MR JOHN MCFARLANE AE



Professor Lee Cordner AM RAN (Retd)

VU2 Globalization, Geography and Governance – convergence of key themes - 70% of the planet is oceans

VU 3 Australia is demonstrably a maritime nation, with a vast maritime domain. We live in the middle of a vast maritime region.

- Our SRR is 52.8 million sq. km
- 8.1 million sq. km EEZ, which is greater than the landmass and 3rd largest in the world after US and France
- 2.55 million sq. km extended continental shelf seabed jurisdiction approved this year, about the size of WA
- The globalized world is a closely integrated system of systems:
- All security requirements are intertwined and there is a requirement for sophisticated and coordinated approaches encompassing economic security, energy security, food security and environmental security



VU 4 Maritime trade is central to the global and regional economic system

- World maritime trade has more than quadrupled in the last 4 decades and the greatest increase is in our region
- 90+% of all world trade goes by sea and the proportion is increasing
- There are approximately 40,000 merchant ships greater than 1000 dwt
- There are currently 7,500 orders placed for 415 million dwt of new merchant ships, with 81.7% to be constructed in our region (S. Korea, China, Japan)
- 99.9% of Australia's trade by volume and 76% by value moves by sea. This represents 13.3 % of the world bulk goods loaded and is forecast to double over the next 10-15 years
 - 0.29% of our trade travels in Australian flagged or owned ships – or 99.7% travels in foreign owned and flagged shipping
 - We are highly dependent on imported oil and refined petroleum products (just in time, from Singapore)
- There are major offshore oil and gas efforts underway in the South and East China Seas with 2,746 development wells and 432 new fixed platform installations contracted and an increased emphasis on floating production over the next 5 years
 - Many of the maritime boundary delimitations in the East and South China Seas are yet to be determined
 - World LNG shipments grew 11.6 per cent in 2006 with Australia ranked as the fifth largest exporter, now worth \$10 bn per annum – major contracts with Japan, China and South Korea
- World fish stocks will be largely exhausted within the next 5 years (77 percent of marine fish stocks are in crisis or fully exploited). Asia's requirements for sea food are rapidly increasing due to population growth and an expanding, more affluent middle class
 - Fisheries \$2.2 bn per annum – will increase in importance
 - RFMOs 50 % of the southern hemisphere, IUU fishing to increase
- Global warming, rising sea levels and temperatures will have major implications in Indian, western Pacific and Southern Oceans



- The territorial integrity of several South Pacific nations is in jeopardy, there are prospects of major population displacement in low lying areas of Indonesia, Bangladesh etc
- Impact on marine biodiversity – fish, reefs
- Asia Pacific nations are pursuing qualitative and quantitative improvements to their defence capabilities. Much of this is focussed upon maritime capabilities including surface combatants and submarines. At this stage these capabilities are largely sea denial (China) although India is acquiring sea control and power projection capabilities
- Global and regional power balances are changing. The US remains the dominant power both economically and militarily. However, China, India are emerging in relative terms. US economy is under pressure and the US military is strategically stretched. There must also be questions about the US appetite to become further engaged in conflict - domestically unpopular and there are capacity issues.
- The strategic risk implications of changing regional and great power dynamics need to be carefully considered from Australia's perspective. Australia remains a close ally of the US and is increasingly engaged economically, politically and militarily in the region, particularly with Japan, China, India, Southeast Asian and Pacific Island countries.

VU 5 So what?

- Geography and governance are vital issues for Australia's security
- The role of security in a globalized world needs to be fully comprehended as it affects not only direct sovereign territory and offshore interests but also rights and obligations
- Energy, economic, food, environmental security need to be considered along with traditional and non-traditional threats
- Australia's future security and prosperity and that of the Asia Pacific region are inescapably concordant. Australian governments may increasingly seek options for pursuing an independent security stance.
- This raises questions for ANZUS and our national defence capabilities?
- Strategic risk management processes need to be followed in order to identify national security options that will define the capability requirements for defending Australia and its interests in a strategic climate of change and uncertainty. Key questions include:
 - What are the risks and threats to Australia's interests?
 - What is the likelihood of those risks arising?
 - What are the potential consequences (or so what)?
 - What risk treatment options exist (what can be done about reducing the risks to an acceptable level)?
 - A whole of nation, whole of government approach is required
- A long-term and systemic view of Australia's national security challenges and requirements is necessary recognising that making significant defence and other national security capability adjustments takes considerable time and resources. Balancing the focus upon immediate political and operational security imperatives with the need to maintain a long-term strategic view is essential and challenging.
- A central and enduring feature of the Asia Pacific region is its vast maritime geography. Regional interests converge in the maritime domain, which brings rights and responsibilities, challenges and opportunities, and potential security



concerns that must be addressed.

- Global and regional economies are heavily reliant upon maritime trade; associated energy and food security are vital.
- Freedom of navigation and maritime domain security are of paramount importance. Access to straits used for international navigation and archipelagic sea lanes that provide passage through the South-east Asian archipelago is central.
- Shared interests in maritime issues present obvious areas of convergence around which the concept of a regional community of nations could be further developed
- For Australia, contributing to ensuring the flow of maritime trade and ensuring security of the vast maritime domain presents the convergence of the enduring realities of strategic geography and national economic well being along with food, energy and environmental security; absolutely vital to the national interest.
- Australia's maritime geography offers an advantage of strategic depth available to few nations on earth, and this must be fully exploited. Australia's national security strategy and policies must have a predominantly maritime focus to address the full spectrum of potential challenges it confronts.
- Due to evolving regional power dynamics and the uncertainties of invoking alliance obligations Australian governments may increasingly seek security options to support independent policy objectives in the future. This could include military commitments in the immediate region, defending against attacks on Australia and its direct interests, contributing to regional maritime coalitions in a range of conflict scenarios (including the potential for high intensity conflict), responding to natural disasters and humanitarian crises, assisting with the rescue of failed states, controlling Australia's vast maritime sovereign interests, contributing to the freedom of maritime navigation, and contributing to shaping the regional strategic environment.
- The Australian Defence Force (ADF) needs to be able to operate throughout the national and regional maritime domain. The ADF must be designed to operate over vast distances and remain on station for extended periods. Forces must be robust, sustainable and interoperable with regional and extra regional forces. A high quality understanding of the maritime environment is essential to support military operations in Australia's region and this is currently significantly deficient, particularly oceanography. Highly combat capable, versatile and flexible forces are needed; readiness for current operations must be balanced with a clear eye on preparing for future security challenges.
- Determining levels of defence expenditure to provide for Australia's national security is a key consideration for government. It requires difficult judgements on what represents adequate levels of security risk mitigation in a strategic context of dynamism and uncertainty that includes the significant growth and modernisation of regional naval capabilities. Near simultaneous obsolescence of several defence capabilities in future years intensifies resource allocation pressures.
- Technology and people are major drivers; both are key considerations in the Australian context, with effective utilisation of scarce national human resources the paramount issue given the scale and scope of the strategic challenge.
- Governments are faced with the choice of increasing the proportion of national resources allocated to defence or accepting higher levels of national security risk. Both options present short-term political risks, however adopting the second option would present the greatest risk for the nation and its future. Government acceptance of potentially major national security risk failure would be at odds



with fundamental obligations to provide for security with which it is entrusted by the Australian people.

Biography: Professor LEE CORDNER AM RAN (Retd)

Lee Cordner is a Principal Research Fellow (Associate Professor) at the Australian National Centre for Ocean Resources and Security, University of Wollongong, joining that body after being MD/CEO of an independent strategic think-tank based in Perth. He had a 33 year career in the Royal Australian Navy that included four ship commands, including senior Captain in the Fleet and Task Group Commander, and HMAS Sydney during the First Gulf War. He has been the Director General Navy Strategic Policy and Futures. Directing Staff for 2 years) and the British Principal Warfare Officers Course. He was the RAN point man in the 2000 Defence White Paper process and is involved in research and writing activities, as an “academic”, for the 2008 White Paper. He was the President of the RUSI of WA.



Major General Jim Molan AO DSC (Retd)

My view has been that White Paper defence policy is written by officials for the Minister, not to help those who must produce something tangible or to help the general public understand, and your recommended paper “Key Questions for Defence in the 21st Century” is a classic example of this.

Intentional ambiguity written into policy to avoid scrutiny might be acceptable because it is inevitable, as long as there is an internal document with some integrity in Defence, even a classified one, (I would call it a Military Strategy) that gives clear direction to those who must create defence capability.

Unfortunately there has never been an effective Military Strategy in Defence, a Military Strategy that converts political guidance into a full range of usable workplace guidance and brings internal consistency to Defence, since I have worked in the development arena beginning in the early 80’s.

I warn you that I am not a dispassionate observer, and I distrust those who do not have the passion that comes from an understanding of the consequences of failure, but are still charged with the writing of policy. Failure for a White Paper is often seen only as embarrassment for Ministers.

In the few minutes that I have I would like to address: affordability, our approach to the White Paper, the danger of over assessment of our capability, and the failure of previous White Papers. However, I do that under protest because I would much rather talk about ships and planes and tanks.

If I have a theme, it is that if we think that what characterises the Australian defence experience over the last 100 years is the spirit of the ANZACs, we are wrong. What characterizes Australia’s defence experience is national unpreparedness overcome by the spirit of the ANZACs. And much of the fault must lie with Governments, officials and the military, and for what passes for strategic thinking in Australia, especially our subject here tonight, White Papers.

I will say things this evening that could be reported or misrepresented as criticism of the leadership and the rank and file of the ADF. I want to acknowledge that the ADF is a better military now than it has been since Vietnam, despite the 30 years of neglect that ended post-East Timor. The fact that we have any military competence at all is a credit to our recent political and military leadership as well as our soldiers. I also believe that we are at least as well led at the strategic level as we have been at any time during my career, possibly better led.

But what many do not realise is that our military competence was far worse than even we thought before East Timor, and even more people may not realise that the military performance bar has been raised by the nature of current conflict, as illustrated in Iraq and Afghanistan. The deficiency between the world standard of military competence



and the ADF is therefore, marked. The White Paper would at least have a solid foundation if it began with a realistic statement of current capability, not wishful thinking, not political rhetoric, not military jargon, but a true statement of current capability in terms of what the ADF can do.

