

**A STRONGER ECONOMY
A STRONGER AUSTRALIA**



**THE HOWARD
GOVERNMENT
ELECTION 2004 POLICY**

**DEFENCE - A FORCE FOR THE
NEW CENTURY**



DEFENCE – A FORCE FOR THE NEW CENTURY

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EXECUTIVE SUMMARY

DEFENCE – A FORCE FOR THE NEW CENTURY

PART 1 MEETING AUSTRALIA'S DEFENCE PRIORITIES

There is no higher priority for the Coalition Government than the defence of Australia. This is reflected in its enormous and ongoing investment in the safety of Australia and Australians.

The defence of Australia does not end at our borders. Australia's security interests are global and our geographic isolation is no guarantee against terrorists and those who wish to harm us.

This reality underpins our contributions to regional and international coalitions which counter threats at their source and are critical to our own security and stability.

It is also why the Coalition Government has planned and funded the development of a more flexible and combat ready Australian Defence Force (ADF). The ADF is now capable of undertaking a wide range of missions such as those in East Timor, the Solomon Islands and in the war against terror – tasks that would have tested the under-funded, bureaucratic and less potent ADF left by Labor in 1996.

The ADF is now better prepared, equipped and structured to face the security challenges of the new century.

The ADF is heavily engaged around the globe on humanitarian, peacekeeping, nation building, counter-terrorist and border protection missions – and all personnel are performing magnificently.

A re-elected Coalition Government will:

- Increase Defence funding by \$1.8 billion over the next four years and by \$28 billion over the next decade;
- Continue the implementation of the *Defence White Paper* and maintain an up-to-date strategic assessment to inform changes in our capability priorities, defence planning and wider national security requirements;

- Continue to build a flexible ADF, capable of deterring threats to Australia and deploying at short notice;
- Maintain and build upon our strong alliance with the United States including implementing the Memorandum Of Understanding on missile defence that was signed earlier this year, development of a joint training facility for Australian and American forces, and further cooperation on key capability improvements including inter-operability;
- Provide \$313.9 million in 2004-05 to continue the ADF's participation in operations aimed at regional stability, border protection and global security;
- Maintain our forces in Iraq, East Timor and the Solomon Islands until their jobs are done;
- Provide dedicated maritime surveillance and monitoring of the North West Shelf by way of new patrol boats and trials of Unmanned Aerial Vehicles (UAVs);
- Maintain the ADF's role in protecting Australia's borders and providing a powerful deterrent to people smugglers, drug traffickers and illegal fishing; and
- Consolidate the effective doubling of Australia's counter-terrorist capability by expanding Defence's intelligence resources and its program of counter-terrorist training and exercises with the United States, other allies and regional partners.

PART 2 PROVIDING THE RIGHT EQUIPMENT FOR THE JOB

The Coalition Government has given the men and women of the ADF an unprecedented long-term commitment to provide them with the necessary equipment and support they need to undertake the missions we expect of them, and to do them well.

To honour this commitment, the Coalition Government has matched Australia's strategic guidance with \$50 billion in funding to deliver a 10-year *Defence Capability Plan* (DCP). For the first time, the men and women of the ADF have the assurance that their capability needs are being planned for, and committed to, by government.

As the DCP continues to unfold, the ADF will become even more mobile, better protected and more combat ready. Nearly every major capability in the ADF's inventory is being enhanced, upgraded or replaced. The ADF's emerging communications and logistics needs are also being met.

The Coalition Government is committed to growing the Army by an additional 1,000 personnel by 2010. We understand that military capability is no longer defined merely by troop numbers. Instead, the Army's new troops will be part of a hardened, mobile, protected and networked force.

Under the stewardship of the Coalition Government, the ADF has been provided with the equipment needed to fight and win across the spectrum of conflict – from peacekeeping through to major conventional warfighting.

Our Army has been reconfigured from the light battalions of the Labor years into a force operating in combined arms teams. Heavy firepower will be possible from new Javelin shoulder-fired weapons, Tiger Armed Reconnaissance helicopters and powerful Abrams tanks. Meanwhile, our troops will be highly mobile and well protected in new and upgraded armoured M113, ASLAV and Bushmaster vehicles, as well as advanced new MRH-90 troop lift helicopters. The use of new tactical UAVs will give Army commanders an "eye in the sky", providing them with superior intelligence and situational awareness. In short, Army will be able to move to the fight more rapidly and with greater protection – we will hit harder and be harder to hit.