Let me talk about affordability first.

We are one of the richest countries in human history. Of course we can afford to spend more on defence. We may choose not to spend more on defence, but no one can make a logical argument that Australia cannot afford it. And in the logic of deriving policy, the argument about money must be the last argument that we have, not the first. If we are to have any degree of integrity in defence planning, we should state what we need, then the Govt must make a decision whether to spend or not, and it should face the consequences of that decision.

To continue that line, I question our approach to the White Paper in this Forum. I ask why 'Balancing Competing Demands' has been chosen as the theme of this evening's forum. I assume this was chosen by our committee but it is a general theme being put out by those who believe that the upper limit of Defence spending has been reached, and so want to shape the outcome of the WP. They want to be able to say in the final Public Consultation report: 'There was general consensus in public consultation that current levels of defence expenditure (1.8% of GDP) were about right'.

By saying this upfront, we have already decided that once again we will compromise defence, and we will do it willingly as though it is a virtue. No one is saying that defence should get everything it wants if it is irresponsible in its claims, that our wastefulness should be tolerated, that we should not be subject to intense public scrutiny, but Defence should get what it needs. The argument must then be about what it needs.

But of course, we cannot decide what defence really needs without a statement of what it should be able to do, not in general vague ambiguous terms such as "Defence of Australia and its interests", but in real, meaningful terms that address real tasks, real times, real capabilities and concurrency. We are unlikely to see that because it would be to invite scrutiny, it could be politically embarrassing, and so will be hidden behind a false screen of national security and ambiguous terminology.

By accepting a theme such as this even in this forum, we are part of the problem. Why not a theme which says: "Producing maximum real defence capability to meet present tasks, actual threats and future uncertainty within budget".

My next point is about Overstating Current Capability.

There is a dangerous tendency to overstate our current capability and our current deployments, and to hide our deficiencies. It is critically important to accurately state our current capability because that provides us with the base from which to move forward, and it provides us with an assessment in real terms of the efficacy of previous White Papers.

In my view, both subtle and overt overstatement is rife in the paper "Key Questions



for Defence in the 21st Century”, and that is a microcosm of the defence problem. This tendency builds policy on self delusion.

Overstatement is particularly evident in the list of equipment, sometimes mis-identified as capabilities, in the Annex. It is an impressive list of equipment and would re-assure any member of the public, as long as they did not know anything about defence. But it is totally meaningless, possibly even bordering on dishonest. To me, this paper, obviously prepared in Defence, is representative of the worst aspect of defence policy, confusing ends and means, and infused with deep self-delusion, possibly driven by being unaware of the nature of modern war.

The question for this aspect of the public consultation should be something like: Does the equipment actually create capability as required by defence policy, does it work? I think that this should be severely questioned in terms of subs, surface combatants, naval helicopters, artillery, infantry weapons, surveillance, electronic warfare, air defence, intelligence, amphibious capability, attack helicopters, fighters and bombers, “war among the people” capability and sustaining military effort based on manpower and logistics.

If the current failures are the product of past White Papers, why should we be anything but cynical about future White Papers.

Which brings me more precisely to the efficacy of past White Papers.

The core issue as far as I am concerned in relation to the next WP is that it must be brutally honest, and it must remember that WP policy is only the first step to creating defence capability. There is no point in a White Paper unless it creates defence capability.

If we are to learn from the pasts, then our past efforts at defence policy must be assessed by the nature of the defence force that they produced. If this is not the case, and there are other reasons for our current defence force having such severe deficiencies, then why are we putting so much effort into the White Paper.

Last time there was public consultation it was reported that, (surprise surprise) there was basic public agreement about the fundamental principles that should underpin our strategic policy – such as “the first task (of the ADF) was defence of Australia”, “(ADF) should be able to act alone or with others”, “we must be able to conduct operations in the region, particularly the close region”. Of course the public would agree with these, who wouldn’t?

It was in the last consultation that there was, supposedly, notable support for:

“An army able to sustain combat operations in two separate locations”

I find it difficult to describe this in any other terms but as meaningless drivel – do they mean one nuclear war and one fist fight in the Holsworthy Hotel?

Further:



“a navy with a blue water capability based on surface combatants and submarines”

Does this mean that we can sail more than 12 miles off-shore? I have not recently met any sailor who thinks that the RAN, a product of White Paper after White Paper, despite its great and dedicated personnel and its success in the Northern Arabian Gulf, could fight a blue water fight against a credible opponent.

The 1972 Aust Defence Review argued for a more independent national defence capability, and self reliance as a “central feature in the future development of Australia’s defence policy”. But this was the start of 30 years of neglect of defence. Independent and self reliant?

Self Reliance has been in every policy since, but our defence industry is going backwards, we may now have sufficient logistic support to just about do our very small current deployments, we may have recently obtained enough ammo for parts of the force to train adequately, we still do not have enough equipment for the Reserve, we are only now beginning to invest in getting enough ammo to fight, and soon we may be able to man parts of the army but the navy and the air force are still thousands of personnel short as we will see over the next ten years. If that is ‘independent and self reliant’, I would hate to see a defence force with problems.

The 1987 White Paper, we are told by the Key Questions paper, “added substance to this policy of self reliance by stating that priority would be given to the ability to defend ourselves with our own resources.”

Anyone who thinks that the policy embodied in previous White Papers produced an ability to “defend ourselves with our own resources” should remember a few things. Years after that great self reliant policy, we could not offer to govt forces that could fight in 1991 in the Gulf War. We could probably have guarded the prisoners with army units, but not much else. We needed outside help for an operation that deployed one tenth of our manpower to East Timor in 1999. In 2003 we were still incapable of producing fighters that could enter the Missile Exclusion Zone around Baghdad, and bombers that could even participate in conventional war as bombers or as reconnaissance aircraft. We needed to quickly rebuild our armoured vehicles before we sent them to the south of Iraq in 2005, into the safest province in all of Iraq.

We certainly have a policy for ‘defence of Australia’ but at no stage in my military career has the policy ever produced a force that could defend Australia and its approaches from any credible threat, as the policy required.

Meanwhile, a real threat to the long term existence of our nation, our culture, our economy, our beliefs and every civilised achievement since the Enlightenment has appeared, and we still do not have a defence force that can offer to govt options to make a meaningful or effective contribution at reasonable cost, except for a few hundred members of our SF.

It is my contention, after experience of our most modern war and watching how professionals recover from poor defence policy, that the ADF is not capable of conducting the kind of sophisticated joint operations in complex terrain (urban and



littoral) involving sustained operations, combat and non-combat, that lies at the heart of every type of defence operation except humanitarian ops.

Not only that, we rely on luck to produce army, navy and air force Generalship that can run campaigns. And I cannot see us getting any better except in the margins for the next ten years.

On the plus side, despite White Papers, we still exist, we still have some respect from the Australian population, we have some great people, we have some good basic skills in the services but not as a joint force, we have a bit of equipment, we have successfully deployed a series of small single service contingents across the world to low combat environments, we have a good materiel development plan, our Special Forces are of high quality, and we are well on the way to producing a strategic command systems that actually works. This is a credit to us all.

But after 40 years of White Papers, defence policy is yet to have any notable effect on our defence capability, and probably will not for the next ten years.

My theme was that what characterises the Australian military experience over the last 100 years is not the spirit of the ANZACs, it is national unpreparedness overcome by the spirit of the ANZACs. And much of the fault must lie with Governments, officials and the military, who see policy as more important than capability.

Of course we need White Papers, but given our track record, what chance does good defence policy really have, and will we see any real capability?

Biography: Major General (Retd) ANDREW JAMES (Jim) MOLAN, AO DSC

Jim Molan retired on 1 Jul 2008 after 40 years service in the ADF. He commanded everything in the Army from a 30 strong platoon to a 15,000 strong division and has experience in the infantry, aviation, training, as a combined and joint commander, and with coalition forces, in both peace and at war. In 2004 he deployed for a year to Iraq as the chief of operations during continuous and intense combat operations, controlling all the operations of all the forces across all of Iraq at the theatre strategic level. For his work in Iraq, Jim Molan was awarded the Australian Distinguished Service Cross and the US Legion of Merit. He has written of his time in Iraq in his book "Running the War in Iraq".



Air Marshal Errol McCormack AO (Retd)

40 years ago today I was in the middle of my first F111 conversion. Some of those aircraft are still operating out of Amberley. Four years before that in 1964 when I was based at Butterworth, the first flight of Caribou aircraft on their delivery from Canada to Australia arrived at Butterworth expecting to continue on to RAAF Richmond. However, a message arrived for the detachment commander: 'do not pass go, do not collect \$200, turn left and go direct to Vietnam and commence operations'. My point is that decisions made over the period of this White Paper will affect our capability for a very long time. Additionally, we cannot predict what operations Australia will be involved with next month, let alone next year or in 10, 20 or more years.



Some commentators are now calling for more “boots on the ground” I assume at least partially because of operations we have become involved in recently. I need go no further than Jim Molan’s address and his recently released book. Jim has stated that we should start fighting for real and that he was embarrassed by our lack of involvement in sustained combat operations. Should Jim’s embarrassment be a basis for development of our Defence policy?

In a repudiation of the “Boots on the ground theory” I refer you to an article in Air Force Magazine by Phillip Meilinger in which he postulates that the “boots” theory has resulted in fighting bloody force-on-force, even man-on-man battles with the consequent high loss rates and the resultant political issues at home. Meilinger postulates that commanders should accept that the current problem in Iraq is actually a civil war between moderates and radicals within global Islam. In that case the last thing the Coalition should want to do is inflame local resentment by inserting tens of thousands of ground troops. What is needed is a whole of government and joint and combined approach away from the “occupation of territory” theory. I do not have time here to examine the full article but his bottom line is that the US needs to re-examine the paradigm that was so successful in Bosnia, Kosovo, Afghanistan and Iraq between the two Iraq wars. That was the use of air and space power, combined with Special Operations Forces, indigenous ground forces and overwhelming Intelligence, Surveillance and Reconnaissance.

As an aside it may be worth noting some reports that success with the “surge” in Iraq has been more a result of buying off many insurgents than the effects of additional troops on the ground.

I believe Meilinger’s theory about “boots” applies equally to any ADF operations in the island chain. To the local population there is a very fine line and a short fuse between liberation and invasion/occupation. It should come as no surprise that since the end of the 2nd World War, Western armies have proved incapable of fighting and winning among the people of Indochina, the Middle East and Central Asia



So what should provide the basis for our Defence Policy? As we all know military action of itself rarely results in long term solutions to socio-political issues. Thus the White Paper must be crafted within the context of whole-of-government policy on shaping and changing where necessary our strategic environment.

In any case, I believe that defence of the homeland must form the basis of any national defence policy. For many years Canada used UN operations, in other words they used discretionary operations as the basis of their defence policy and that resulted in a downward spiral of capability that has only recently been arrested. This UN centric approach was probably responsible for the initially high Canadian casualty rates in Afghanistan. I guess in part I'm agreeing with Jim Molan but I wouldn't take it as far as Jim and seek out sustained combat operations to train our commanders.

Along with Defence of Australia, for some years we have held the theory that our interests are best served by two other legs to our Defence Policy; support of the US alliance and support for the UN. I believe that approach remains valid. However, I suggest that our record on expeditionary campaigns has not been very good: they can be categorized as generally somewhere between fiasco and disaster. While not suggesting we should cut off Government options I believe the Government of the day needs to be more cautious about discretionary operations in which we become involved.

One question of balance has been how much should Australia bias Defence of Australia requirements to be able to meet discretionary requirements. I suggest we should not bias our capabilities at all from Defence of Australia. During periods when Australia is not under direct threat the Government is unlikely to allocate sufficient resources even to meet what the ADF believes is needed for Defence of Australia. Additionally, Alliance and UN operations as 'discretionary contributions' involve niche capabilities generally required for Defence of Australia.

One question that must be answered in deciding what is required for Defence of Australia is what high end capabilities must be sustained at what level because if we lose a capability completely, for example anti-submarine warfare, we would be unlikely to be able to regain even a basic level of that capability within any reasonable warning time.

There is no doubt in my mind that the "sea-air-gap" provides our most important geographically based defensive element. It also presents a weakness if we do not dominate the "gap". Thus an ability to have freedom of action in the maritime approaches will continue to be the most important Australian capability into the foreseeable future. This requires a comprehensive Intelligence, Surveillance and Reconnaissance (ISR) capability within the region and the capacity to prevent freedom of action by state and non-state actors within the "gap". Thus Australia requires a balanced, networked force with a preemptive ability to shape and change where necessary the environment within and beyond the "sea-air-gap" to suit our national requirements.

Let me turn now to what that means for the RAAF. Government decisions made over the last decade or two have resulted in the RAAF having or about to have a significant ability to conduct operations to help shape and if necessary change the strategic and



tactical environment in our immediate region.

Intelligence, Surveillance and Reconnaissance is being enhanced with Over The Horizon Radar and Airborne Early Warning & Control aircraft. RAAF P3 aircraft are the most capable maritime air platforms in the region if not the world. However, they are old and will need replacement decisions shortly. Here decisions on replacement platforms are probably not as important as the support elements necessary to ensure an ability to download, assess and absorb information from all sources and disseminate intelligence in a timely manner.

Air transport has been enhanced significantly with introduction of C17 and C130J aircraft and shortly the Tanker Transport aircraft. Decisions are required on the necessary mix of tactical, intra-theatre transport aircraft for operations in the island chain including replacement of 1960's vintage Caribou.

Then there is the air combat capability. Over recent months public discussion on this capability has tended to result in more heat than light. I believe the type of aircraft is not in question: the F35 is the only 5th generation aircraft available. The remaining questions are numbers and how long F18F aircraft should be kept in service. I believe 100 F35 aircraft are required to provide a minimum operational capability. As a guide, in the most recent operations in Iraq 155 on-line aircraft were required to provide three combat air patrols on a 24/7 basis. Therefore, 100 F35 aircraft would provide an absolute minimum capability able to provide a high level of air superiority over a limited area. When discussing numbers remember that compared with project costs marginal costs of additional aircraft in any project are relatively minor.

As for the decision to acquire 24 F18F aircraft, that decision gave the ADF an excellent interim capability at minimal logistical and training costs and will allow Defence to take a measured approach to introduction of the F35. A decision on whether to keep F18F aircraft beyond the original 2020 timeframe would still be open to Defence for another five years or so as the Government assesses strategic developments.

Let me finish with a couple of possibly contentious issues.

I believe it is appropriate at this time to assess the viability and sustainability of the ADF maintaining one medium and two small air forces. With decreasing availability of manpower it is becoming more difficult to maintain necessary capability within small technical personnel establishments. Generation of capability has been reducing and as a corollary accident rates are increasing. Within the present "jointness" of the ADF, Command and Control should no longer be the issue it was in the past and an ADF approach is needed to ensure Australia gains maximum returns from ADF aviation investments.

Finally, if we really want to make a difference in the world we could convince the coalition to buy the Afghan poppy crop for use in medicine. While Tasmanian poppy growers have a choice, Afghan poppy growers do not. Purchase of Afghan poppies would make pacification a lot easier, cut off a lot of Taliban funding, be a lot less expensive than fighting the war and would save a lot of blood and national treasure.



In summary, the White Paper needs to be crafted within a broader Whole-of-Government approach to shaping and changing where necessary our strategic environment. Within that context, our Defence policy should be based on Defence of Australia with emphasis on dominating, shaping and changing where necessary the environment within the sea-air gap. The most important element of that policy should be based upon a networked force able to gather, absorb and disseminate intelligence within the “sea-air-gap” and when necessary take effective action against any activity inimical to our interests.

Biography: AIR MARSHAL Errol McCormack, AO Retd)

Air Marshal Errol McCormack served for 39 years in the RAAF, retiring as Chief of Air Force after a career as a pilot, commander and staff officer. His commands were largely with the F111 force at unit, wing and command level. He had much experience in the fields of capability development, operations and education. He served overseas as Air Attache in Washington, and Commander of the Integrated Air Defence System in Malaysia. He now heads his own defence consultancy. He is an active member of the Defence Reserves Support Council in the ACT and is a long-term member and supporter of USI of the ACT



Major General Greg Melick AM RFD S.C.

The opinions I express tonight are my own and many of them are suggestions on the possible way forward and the way we must go. The nature of the reserve service has changed dramatically in Australia in the last 10 years. We've gone from a just-in-case mobilisation resource to an integral part of Australia's defence capability and I always remember a photograph that did the rounds in 2004 which was obviously depicting US reservists serving in Iraq. There was a truck driving along an Iraqi road and taped to the windscreen were the words "One weekend a month – My ass!"



We haven't quite got to the stage in Australia where we are not requiring our reservists to deploy for 18 months at a time and we haven't had to call upon any reservist to do any overseas service involuntarily. In fact we have more reserves lining up to go overseas than there are positions available.

However, we are now an integral part of Australia's defence and it should be born in mind that the bad old days whenever funding was cut – the first thing that you cut was the reserves - is no longer a viable option.

The Navy couldn't put many ships to sea without reserves and Air Force would have similar problems with aircraft. The Army relies upon reserves for many of its rotations and of course the Solomons is purely a 2nd Division rotation.

This of course has really assisted the Reserves gain the respect of our full-time partners who for many years derided us as being a lesser capability. Just to give you an idea of numbers – 92% of the Navy Reserves are ex-permanent, 65% of Air Force or thereabouts are ex-permanent. Unfortunately only 20% of the Army Reserves are ex-permanent. We need to do something about increasing that proportion.

Just because the Reserves are working well at the moment, and I'm proud to say that they are, doesn't mean everything will keep going the way it is. We have a substantial train smash coming up in terms of available manpower. Apart from demographic studies which show us that the available personnel are declining at a disconcerting rate, Navy and Air Force in particular rely upon, from the figures I've just given you, ex permanents.

A significant proportion of those are on DFRDB (Defence Forces Retirement & Death Benefits scheme) pensions. Come 2011-2012, they'll be retiring and that resource will no longer be available, unless we do something about conditions of service to encourage more ex-permanents to join the Reserve, or in the case of Navy and Air Force, keep up the current rate.

We also have to consider very seriously options of flexibility of employment. I'm talking about full-time/part-time constructs. I'm talking about such things as sponsored reservists, which is working well in the United Kingdom at the moment. In the Melick view of the world, in future when we purchase any capability we should also purchase whole-of-life maintenance, because my view is, if the same company has got to maintain it for its whole of life you might get a better product in the first place and also a certain proportion of the manpower should come along with that product as sponsored reservists.

To give you an example, in the United Kingdom a contract for the RAF strategic in-flight refuellers calls for 25% of the manpower to be provided by the contractor and that is both the



flight crew and the ground crew, and they go as sponsored reservists. It gives ex-RAF people an opportunity to live in one location but to help still to deliver a capability to their country. It also ensures that Defence spreads the load of finding the critical manpower which is getting shorter and shorter.

Now, we also should start considering such things as career partnering. At the moment in Defence the old fashioned view is that if you leave Defence and go and work in the civilian infrastructure for a while, when you come back you lose your seniority¹ when you come back. We really should be considering the options of people getting out and utilising their skills when they get back in.

Other options we could consider are back-filling. At the moment in the United Kingdom they have a lot of specialists, mechanics, tech-electricians etc who have done three or four deployments. They don't want to do any more, they're thinking of getting out and you have a young reservist who'd love to go and do it, but his employer is a small employer who can't afford to release him.

So what they do is offer the employer that specialist and say "You give me a diesel mechanic for 12 months to send to Basra and we'll give you one to work in your workshop". It's a win-win situation because the defence forces are looking after the person who is thinking about migrating to a civilian work force and the reservist gets his deployment.

Another option we really have to seriously consider is normalisation of reserve conditions of service and by that I mean is having your reservist on exactly the same conditions of service as his permanent counterpart, except for such things as housing and removals and other things that may be determined to be peculiar to the permanent force.

We have suffered dramatically since governments decided that the DFDRB pension scheme was too expensive and we no longer have the economic conscripts who reached the stage of 14-15 years and they stayed in the extra 5 years to get their pension. When you look at the capability gaps in all three services, there's this horrible dip about the 14-15 year mark when competent people leave to start another career. We don't have the 20 year mark to keep them in that period anymore.