Our goal is that every Australian soldier of the future will have skills and equipment currently closer to that of the Special Forces of today. They will be trained and equipped for tasks ranging from humanitarian relief, peacekeeping and nation building through to counter-terrorism and conventional conflict. Advanced combat helmets and body armour will protect them and they will be networked with sophisticated new communication equipment procured under an accelerated Project Wundarra.

Under the Coalition Government, the Royal Australian Navy is also being transformed into a powerful and modern force. Equipped with large new helicopter-carrying amphibious ships and AEGIS-equipped Air Warfare

Destroyers, the Navy will be able to deploy, protect and sustain our forces within the region or across the globe.

The Coalition Government has worked hard to fix Labor's Collins-class submarine debacle – transforming them into state of the art platforms. The submarines - combined with upgraded ANZAC and ADELAIDE-class frigates - will allow Navy to control and protect our sea lanes, and, in concert with our allies, to interdict ships carrying possible cargoes of drugs, arms or weapons of mass destruction.

The Coalition Government is transforming the Royal Australian Air Force into a powerful networked force, able to control the skies and strike at long ranges. The RAAF of the future is expected to operate stealthy Joint Strike Fighters, supported by a fleet of new-generation air-to-air refuelling aircraft. New Airborne Early Warning & Control surveillance platforms, strategic UAVs and upgraded air defence control systems will leverage off the remarkable Jindalee Operational Radar Network (*JORN*) to produce a fully networked and fused picture of the skies over Australia and its approaches.

Overall, the Coalition Government's plan for Defence is far more sophisticated than the Latham Labor alternative. While Labor remains wedded to outdated and bureaucratic force structure ideas about lightly armed battalions, the Coalition Government is getting on with providing the ADF with the new-generation capabilities needed to fight and win in any situation. The ADF under the Coalition Government will be more hardened, networked, mobile and lethal than ever before.

PART 3 PERSONNEL, RESERVES AND CADETS

Under the Coalition Government, the ADF has undertaken a diverse range of missions with great distinction, from peacekeeping in our region to the war on terror in the Middle East. The Coalition Government recognises that the men and women of the ADF are the key to this success, and acknowledges the unique demands placed on Defence families during this period of high operational tempo.

For these reasons the Coalition Government delivered improved conditions of service, greater accommodation choice and upgraded facilities to ADF members and their families. The Coalition Government has also enhanced

remuneration arrangements for ADF members and has provided access to higher standards of health and support services.

The Coalition Government is also committed to consolidating the recent and fundamental changes to the role of the Reserves in Defence capability.

Reserves are now a key feature of Australia's national counter-terrorism strategy and the ADF's ability to sustain operations. Service in the Reserves has never been more relevant and rewarding. The Coalition Government is also committed to enhancing the experience of young Australians who join the Cadets.

A re-elected Coalition Government is committed to:

- Provide an additional \$80 million in increased remuneration and non-salary entitlements for ADF members;
- Increase the flexibility of the ADF remuneration system;
- Increase investment in skills development by investing around 0.5 per cent of the money spent on major defence capital equipment projects and their maintenance to generate additional skilled positions, up-skill existing employees and improve the quality and quantity of skills training;
- Fund the extension of the Rental Allowance scheme to ADF members without dependents, at a cost of \$243 million;
- Provide \$113 million to improve and build on-base accommodation;
- Continue to set aside \$100 million per year in the Defence budget until 2005-06 for targeted personnel initiatives;
- Create a new 2-star position within Defence to manage Defence Health Services;
- Further develop the ADF Mental Health Strategy and access to appropriate care and support services for ADF members;
- Implement the remaining recommendations of the Burchett audit of military justice;
- Further develop the ten-year Workforce Plan and its linkages to capability development;

- Provide \$700 million to upgrade Defence facilities and the Estate;
- Consolidate Reserves and Reserve service as a key component of ADF capability;
- Recognise volunteer service in the Australian Defence Force by awarding a new medal for those who have served for a total of six years service in the regular or reserve force since World War Two; and
- Continue providing additional funding for Cadet initiatives to enhance the experience of Cadet service at a cost of \$6 million per year.