If we had a normalisation of the use of conditions of service, there is no reason why that full time member could not go to the Reserve and maintain his pension albeit at a lower rate and he may then decide he doesn't like it so much outside and he comes back in without penalty. Or you have a permanent member who has children at a critical stage of their schooling and he doesn't want to leave a particular location so what he says is "OK, I'm no longer the SO2 1 Division Headquarters, I'm happy to become Company Commander at 9 RQR (Royal Queensland Regiment) and I'll do that for two years at a reduced rate of pay and reduced pension, but at least I'm still around and I'll continue my service when my wife and/or children decide I can". If we do not start being more flexible about our conditions of service we may have serious problems about manning our capabilities.

A question that is often asked of me, "Of course you don't want reservists to give up their tax-free status?" The answer to that is, yes but in a bifurcated system. In other words if we are able to change the system, and if the White Paper parameters allow it, my view would be that a reservist has a choice to go to equivalent conditions of service as his regular counterpart including taxation, or remain on the current paradigm. Of course, if that happens the cost of the changeover is considerably less. The other cost that is not factored into the changeover is the taxation recovery by the Government which will normally go into consolidated revenue. But if we want to do a bit of bargaining, that should eventually come back to us. What I'm trying to do is to get rid of the differences that causes enormous problems with personnel. We



get letters from ARA privates, complaining about the fact that they lie in a field alongside a reservist and the ARA private's field allowance is taxed and the reservist's one isn't. But they completely ignore the fact that the reservist has to do 365 days, with no leave or anything like that, to get exactly the same net salary because the reserve divisor is 365 days rather than 225 days. It is just becoming a substantial groundswell which is starting to cause us problems. That is why I think it's time that we had a long hard look at conditions of service throughout the Australian Defence Force and allowed for far more flexibility.

Now part of the problem of this, of course, is going to be cost. It's very hard to work out precise costs – we're not quite sure what sort of pension scheme we'll have but complete normalisation of conditions of service would cost about \$300 million a year. When you look at the fact that to train a private soldier up to ECN 343-2 or in other words be qualified in rank and trade in infantry, the cost is about \$80,000. To train a Captain or Major could be in excess of \$150,000 to \$160,000. You only need to attract a small percentage of people to more than adequately recover costs or well and truly exceed costs.

I think that we've got to the stage now where the pre-World War I and pre-World War II models for the militia and the reserve and their lack of flexibility in conditions of service are not the way forward.

We have to think widely and flexibly and come up with options in the White Paper which are both achievable and affordable. And I sound one note of warning and this is a very personal comment. I get concerned when people keep relating capability to a platform. The greatest capability that we have in the Defence Force is our manpower – they are brilliant and they are working extremely hard. There is no fat left. People are really working extremely hard and we are starting to see fraying around the edges.

There is no point in saying that we will spend all this money on platforms and the manpower will look after itself. When a kitchen hand at Karatha gets \$100,000 and a gas fitter or welder get \$180,000 to \$220,000 on the pipeline, it's very hard to start competing.

One of my sons who turns 21 next month, at 19 was a police officer in the Tasmanian Police Force as a probationary constable, earning with some overtime the same as a Level 1 RSM (Regimental Sergeant Major).

We just have to watch very carefully what we do about our manpower because I don't think all the Anzac spirit in the world is going to keep them there forever, especially when they have a family to look after.

Notes

1: Refer to Air Commodore Ian Pearson's views on this issue in the Open Forum session section of the Proceedings of this Forum.

Biography: Major General A.G. MELICK AM RFD S.C.

Major General Greg Melick is a career reservist and a Senior Counsel in private life. He has held many command and staff posts in Army, including serving with 1 Commando Company for ten years. In 2006, he was appointed as Director General Reserves – Army, and in 2007 promoted to Major General to become Assistant Chief of the Defence Force (Reserves) and Head Reserve and Employer Support Division. He is Australia's special investigator into cricket corruption and is a former Statutory Member of the National Crime Authority and the NSW Casino Control Authority.



Mr John McFarlane AE

I'm going to talk about Military and Police Cooperation and Inter-Operability. This is of course only a small part of the defence spectrum, but it is an increasingly important task. I'm going to deal with it in three ways – Firstly I'll look a little bit at doctrine, because I think the doctrine of what police do and what military do are not significantly understood. We're living, and we're deploying forces, in our region which is a complex region, an unstable region, and for the first time the ADF and the AFP are working together to try and achieve the objectives set by Government in this region and my suspicion is that this is going to be an irreversible and a long term commitment.



Secondly, I'll mention a couple of anecdotal cases to demonstrate the complexity of the space in which the military and the police are operating in our region and thirdly, I'll make some judgments and recommendations.

There is a lot of information in these slides and I'm certainly not going to read them through. Rather I'll touch on some of the key points.

If we look first of all at the doctrinal side, what is the difference between the activities of the police and the activities of the military? I only want to highlight specific areas. Firstly the principle objectives of the police are law enforcement, crime prevention and, in our context, counter-terrorism. They're the first responders in any terrorist incident, certainly locally, and increasingly also overseas and in places like Indonesia. Whereas, military objectives are combat deterrence, stabilisation and counter-insurgency.

Now this may be a slightly simplistic approach, nevertheless let's look at it in broad terms rather than getting too hooked up on specifics. Secondly the focus of policing is law and order and its internal, military security and external, the law under which they operate. For the police it's domestic law, for the military it's the Law of Armed Conflict. The constitutional arrangement is that the police are an instrument of the law and not supposed to have political control, whereas the military is the instrument of policy and certainly has political control. The police are accountable to the Courts under the rule of law and the military are accountable under the chain of command to the executive government and as far as the use of force is concerned, police try and resolve their issues with minimum force, whereas in the case of the military, it tends to be graduated.

In the case of the individual – responsibility - one of the key elements in policing is the “Office of Constable” which means the individual police officer is specifically and personally responsible for all the decisions he makes. Responsible not only under the law, responsible to the courts where he will be seriously examined by barristers for the defence – an extremely accountable process. The police officer also has the right to exercise his discretion as to where he applies the law or whether he gives someone a warning or how he's going to handle a given situation – whether he goes in to deal



with a public order situation front-on or sit back and decide to handle it another way.

In the case of the military, the individual member is a member of a unit and he obeys commands. As far as the duty is concerned, the police are responsible to the Law Courts whereas the military are responsible to the Monarch and the State. As for status – the policeman is a citizen with special powers and has a duty under the law, whereas the military is a citizen with no special powers and his duty is to his superior.

If we look then at the organisational structure, firstly at community relationship, the police have a very important direct relationship with the community – practical cooperation and ideally, policing with consent. This is certainly the objective in democratic countries, whereas with the military it is obvious that they want to have public support: they seek public esteem but it's not absolutely essential for the role they perform.

In regard to peace operations, the police are going to be concerned primarily with the maintenance of law and order – with capacity building and generally it's a long term task if its capacity building – it could be 10 years – because its not only just capacity building by the police, its capacity building in partnership with others of the whole criminal justice system. Finally in regard to peace operations, the police under the United Nations flag are dispersed. You don't have Australian police stations or New Zealand police stations or American police stations or Russian police stations when you are on a UN police peace operation. They disperse in an attempt to try to get an evening of quality through all the jurisdiction in which the police operate and of course that's just the opposite with the Army, where you retain your unit cohesion. So that makes the role of policing in the United Nations peace-keeping operation very much more complex.

There are a number of things that the military do to support the police. I won't go through them all, but obviously the relationship has developed substantially particularly over the last 10 years. If you just glance down this list of areas of capability you can see how important it is from the policing point of view that there is a green back up for the police operations, so obviously highly dangerous operations.

For example, such as landing on the Pong Su when that North Korean vessel had to be arrested some time ago. The sea was high, the dangers were there – it was clearly beyond the capability of the police – both the state police and the federal police – and customs – to board the vessel in those sorts of circumstances. So the military came in and did an excellent job.

Counter-terrorist support, anti-piracy patrol, sophisticated interception of communications, language skills, maritime and coastal and remote area surveillance, so the list goes on down to defence force aid to the civil power. There is a lot of work there between the police and the military, and I think this has only recently been realised – just how important it is for these two disciplines to work together. This in fact has been the subject of a considerable amount of work over the last 3 or 4 years.

There is a good relationship and there's always been a good relationship between all the police services and the ADF. But from the defence and national security point of



view the most important relationship from the ADF perspective is that with the AFP, especially the International Deployment Group (IDG), which is a force of 1200 people. In times of crisis, within the IDG there is an organisation - the Operations Response Group - which is a specifically trained sort of gendarmerie-type of structure - 230 people - that enables a higher level of competency in dealing with public order situations.

Now the ADF and the police are complementary and it's important to recognise this. They are not competitive – they shouldn't be seen as being in an either-or situation. They are two services that should be complementing each other. Looking at this, particularly over the past 2 or 3 years, we've had up to 9 working groups – joint AFP-ADF working groups – looking at different aspects of inter-operability. These working groups have almost completed their work to the stage of drafting a Memorandum of Understanding (MoU) between Defence and the AFP, not just the ADF because Defence in this sense includes DSTO, DIO and other capabilities within the Defence portfolio.

We have 3 AFP officers seconded to the ADF-AFP Joint Operations Command and they are involved with current operations – looking at it from a civilian point of view, providing advice as civilian police officers. I think that this is a significant development. We have 2 AFP officers at the Australian Defence College, one at the Centre for Defence & Strategic Studies (CDSS) and one at the Australian Command and Staff College (ACSC). We have 2 ADF ordnance officers working with the AFP's Australian Bomb Data Centre and of course both the AFP and the ADF will be involved in the new Asia-Pacific Centre for Civil Military Cooperation. All of these are important and significant developments over the last 3 or 4 years.