PART 4 IMPROVING THE MANAGEMENT OF DEFENCE, PROCUREMENT AND INDUSTRY

The Coalition Government's Defence management reforms will continue to cut waste and redirect critical resources to the core business and capability development of the ADF. Already under the Coalition Government, more than \$2 billion in efficiency savings have been achieved and returned to Defence - mainly to enhance Defence capability.

The ADF is now supported by a more effective Defence organisation which is obligated to live within its means. The Coalition Government has encouraged a culture of economy within Defence and promoted the development of business processes which increase transparency in terms of Defence's accounting and accountability. Defence's leaders now have better financial information and tools than ever before to help them plan and allocate Defence's resources more efficiently although more needs to be done in this area.

The recent reforms to the Defence Materiel Organisation provide a clear example of the Coalition Government's drive for increased efficiency across Defence. The appointment of a new Chief Executive Officer to the DMO has set the direction for a more corporate and accountable approach to Defence procurement. This managerial reform will ensure the 'on time and on budget' delivery of the projects in the DCP.

In particular, recent changes to the Defence Materiel Organisation will inject a corporate business philosophy into acquisitions and defence industry relations.

A re-elected Coalition Government will:

- Deliver further efficiencies within the Defence organisation, including the achievement of \$200 million per year in administrative savings over the next four years;
- Maintain an appropriate 'tail to teeth' ratio of Defence personnel in combat and combat related positions;
- Explore the further potential of contracting-out non-core Defence business;
- Continue reforming the Defence Materiel Organisation;
- Affirm the Defence Industry Sector Plans to provide certainty to the domestic defence industry; and
- Strengthen the partnership between the Defence Science & Technology Organisation (*DSTO*) and industry with a suite of measures aimed at encouraging cooperation and innovation.

PART 1 MEETING AUSTRALIA'S DEFENCE PRIORITIES

Defending Australia and Australians remains the fundamental priority of the Coalition Government. In the face of emerging threats to international security, this core responsibility of government is being fulfilled with resolution and unprecedented resources.

The defence of Australia does not end at our borders. Australia cannot afford to be a spectator on the sidelines when its citizens, its interests and its values come under attack.

The Coalition believes that Australia should cooperate and coordinate its efforts with those members of the international community that share our security concerns.

That is why the Coalition Government committed the ADF to lead operations in East Timor and the Solomon Islands and provided a meaningful military contribution to the defeat of two regimes that have supported terrorism – the Taliban in Afghanistan and Saddam Hussein in Iraq.

The Coalition Government will maintain our strong alliance with the United States and will work with other allies and partners to safeguard our security and stability. The ADF will not be withdrawn from current operations until their work is done.

To ensure Australia continues to make a difference in the face of the new century's security challenges, the Coalition Government has committed itself to the development of a Defence Force capable of simultaneous deployments across a range of missions including humanitarian assistance, counter-terrorism, conventional defence and peacekeeping.

(i) Our Strategic Environment

The priority tasks identified in the 2000 Defence White Paper remain the cornerstone of the Coalition Government's commitment to Australia's defence preparedness.

These tasks are:

- Defending Australia;
- Fostering security in our immediate neighbourhood;
- Promoting stability and cooperation in South-East Asia;

- Contributing to strategic stability in the Asia-Pacific; and
- Assisting the efforts of the international community to uphold global security.

While these objectives remain unchanged, the Coalition Government also recognises the realities of the threat posed by global terrorism.

The attacks on the United States on 11 September 2001 and on Australian citizens in Bali on 12 October 2002 ushered in a new strategic environment.

The Coalition Government addressed these new circumstances in the *Defence Update 2003*. This recognised the new threats to Australia associated with regional instability, the spread of weapons of mass destruction and global terrorism.

The *Defence Update* also concluded that, while a major conventional attack on Australia was unlikely, there exists a very real threat of terror attacks on civilian targets designed to inflict massive casualties.

These changed circumstances require new thinking about our national security and the ADF and its capabilities.

The implications of these changes in our strategic environment are that:

- The ADF will continue to be called on to help meet the challenges of a world experiencing dramatic and often violent change;
- The ADF will need to continue to integrate its activities with the rest of the national security establishment; and
- The ADF needs to keep improving its ability to cooperate with the United States, other long-standing allies and potential partners.

In response, the Coalition Government has developed a coordinated whole-of-nation security program featuring targeted bilateral, regional and global strategic arrangements to counter the terrorist threat.

In particular, our close alliance with the United States has been enhanced with increased cooperation in intelligence, joint-exercises and the commitment of ADF troops to the war on terror in Afghanistan and the rehabilitation of Iraq.

The Coalition believes that cooperating with the United States in the war on terror is a national security priority. Both the United States and Australia have already suffered grievous losses in terrorist attacks, and Australia must work closely with our major ally to deter or defeat other

such attacks. The recent Jakarta attack on our Embassy only reinforces this reality.

The Coalition Government has signed a Memorandum of Understanding with the United States on missile defence to support efforts to protect its people from the threat of ballistic missiles. The Coalition also supports the development of a high level joint training facility for Australian and United States military forces and further cooperation on interoperability and key capabilities such as the Joint Strike Fighter.

(ii) *The Role of the Australian Defence Force*

The *2000 Defence White Paper* and *2003 Defence Update* emphasised the Coalition Government's conviction that the ADF must be able both to protect Australia against hostile conventional forces and to conduct operations against those terrorist groups that target Australia and our way of life.

The Coalition Government's unprecedented long-term commitments to the ADF, embodied in the *Defence White Paper* and *Defence Capability Plan*, ensure that the ADF now has the resources, direction and support to fulfil these tasks, undoing years of neglect under Labor.

In East Timor, the Solomon Islands, Bougainville, Afghanistan and Iraq, as well as on many smaller peacekeeping and humanitarian aid operations, Australian forces have already made significant contributions to regional and global security.

Unlike Labor, the Coalition Government believes that all of these commitments are essential to our security and the national interest. And unlike Labor, the Coalition is committed to our troops finishing the work they were sent to do.

In 2004-05 the Coalition Government will provide \$313.9 million to maintain the ADF's participation in these operations. Since 2000, the Coalition Government has supplemented Defence by over \$4.3 billion to ensure the added costs of deploying the ADF have not redirected money away from longer-term capability development.

Over the next decade, the Coalition Government will also provide an additional \$28 billion in *White Paper* funding to further develop and sustain an ADF capable of meeting the challenges of the new century.

This funding strategy will ensure that, in terms of its military capabilities, Australia continues to 'punch above its weight'.

As a country with a relatively small population, Australia's ability to shape its strategic environment has been enhanced by:

- The extraordinarily high quality of ADF personnel;
- Our technological edge; and
- The high level of interoperability the ADF has achieved with coalition partners.

This force multiplier effect is no accident - it is an outcome of the Coalition Government's investment in upgrading the defence capability it inherited from Labor.

In the space of a few years we have developed a force that is flexible, adaptable, lethal and sustainable. Since 1996, the proportion of military personnel in combat and combat-related positions has almost doubled.

Our Defence Forces are now well positioned to defend Australia's vital interests.

In contrast to the Labor years, the Coalition Government's action plans have delivered an ADF capable of operating across the full spectrum of strategic requirements and mobile enough to take the fight to the enemy rather than waiting to respond to an attack.

The Coalition Government has effectively doubled our Special Forces capabilities and upgraded Australia's counter-terrorism capabilities to a world standard. Recent operations have demonstrated their ability to work effectively with international counterparts, while their very existence provides a deterrent against attack.

Through Defence cooperation and joint training with neighbouring countries, the ADF also plays an ongoing role in fostering security and regional stability in our immediate neighbourhood. The ADF also cooperates with Australia's neighbours to combat regional challenges such as people smuggling, the drug trade and illegal fishing.

The Coalition is committed to further encouraging these key relationships and will spend over \$54 million over the next four years in helping improve regional special forces and counter-terrorism networks and to expand its program of military training and exercises with regional partners.