Now I wanted to talk about a couple of anecdotal cases just to explain how complex and difficult the space in which the military and police working together can be. I was encouraged to do this slide on North Korea, having in mind the Pong Su case. The background to this is that the North Korean Government has within its party structure, its Central Committee structure, a specific bureau called Bureau 39, that's principle role is to generate external funding, usually by conducting criminal operations. These operations involve opium production and trafficking, meth-amphetamine production and trafficking, counterfeiting, especially of US hundred dollar bills, as well as pharmaceutical counterfeiting (Viagra and so on), smuggling (including conflict diamonds and endangered species).

Therefore if a Government is prepared to task one of its formal structured entities to engage in criminality, it doesn't give us much confidence that they wouldn't be prepared also to task them to undertake operations connected with the export of weapons of mass destruction (WMDs). I think that is the significant issue. Now I've got this picture here on the top left of the slide of this young woman using meth-amphetamine. Obviously she's highly addicted to meth-amphetamine. Any Government that allows its instrumentalities to export a drug that does that to people - and there's an enormous amount of meth-amphetamine which is exported from North Korea, particularly to Japan - gives rise in my mind to what sort of a morality does that Government have – what sort of judgments do they make, what sort of objectives do they have?



The US hundred dollars bills is a significant issue – they are a very good forgery and other currencies are also counterfeited with the former attracting the most attention. Up to 12 factories in North Korea are manufacturing counterfeit cigarettes and also counterfeit pharmaceuticals. According to the United Nations Office of Drugs and Crime (ODC) these 12 factories manufacture approximately 41 billion cigarettes per year, so that's a major operation - something like 35% of the external funds generated by the North Korean economy comes from criminal activities.

Just to finish on North Korea, the Pong Su case was extremely interesting and which involved excellent cooperation between the ADF, the police and Customs services. It was a difficult operation - it was the first time that we had had a North Korean vessel in our waters. It came here in explicable: it wasn't carrying any cargo except, we now understand, the drugs. Its flimsy excuse for being in Australian waters was to pick up a consignment of BMWs from Melbourne to take overseas. So we've got a significant operation here and I think it demonstrated that when you need to do it on the domestic scene, the ADF, the police and customs services can work very effectively together, but in this case against the DPRK which I think is an area that we both need to be conscious of.

Looking now at Afghanistan, I just want to draw attention to some problems in the conflict between on one hand the so-called "War on Terror" and on the other hand the so-called "War on Drugs". The volume of opiates grown in Afghanistan is enormous. According to the United Nations Office of Drugs and Crime, 193,000 hectares of opiates were grown in Afghanistan in 2007. That is refined down to 820 tonnes of heroin, 92% of global production. It involves, again according to the UN ODC, 509,000 households or 3.3 million people in Afghanistan and that is just opiates.

Now I'm afraid Air Marshal that I have to disagree with you on this point. I've also thought about this and it would be lovely to say "OK, we'll take all that opium and we'll use it for medicinal purposes". Regrettably that is not going to work because all it would do is to encourage other people in Afghanistan to grow it because they know that there would be a certain sale for all their crops. Then of course the Burmese and anybody else would be tempted to do the same. I don't know if that is the answer.

If you look at the area in where we are operating, in Oruzgan Province, the principle operating growth is in the major area of conflict at the moment. Unfortunately the second-most feasible crop to grow is cannabis and there are 77,000 Hectares of cannabis – it grows very well - 32% of the world's cannabis resin, or hashish, is grown in Afghanistan. This gives you an impression of the scale of the challenge and there are a few things to draw attention to here.

Firstly, the greatest concentration of opiate growth, as I said, is in areas of major conflict at the moment. In June 2008, 260 tonnes of cannabis were recovered by the Afghan narcotics police in one raid. The UN ODC assesses that between \$100 million and \$200 million per year goes directly to the Taliban and Al Qaeda as a result of this type of operation. The AFP does have a small number of officers in Afghanistan, they're working largely in a liaison and intelligence related role.

I just wanted to mention this case (Afghan Warlord slide) very quickly. Here is a guy who as far as the Pentagon is concerned was a bit of a hero because when the



Americans went into here in 2001-2 he handed over 400 Stinger missiles and intelligence to them. Unfortunately, at the same time, he had already been listed by the White House on the recommendation of the Drug Enforcement Administration as one of the world's ten top kingpin drug lords. In 2005, he was invited to go to Washington to be debriefed and feted by the military, and as soon as that was over, the US DEA picked him up and now he's in prison in New York.

So there's one of the conflicts between two competing strategies.

With limited time left, I show my conclusions on the slide. It is important to discriminate between terrorism and insurgency. It is important to know the difference. As far as the police and the military working together, greater training should be given to both sides on the nature, role, functions, powers, rules of engagement, MO – that sort of thing – so that they are better equipped. They should be training together and exercising together.

The military shouldn't be expected to take on a police role any more than the police should take on the military role. They are both specialised services and they should both be able to operate independently but in collaboration with the other and in the case of the Solomons Islands, the military are actually there in a supporting role to the police.

I consider that the work that is being done on the MoU between Defence and the AFP should continue and that should ultimately run into the development of a Manual of Police-Military Cooperation and Operations. Even if it's a loose-leaf manual I think that this would be an extremely valuable outcome.

The question of tactical and strategic intelligence – exchange is important. Any inhibition about exchanging intelligence between the police, the military and the intelligence communities should be eliminated because the national interest won't allow for that sort of limitation.

There should be an exchange of officers between the police and the ADF and the Department of Defence. We should also encourage academic research and dialogue with police and military in this area, and as with so many other areas it is really important, when you are working the military and the police together, that there is a Whole-of-Government approach to this question.

Note:

Further to my remarks about the IDG above, my view is that with the AFP International Deployment Group of around 1,200 people, including an Operational Response Group of some 230 (a gendarmerie-type unit), for most South Pacific commitments there should not be a need for an ADF deployment greater than one light infantry battalion (in support) or, at the most, one light infantry battalion group (i.e. with essential supporting elements). This would be for all contingencies other than an invited intervention in PNG or Fiji, both of which are unlikely in my opinion.



If an intervention were to be needed in PNG or Fiji, this would involve at least a brigade, especially if we were not invited in. In effect, this would be a warlike intervention, very unlikely except in the circumstances where a services-assisted evacuation might be required.

However, for "normal" interventions, I would see the AFP IDG taking the lead, with the military in support, and this assumes that the local authorities would be prepared to accept the green.

Having said that, my recommendation would be for the designated light infantry battalion to be specifically trained in amphibious warfare/deployment. Apparently, none of our current battalions are specifically designated as amphibious battalions (in spite of the proposed purchase of two large amphibious ships), so if we are to use them in a South Pacific role, we had better train them to operate safely in the maritime environment. My ideal approach would be to remove this battalion from the Army inventory and designate them as a Naval marine battalion, but this would probably be more than the average green general could stomach. However, if we want to be realistic and use them as marines, why not designate them as marines like the British Royal Marines or the United States Marine Corps.

Were this to be agreed, my own calculation would be that we would not need as many battalions as we are currently proposing - possibly saving at least one. The money saved could be allocated to the other hard-core acquisitions, such as additional submarines, etc.

As a point of interest, I do not see this role being undertaken by a Reserve battalion, although possibly a Reserve battalion could be the back-up unit for the deployed battalion. I am opposed to the use of the Army - especially Reserves - in a pseudo police public order role, and do not regard the Military Police (who are regimental police) as alternatives for the AFP in the South Pacific.

This last slide (Gates) reinforces what I think General Hartley said about the nature of conflict in the future.

Biography: Mr JOHN MCFARLANE

John McFarlane is a Visiting Fellow in the School of Humanities and Social Sciences at the University of New South Wales at the Australian Defence Force Academy. He also has a Visiting Fellowship at the Strategic and Defence Studies Centre at the Australian National University. His main area of research is in the field of trans-national crime and its links with terrorism, corruption, police peace operations and military support for law enforcement. He lectures on these and related issues at ADFA, Sydney University, Macquarie University and Victoria University in Wellington. John has a background in the Australian Intelligence Community and the Australian Federal Police.



“THE DEFENCE WHITE PAPER – BALANCING COMPETITIVE DEMANDS”

PART 4



Question and Answer Session



Open Forum – Question and Answer Session

Moderator (Dr Ian Gardner): We're going to go to a forum format where you can ask questions of the panellists, individually or collectively. When you ask a question, we ask you to identify yourself by name and the group you represent. Please keep your questions focused and to the point.

Mr Bob Lowry: I don't represent anybody. I'm researching the 1980s at the moment, which includes looking at the 1987 White Paper, and one of the things Dibb of course was to provide some form of methodology as to how you are going to fit defence requirements within the budget. And he did that basically by anchoring it on Australia and saying anything that is related to the defence of Australia and in that area is in the budget and anything outside Australia is relating to the expansion base – that is the priority. To complement that geographic focus, the threat focus was basically Indonesia. It was entirely improbable that there would be a threat from Indonesia, but if there was to be one, that's where it would be in the short term. Now we don't have Indonesia as a threat or as some people say – oh, you want go to war even if you are an authoritarian nation, not that that's agreed for one minute, so my question really is – what do we need a defence force for now? Putting aside enormous shifts in global power, which would bring in China and India etc, because that is obviously way beyond our capability, and would bring in the Americans and any other major power that happened to be around at the time, that's the key question that I don't think anybody has answered is, what it is that a Government in Australia would want its Defence Force to do as a basis for doing the 2008 Defence White Paper?

MAJGEN Molan: I think there are two things. I think the first thing is bread and butter stuff – Solomon Islands, East Timor, Middle East. Those things, so far that is what the Government wants us to do, therefore we must be able to do it. The second thing is the “future unpredictable”. With the bread and butter stuff, you have a force which you then adjust. Suddenly we found ourselves in East Timor and the Solomon Islands, and we did it very, very well. Going to the Middle East we had to adjust and that adjustment has taken a few years – now its working well. For future unpredictable, and I don't ever use the term conventional war or try and describe what it is, because everyone's got their different views on what the word means. But the future unpredictable could be: more bread-and-butter, higher intensity counter-insurgency or it could be State-on-State war. We don't know that, therefore in managing within the budget, we have got to allocate the vast amount of the monies the government will give us to today's needs. John Hartley, you were talking about Gates, you have got to win today's war but you also have got to allocate effort to the future unpredictable.

And it really is up to the nation to decide how much they are going to put into the future unpredictable. We're not buying the F-35 to just maintain capability over Baghdad; we are buying the F-35s because they give us extraordinary capability across a wide range. Therefore, as we cannot predict the future, again as the ex-head of DIO said – we can't predict the future, therefore we have got to go for something wide.

It's really up to the government and the society to decide how big we go into the future. In my view the Defence Capability Plan is superb. In 10 years time we've got a vague chance of being able to fight. But, as someone else said, we have only got the big chunks of it – I fear that all the enablers and connectors will not be in place.

The Minister implied this is *The Australian* a couple of weeks ago, when he said we need 7 billion more for this and 3 billion more for that, and a whole bunch more people. So I'd say two things: the bread-and-butter day-to-day things that the government wants - we've got to do them now, and we've got to do them very, very well but we must also put an element away for the future.



PROF Cordner: Bob, the question you have asked is so large it's almost the unanswerable. Generally, we should be pursuing a consistent strategic risk type assessment approach. Following risk management process is what is done in the industry and in big business. They use the sort of approach for making all of their strategic decisions. And of course in these things are not just one shot: it has to be part of a continuous cycle of assessment and reassessment. It has to be that sort of approach where you look out as far as you can usefully look, and whether it is 10 years or 20 years. It's got to be that sort of timeframe because we take that long to make any significant adjustments to your capability. We need to define what we think are the risks and threats and what is the likelihood and the consequences of them arising and what can we do about them. And the answer should come from a whole-of-government perspective.

Some things may require ADF capabilities and other things may require capabilities of other agencies, but the whole thing needs to be coordinated. The concern I have at the moment about the current White Paper approach and I have to say I'm not privy to all the inner workings of the team who are behind the barrier, is that it seems to be being done somewhat independently of other processes that are underway. For example the Homeland and Border Security Review led by Ric Smith. The terms of reference of that review were never made public. My Centre made a submission to that review based upon what we thought the terms of reference might be, but the outcomes of that review I think have profound implications for the White paper and vice versa.

The Government has foreshadowed that there will be a national security statement of some kind. To me, to come to a culmination of the Defence White paper without the substance of that being known is problematic. In my view we really do need to pursue this whole of government/whole of nation approach, assess the risks and then apply our resources where necessary to develop new capabilities to address those risks.

The Hon Peter Collins: On the White Paper I would just to clarify something - speaking on behalf of my panel we are one strand of inquiry at the moment - we are not the sum total. There are something like five or six concurrent reviews being undertaken. We will complete our task at the end of October. Our report will go to the Minister, then to Cabinet. But there are several inquiries including; industry, force structure review, national security review, all of which are being conducted simultaneously - this is a mammoth task on a scale never undertaken previously and they will converge at roughly the same time. This is an interesting bureaucratic and logistic problem.

AIRMRS HL McCormack: It may surprise you but I agree with Jim Molan but I just like to make two points. One, I think that the Government actually needs to look at what we are doing now and see if it's in the best interests of Australia, and that is at least questionable by a lot of the public. And two, a lot of scenario-based predictions have failed in the past because they have concentrated on the scenario and not the broader issues.

For example, the peace dividend the US was going to get when the big red threat went away, never came. But they were expecting the dividend. So you have got to be very careful about basing your defence around one scenario or even two or three - it may not happen and something may come up that isn't that. So be very careful about what to do now to prepare - it's dangerous.

Ms Nola Hennessy: My question relates to a comment made by MAJGEN Melick about the retirement age. At what stage do you believe - and I'd interested in the other panellists' views on this - Defence should abolish the compulsory retirement age given that there is no scientific basis for saying that somebody is no longer able to fulfil their military duties at a



given chronological age. Our biological potential is greater than 135 years and that is scientifically proven. What I need to understand is at what point do you believe that Defence needs to take that on board?

MAJGEN Melick: Personal views only, but you've got to bear in mind that we've only just recently put the reserve retirement age out to 65, Chaplains of course can go to 75.

MAJGEN Melick: You have got to bear in mind that a lot of other work forces have compulsory retirement ages - judges reach a statutory age of senility at 70 or 72 depending on which jurisdiction they are, despite the fact that they could keep going for longer. There is provision in the Defence Force for extension. For example I have someone who has just got his Defence Force Service Medal with six clasps plus two Federation stars - he joined in 1961 and has been extended twice. So if there is a need, people can be extended. So I think you probably need some sort of guidelines so people know where they are going and allow the flexibility for CDF (Chief of the Defence Force) to extend, which he does whenever appropriate.

Ms Hennessy: Certainly that is the background to assessments that we do have for the ADF. There are ways of strengthening them. I advocate abolishing the compulsory retirement age altogether because there is no scientific evidence that says that at a certain chronological age you are no longer able to do certain things.

MAJGEN Melick: I would not like to be the CDF or a commander who then had to make an individual determination on everybody who reached the age of 65, whether they should stay or go. You would be clogged up at the Administrative Appeals Tribunal for ever. There would be all sorts of reasons advanced. You have to have some form of arbitrary cut-off age and then allow for exceptions after it, otherwise I see it as being an administrative nightmare. You have a valid point and a lot of people contribute quite well after 65, maybe in a different role to which they joined, for instance the fellow who got his gong today was a pilot in Vietnam - we certainly don't use a pilot in these days at 67.

AIRMRS HL McCormack: Could I add something else? I can assure you as the Chief of Air Force I was very worried about this extending people. Whether you like it or not, to jump off a cliff and go charging into wherever you want to charge into - generally people under the age of 25 do a much better job. I would be concerned if we don't keep enough people in the very young ages to be fighter pilots, to be SAS people, to do all of those jobs that are absolutely essential if the ADF is going to do its job. That would be my concern - if we're not careful we could have everyone at 50 and above and - heaven forbid!

Mr Ian Noble: Engineers Australia and USI of the ACT. I would like to solicit the panel's view of the role of Australia's industry capability in support of the ADF and I do that not only in the sense of what Australian industry produces for Australia but also in the sense of where Australian industry and contractors can assist in or support the ADF in the area of operations.

Moderator: I would just like to cut the answer to this question to a fairly limited one, because the issue is going to be addressed by a special follow-on forum by the USI on Defence Industry next month - Wednesday 17 September.

MAJGEN Molan: I think it comes in the order of: first let's decide what the Government wants the ADF to do; let's make the decisions in relation to what sort of self-reliance might we mean. At one stage there was a definition of self-reliance that meant we may not be able to make it but we could maintain it or something like that. Then allocate the money between how we get the platform, whether we do it here or there. It seems to me that there is a balance somewhere in these that can produce a most robust decision - no, I shouldn't say that as it



sounds like one of the key questions for defence in the 21st-century policy - that produces a workable defence industry. I reckon the pendulum has swung too far - we may have been fat and uncompetitive at one stage but I think, honestly, in the job I had as Defence Materiel Advocate we have swung too far and we are too purist. Government doesn't back winners now in Defence Industry and I believe they should. There are certain winners and the way that you back those winners is by buying Australian equipment. You pay a premium and only the government can decide that. But having travelled the world for the year and a half that I did in the Defence Materiel Advocate's job, I saw every other country with incubators and buying their own stuff, and the abuse by the Americans of anything foreign. It is not a level playing field.

AIRMRS HL McCormack: Can I add that - with my AIDN (Australian Industry and Defence Network) hat on - I am working with Defence Industry Division right now to get these sorts of policies that support the small and medium enterprises and I'm meeting with a few people next week on this very point: but I agree again with Jim Molan.

PROF Cordner: I think that my only comment would be: I think this issue of supporting strategically important industry capabilities will become more profound as time goes on and as I think we, as a nation, wish to pursue a more independent stance. At the moment we are heavily integrated with the United States and are reliant upon them for all sorts of things: submarine combat systems for example. That sort of thing may not be in our best interests in the future. So I think that we have to be very strategic about our sustainability and our need to support and develop niche capabilities.

MAJGEN Melick: At the micro level in our Division we do a lot of engagement with Industry. We are talking about apprenticeship training schemes. Mack Trucks actually want to roll one out throughout Australia. I would like to see us going back to developing some niche capabilities in the Reserve. We went through this ridiculous stage of having to have a complete mirror of its permanent force counterpart when it really wasn't our role. We lost our quarrying companies, our forestry companies, supplemental reserve engineer regiments, our terminal companies, railway squadrons - so at the micro level there is a lot of potential to have the reserves embedded in industry bearing in mind that we can't quite go down the whole Dibb line because a lot of the costings in the Dibb Report relied upon the civilian infrastructure to come to the fore when things started getting difficult. Now I could never imagine seeing Lindsay Fox having all of those spare trucks lying around and why would the Brighton Council build a class 61 bridge when all they need is a class 30 bridge? Those sorts of things weren't actually sorted out, I think, strategically. We should look when we are developing commercial infrastructure at Defence actually topping it up. If we need a certain LCN (Load Classification Number), a capability on a crane or lifting equipment at ports, why do should we hamstring ourselves? Defence could come in and spend an extra 10% on the infrastructure costs and it would have met our needs as well as the civilian infrastructure needs. So I think we have to look at the holistic thing. Jim, you might be able to answer this, did we ever get that War Book sorted out?

MAJGEN Molan: No, we haven't done it.

MAJGEN Melick: At one stage we couldn't even work out whether we could drive a tank transporter from Sydney to Brisbane along the Pacific Highway, whether or not there were some bridges that couldn't cope. We never even looked at our infrastructure to determine whether it meets our Defence capabilities.

Mr Lowry: Excuse me for having another go, but I reckon that there is something like 240 years of experience on the panel at the front and I don't reckon you guys are working hard enough. Let's get back to the basic question: what does the government need the ADF to do?



Now, most of what's being talked about here today, like terrorism, like intruding into the South Pacific etc. you wouldn't structure a force around that. What does it want the ADF to do?

MAJGEN Melick: But why do you say that we would need to combat terrorism? You are saying that you would not structure your force for combating terrorism, why not?

Mr Lowry: Because it's basically an intelligence and police operation but you wouldn't structure primarily a defence force for that - the same with virtually any other thing, immigration and assisting nations in the South Pacific. For example, let's just take the intellectual exercise that Australia scrapped its military. We would still have to do all of these other things and find ways of doing it. What I'm asking is the core question: what do we need a defence force for?

MAJGEN Molan: We did this over the last 18 months. As Errol said, there's no point getting wrapped around the axle about having to invade North Korea or go to China or whatever because all those particular scenarios fail in the detail. What we did was not related to a specific scenario, but what is the full range of activities that a defence force would have to conduct in the year 2018, when the current Defence Capability Plan was fully mature. What I did was I took the defence force we were going to have, and I said, what is the most demanding credible use of that defence force out to 2018? And you assume that, if the government buys us air warfare destroyers and F-35s and amphibious vessels and tanks and other things, they would expect us to actually fight. So what we said was take a single scenario, use all the concurrency that is likely to exist and therefore let's suppose that in 2018 the situation is roughly the same as it is now. You've got a block of forces overseas, somewhat distant and another block close and what's left in Australia and how would you use that to the maximum level. It was good; it looked at timings, concurrency, it allocated real things to real tasks. It looked at real command and control and that was endorsed by COSC (Chiefs of Staff Committee). Unfortunately it was highly classified. It doesn't have to be highly classified - it should be unclassified, but it answers exactly the questions that you ask. Now the White Paper team should be using that in my humble view as the centre-point of what they're going for, because this is what we're likely to have and we know what we've got 10 years out and how we are going to use it. And the "how" is more important than the "what". The "how" is much more important than the "what" because if you only have three AWDs, two something-or-others and 100 of something else, then you can vary the individual parts of the mix. For example, the Army puts the case that you may not need as many AWDs or JSFs if you have more ground-based air defence. Therefore that's a "how" and that decides the "what" in the end. Mate, it is there, it's been there. I wrote it, COSC approved it and it's so highly classified no-one can use it.

Mr McFarlane: The argument we have used here on the panel seems to be somewhat tunnel-visioned. What we haven't taken into account is this whole-of-government stuff. And the whole government includes diplomacy and intelligence. Now strategic intelligence will tell us what is happening in the region or what is happening in an area which may affect our national interest. As a small example of this, intelligence and overt reporting tells us that many countries in the East or South-East Asian area are going to equip themselves with submarines. If that's the case then undoubtedly one of the roles of the AFP (Australian Federal Police) is to respond to that perceived threat by developing a capability to deal with it. As a maritime country if we need to look at our sea lanes of communications, then I see that we need to look at not just what defence or the ADF would like, but what is the nature of the threat and the environment model that we live in and then devise our response to that. The military just happens to be one vehicle to respond to those perceived threats.

Mr Denton Bocking: Working in DMO (Defence Materiel Organisation) but not



representing the DMO. There's been a lot of mention about whole-of-life response – to what extent should Defence play a role in post-conflict reconstruction?

AIRMRS HL McCormack: Good question. Have you seen “*Charlie Wilson's War*”? Charlie Wilson got 500 million out of the US, and 500 million out of Saudi Arabia to fight the Russians in Afghanistan. He wanted a million dollars to build some schools and they would not give it to him. I think to me that is a perfect example of, as he says at the end of the movie, of what we do: we just screwed up the last part. Unless we have a decision from government on what we want to go in and do and actually stabilise it and lot of times the engineers are the best people to do that, to build the roads and actually support it as a whole-of-government approach – you may use contractors when you have to use the Army in the first instance it is a waste of time actually doing the war – fighting the war.

MAJ GEN Melick: I think it is obvious that you have to have post-conflict reconstruction. The question is whether it is a matter for defence contractors depends on the nature of the threat.

Mr McFarlane: As long as the post-conflict reconstruction is within the competence and capabilities of the ADF to deal with. Obviously engineers can undertake a very wide range of civil action tasks which can be of tremendous benefit but you need to do more than build bridges and schools and so on. You need to reconstruct the elements of the state which was in conflict or has collapsed and hopefully it will be sustainable and won't collapse again. And so that brings in again the whole-of-government approach – AUSAID (Australian Agency for International Development), in the case of the criminal justice system perhaps the AFP and other elements of what government has at its hand in order to assist to reconstruct the whole thing. If the military gets too far out of its comfort zone that is probably not helpful, but there is an enormous amount it can do within its comfort zone.

AIRMRS HL McCormack: I was in a conversation with a British general who was in Iraq just after the war during the Bremer period when he did his de-Ba'athification process and the general was asked what he thought about what happened at that time and he picked up a spoon and he said if Bremer were here now he would cut his heart out with it. In one stroke he (Bremer) blew away all the civil infrastructure that would have been there to support anything. So unless you go in with that plan to actually help out in those areas you may as well not go in there.

MAJ GEN Melick: If you want a text-book on how not to do it, read the “*Imperial life in the Emerald City*”, which talks about the Bremer period.

MAJ GEN Molan: The practicality is interesting too, because you talk about the post-conflict situation and the question I have is “How did we get to the post-conflict situation?”, because militaries are designed for the conflict situation but there is no point, as I think Errol said, of doing the conflict unless you can the rest of it going. But if you look at the ADF, we have got just about the capacity in the ADF for maybe the Solomon Islands on a good day with a tail wind. The capacity is almost zero, but what we could do is manage small South Pacific countries if there was something like that, that applied. But I think it is just a delusion to think that the whole of government in Australia has got any real capacity to do this. We have just been talking about Bremer, and yes there were a thousand failures but most of those failures were due to the fact that certain people wanted to do the post-conflict reconstruction before the conflict had finished. You can't do both together and people said get out there and build schools. So people rushed out to build schools and guess what? Next day they were blown up, and this is not just one example - it would have happened a hundred times, a thousand times. Why did we do it? Because we forget that before you get to the post-conflict you have got to establish the security. Which is why I say - you have to have a military - Army, Navy and Air



Force - that can actually fight, or you won't get to the post-conflict stage. But the capacity for us to do post-conflict is zero.

The Hon Peter Collins: One of the issues the (White Paper Community Consultation) team needs to look at is manpower. If there is one thing we are certain about, is that in 2018 we are going to have manpower problems. We are short of people now, I am sure we will be short of people in the future. There are currently 120,000 job vacancies in the Australian market and that will grow with the demographic problem we have. The reserves are a large part of the solution as Greg Melick has pointed out and are playing an increasing role. Navy abolished its port divisions in the mid-90s, so Navy is basically full time-part time. As Greg has said, 92% of Navy reservists are ex-permanent members, the remainder specialists. Air Force is in a similar situation I think. Army however has always stood out as a different culture, where Army has had its own command structure all the way up to divisional level. I guess my question is to Greg and to Jim, how do you structure, how do you restructure, the Army Reserve to make it a more effective contributor to overall ADF capability? Do you have the reserve components in the regular battalions - do you keep your stand-alone reserve structure or is it a combination of both?

MAJGEN Melick: I'll go first and Jim can shoot me down. (Chief of Army) Peter Leahy I think showed great vision in how to use the reserves in his hardened, networked Army. It was there to fill capability gaps and produce capability bricks. But you have got to recognise that the Reserve is a regional animal. And when you try to reorganise the Reserve along functional lines, you have problems. So you are going to have inherent inefficiencies. If you run an Army depot in a county town with only 15 people parading to my mind that is a pretty good return because that is the military presence in that town and which you can use as a recruiting base. Unfortunately if you're not careful you can put everything down to a cost and I can give you an example. When I commanded 12/40 Battalion when we had eleven depots: I thought it needed to be rationalised and I proposed to rationalise it down to eight. I left the battalion with 418 soldiers and within two years it was down to 250 because we only had three depots. The reserve is regional. You make it efficient by doing just-in-time rather than just-in-case training. It is pointless spending a lot of money training a reservist to do something you want him to do in 12 months time. So you have your high readiness reserve and they're that capability shortfall that you think you will need to call up at very short notice. And they are trained to the same standard and as competent as their ARA counterparts at least on the deployable competencies. Once again I don't see the point in training a reserve catering Sergeant if you want him to be able to run a field kitchen. He doesn't need to do ice carving and wedding cakes. Don't laugh - it was taking 64 weeks to get a reserve catering Sergeant up to his full suite of competencies because of some of the things he had to do. So we actually got through the (Defence Force) Remuneration Tribunal was that a reservist who had the full suite of deployable competencies would have a discounted rate of pay. That was fairly significant for the Army Reserve and now about 60% of the Army Reserve is on a discounted rate of pay. At the end of the day, it is up to a service commander to determine what capabilities he wants from his reserves and how much he's willing to pay for it. It's no good having an Army reserve of 20,000 if the capability you need or the cost you can afford is only 12,000 trained to a certain level. And if the capability you need is 16,000 and you've only got 12,000, then you've got a problem. So my view is you keep it regional. You keep the command structure. The traditions of the reserves are phenomenal. You have units out there with 50 Battle Honours. 12/40 Battalion had only two battalions in each of the wars, and 2/40th spent most of the war in the can after Timor and they still have 45 Battle Honours. That is one of the things - the glue that holds them together. If you make them an outreach of another unit (5/7 Battalion), they are not going to be interested in going to Queenstown or Longford to parade with their mates. And another thing you should always bear in mind about the reserves: they are older, more intelligent and more mature than their regular counterpart. I'm not talking about the officer corps here: the young regular soldier is usually someone who



doesn't does have a tertiary qualification. He goes in at 18 or 19, a significant number of reservists in my battalion - 34% - were students and 16% had a tertiary qualification. Most of those people were below the rank of Sergeant and they were not really interested in going any further. They are happy doing what they were doing. That is a fairly valuable resource which we should keep. You will never have the reserve as being effective, dollar for dollar and for a capability that can be delivered tomorrow, as his regular counterpart. But at the moment a reserve man-year costs about \$35,000 compared with \$120,000 for a regular man-year.

MAJGEN Molan: I reckon Greg has cracked it: that's the two aspects, the filling in plus something from the region. I have just seen the US military which has had to face this in a shooting war, because they are desperately short of troops. They were required to give up the defence peace dividend in the total absence of peace – 10 divisions – of which 2½ were in Iraq. And when you rotate them there is nothing left, so they had to use the reserve. The way they did it was fill individual positions out of the reserves. The National Guard though was different and this is where Greg's idea of the local organization comes in. The way the Americans handle the National Guard is that they create small groups. For example I had a 12 man bodyguard when I was in Iraq: four were from the Australian SAS, four were American National Guardsmen, and four were from the United States Air Force. And the national guardsmen were from New York, then from Florida. They were four people who were mates and they had one vehicle which was a war vehicle fully equipped for war and they had it in New York and Florida where they came from, the two groups, and they knew all about that. Now America is a gun culture and it is a culture where they bring their gun culture into the military, but it would work in Australia. But it costs you expensive vehicles - you have got to put in the depot in Swan Hill a number of Bushmaster vehicles. What you get from that is you get the ability to take the crew from that Bushmaster - an armoured vehicle that works. You don't ask them to be good on ice carving, you ask them to be good on the 50 calibre, and that is all they do and these guys were fantastic. They did everything we needed them to do and I reckon that these are the two aspects: individual replacement sure when you need it, but you maintain the mate structure when you are out in the district – and they can fight!

AIRMRSHL McCormack: Can I add something from Air Force? I thought it was sad that the Ready Reserve Scheme was scrapped. I think getting young guys and giving them allowances when they go to university a great system and it gets them into the feel of things and away they go. The other thing is I think Air Force can do better on the air crew and maintenance side. A lot of people say "But they fly on the civil side and they do that to the limit", but if you look at when anyone starts shooting, people don't travel and in fact the airlines stop flying. So there is a lot of capacity if you can make an agreement with Qantas or whoever, to say "OK, they can come in and do a little bit of flying". We are flying the same aeroplanes – A330s - it doesn't take much difference from that into a C-130. There is a lot of scope to do that sort of thing from that agreement of the airlines but providing you can get an agreement with them that you are not going to screw them around. But when things go wrong we will call on them.

AIRCDRE Peter McDermott: With respect to the Air Force Reserve: we have roughly 70% ex permanent, 30% direct entry, with entrants into the reserves about 50:50. We have 11,000 trained people in the RAAF and we have about 3,000 trained folk in the Reserves, i.e. one person in five in the total Air Force is in the Reserves. Roughly 8% of all work done by the RAAF is done by the Reserves. With due respect Air Marshal, I have ex-A330 folk there running simulators in 92 Wing, and other pilots taking time off from Qantas. I'd love to get them all but I've just got to convince it's more fun than sitting on their bank balances.

AIRMRSHL McCormack: But we don't have a formal agreement with Qantas. I think that's the first step. Why should you go and bust your gut against what Qantas wants you to do. It's got to be a Government agreement with Qantas.



MAJGEN Melick: One further point which I should make in answer to Peter's question – one thing we do very, very badly in Defence and we've got to wake up to ourselves and start getting it right – is to get rid of the bloody gatekeepers. There's no proper recognition of prior learning in Defence and the situation reaches ridiculous levels. I'll give you one classic example. I went along to a basic computer course at a Signals unit and a young bloke there seemed to be pretty good on his computer. I said to him "Are you at uni?" "Yes" he said. "What are you doing" – "A PhD in computer languages". And we were forcing him to learn how to switch a computer on and off and use Windows. There are hundreds and thousands of stories like that – the gatekeepers are ruining the whole concept of RPL.

AVM Hans Roser: Bushmaster salesman (Thales Australia). A question to Greg Melick. If I wheeled in the CEOs of the 6 top defence companies in front of you right now, what three things would you tell them that they could do to support the reserves?

MAJGEN Melick: Hmm - arranging career partnering for a start – which I think is critical – in their companies. The Brits did it with Rolls-Royce in the Royal Air Force except there was a problem in that most of the Rolls-Royce people stayed with the Royal Air Force because they said their man-management system was much better than Rolls-Royce's! The Royal Air Force people thought that they had the world's worst man management system! Secondly, is to actually have a system whereby - and you really can't, its very difficult to ask commercial companies to have some form of redundancy or some sort of arrangement whereby, if they have a redundancy, that those people are released for defence service. I'm talking about the sort of thing that the Air Marshal was talking about. We are not very good at getting agreements with companies. Our Division is working towards that at the moment but I've got to get some leadership from VCDF (Vice chief of the Defence Force) who agrees with me but we've got to speak to the Parliamentary Secretary about it and see where the Government wants to go on this because there may be a cost involved that will depend on the White Paper. Thirdly, in the training of skills – either apprentices or engineers at whatever level, when I had 8 Brigade we had remarkable success with the Army Reserve Apprentice Training Scheme where we had 55 apprentices under training at any one stage and we were graduating about 12 a year into the system. We were partnering group training with industry. Those people joined the reserve – if they left the reserve before their apprenticeship was up they lost their apprenticeship. So they were forced to stay in and the employers loved it – because they had far more discipline and self-discipline and dedication than the average apprentice off the street. And I think that would flow through at all levels. So they are three things you could consider. It's a question without notice. I'd probably give you a better answer if I sat down and thought about it for a while. I'd like you to contact me out of hours – we are actually thinking of getting together a few CEOs around the dinner table and discussing issues like this.

Mr John Davidson: I'm a former regular Army reservist and now with BAE Systems. I'll pass that last comment to my CEO, Jim McDowell. The point I would like to highlight is - don't underestimate the value of some of the competencies and the skills – and they may be soft skills – like regional familiarity. It might be the language skills or actually the fact that the individuals in some of the reserve organisations – and I was CO 1 Commando Regiment – actually have some of the skills – the regional familiarity that we actually need. We can drag these guys in – what we used to do for a number of years for a multiple number of agencies was direct recruiting and we would go off to various locations and say; "OK – in the next 3 or 4 years we might need some Arabic speakers" and we'd actually target them as direct recruits, into the reserve scheme, put them through the basic reserve selection process. But they would arrive with regional familiarity, a cultural understanding, a language that could be applied internally within the unit and applied at almost no cost to the ADF in a very, very useful way. I would encourage you to look at targeted recruiting regimes.



AIRCDRE Ian Pearson: I'm in the RAAF. I'm not speaking for the Air Force, but speaking for myself. I'd just like to address the (Forum) topic for a moment, "Competing Demands" - two competing demands amongst many others - efficiency and effectiveness. Now we've had a succession of reviews that have hacked through the Defence Force. If you look at the numbers - in the '90s when I joined the RAAF it was 23,000 - now it's down to 11,000 regulars. There are, I know, statistics and damn lies because a lot of functions have been outsourced, but nevertheless we've had a lot of reviews in my view that have directly impacted on our effectiveness. I'll give you an example and I think it's the sort of thing that people that write White Papers should take into account - or put in the back of their minds anyway when they do their numbers. We've introduced a lot of fairly imaginative personnel policies and I think most of us in the Defence Force now, and perhaps most of the people in this room, would support these policies. MAJGEN Melick mentioned the situation where reservists keep coming back in and losing seniority. I don't know if that's an Army issue or a reserve issue - in the Air Force we have actually appointed people at higher rank when they come in. I'd like to think that the Air Force is probably ahead of the game - we've stolen a lot of lessons from the Army. Army invented Jennifer Vargie - some people will remember the mythical Jennifer Vargie - who had several careers outside Army and who came back in - our two senior two-stars are both people who've got out (Deputy Chief and Air Commander). So we have actually these policies but a lot of the good policies we want to implement, we are restrained from doing so by all these efficiency dividends. And one we had some years ago was that Manpower Management Margin that allowed us to do things like maternity leave, and I'm a big supporter of maternity leave, and part-time job sharing. Things that quite frankly we all think are great ideas, but in the name of efficiency we have given away our Manpower Management Margin that allowed us to implement these very smart policies that are aimed at holding on to our people. When we look at writing White Papers we've got to look at just not the magic number of people we actually have but also the total force required to sustain, those numbers.

MAJGEN Melick: I can say that Brigadier Craig Orme is doing the companion review on work force issues and he's across all of those. He's enlightened; he's got a fantastic approach. We're supplying a lot from our Division to him and it's all being incorporated. Whether it gets incorporated into the overall White Paper (remains to be seen). But I think everybody recognises we've got to be more flexible. At the moment out in the commercial world they are job sharing. If they've got one mechanic in a country town and three businesses need him - they share him. High level skills as well, so why the hell aren't we doing it in the Defence Force?

MS Rosemary Ganly: USI of ACT Member. Is this White Paper going to resolve the issue of whether we have a Coast Guard or not? Should this White Paper solve that question?

PROF Corder: I don't own a crystal ball so I can't say for sure whether we'll resolve the issue but as I said in response to an earlier question, I think that the whole issue of Homeland and Border Security and the Defence White Paper needs to be considered as one because there are so many inter-linking parts. As to whether or not we have or need a Coast Guard I think that's a moot question. My view, like my advice for how we approach the whole White Paper is that the question of Australia's needs, our maritime domain awareness, maritime control and border protection needs - should be approached from a point of first principles, i.e. what is it that needs to be done and how can we best achieve it? If the end answer is that we need a separate Coast Guard, well so be it. But I will add one further point - on how we utilise our capabilities and how we provide rewarding worthwhile careers for our people. We need to be very careful that our Navy people, for example, are not inappropriately employed or wasted by doing low level jobs, but at the same time they also need to be involved in realistic national security tasks. All these issues need to be considered because there are going



to be national security trade-offs.

MAJGEN Melick: The question of the Coast Guard is a political one. It was, I understand, part of the current Government's pre-election policy but it hasn't been re-raised.

PROF Cordner: It is important to point out that the government that we now have in office has taken a much more cautious approach to that whole issue.

MAJGEN Melick: That's what I was going to say. It's still actually buried in the pre-election policy and hasn't emerged post-election and my view is - unless the Government comes out and says we need a Coast Guard it's not realistic to be considered in the White Paper. I don't think it's properly in the parameters.

All views contained in this submission are the personal views of those who contributed to this Forum and do not represent the position of either The RUSI of Australia or The USI of the ACT. For further information visit www.rusiaust.org or contact Secretary, USI of the ACT, Telephone: 02 6266 2167 or act.usi@defence.gov.au

Consultative Team



Encl:

Powerpoint Slides
MAJGEN John Hartley
PROF Lee Cordner
MR John McFarlane

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CD containing PPT Slides
DVD containing Introduction and Panel Speeches
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