(iii) *Building a Capable Defence Force*

The Coalition Government inherited a Defence Force that possessed limited strategic mobility, declining combat power, a severely constrained ability to sustain operations and outmoded equipment stocks. The ability of the ADF to react to a range of contingencies was hindered by doctrinal guidance that restricted its role to the Defence of Northern Australia against low-level threats.

While this level of military preparedness might have satisfied Labor during the last stages of the Cold War, it proved inadequate when faced with the demands of the global instability that followed the end of the superpower deadlock.

Although the threat of direct military attack on Australia has diminished in recent years, the Coalition appreciates the lessons of recent history and the unpredictability of international events.

The Coalition Government remains prepared for an uncertain future and is committed to retaining a strong ADF as a potent deterrent to any threat that may emerge.

This objective will be achieved by maintaining balanced forces ready and prepared for a range of potential contingencies.

The Coalition Government has designed a robust joint force structure that includes:

- A Maritime Force that is capable of Sea Control, Sea Denial and Power Projection. For Australia, as a country surrounded by oceans, the ability to use the sea and deny its use to an opponent is an essential strategic priority;
- A Land Force that is capable of conducting warfighting, undertaking military operations other than conventional war, and helping to shape our strategic environment through the provision of a deterrent and by engagement with other regional and allied land forces;
- An Air Force that is capable of establishing and maintaining control of the air and of supporting the Army and the Navy in the control of the land and sea; and
- A Special Operations Command that is capable of providing battlespace situational awareness and precision strike as well as military capability in support of civil authorities in the counter-terrorist role.

The Coalition Government's Defence capability acquisitions in support of these priority capabilities are outlined in Part 2.

(iv) *Terrorism and Asymmetric Threats*

Terrorism, the consequences of state failure and the spread of weapons of mass destruction represent the most significant threats to contemporary world peace and stability. Australia is neither isolated nor immune from these issues of global concern.

While terrorism is not the only threat we face, the Coalition Government has taken rapid and decisive action in response to the unexpected nature of the mass-casualty attacks that have taken place since September 11, 2001.

Since the September 11, 2001 attacks on the United States, the Coalition Government has committed more than \$1.3 billion to the ADF to fight the war against terrorism.

The Coalition Government's priorities for countering terrorism include:

- Working with the United States and other regional and global allies in the war against terror;
- Improving inter-agency cooperation within Australia;
- Creating a second permanent Tactical Assault Group on the east coast of Australia and an Incident Response Regiment of highly trained Defence personnel to respond to chemical, biological, radiological and explosive emergencies;
- Creating a new Special Operations Command with an extra 334 combat and combat support personnel to enhance our ability to undertake counter-terrorism activities;
- Enhancing security for Defence personnel and facilities through Operation Safebase, including more guards, patrols and protective searches;
- Committing an extra \$15 million to improve real time communications between Australia and the United States in support of the war against terrorism, and \$113.6 million to improved secure communications systems; and
- Enhancing counter-terrorism capabilities in Defence's intelligence agencies.

At a whole-of-nation level, the Coalition Government has established a seamless, cross-agency co-operative network including:

- The National Threat Assessment Centre to strengthen Australia's counter-terrorism capabilities by consolidating the threat assessment efforts of several agencies through the secondment of analysts into a single, dedicated unit based in the Australian Security Intelligence Organisation;
- Making airport and aircraft security a priority; and
- Enhanced surveillance of the air and sea approaches to Australia's north through the now operational JORN.

The Coalition Government has reiterated its commitment to preventing weapons of mass destruction from falling into the hands of rogue states or terrorists.

The Coalition believes Australia has a responsibility to work with international allies in coalitions aimed at minimising the spread of terror, combating the proliferation of weapons of mass destruction and the threat of nuclear, biological and chemical weaponry falling into irresponsible hands. To this end, Australia:

- Contributed 1,100 ADF personnel to operations in Afghanistan;
- Committed forces to the international coalition to uphold successive United Nations Security Council resolutions requiring an end to Saddam Hussein's WMD programs; and
- Is a founding and active member of the Proliferation Security Initiative aimed at impeding the trade in weapons of mass destruction and delivery systems. There are more than 80 countries involved in the current round of negotiations to further promote PSI activities.

(v)

Border Protection

Along with its increased counter-terrorism responsibilities, the ADF has also been tasked to deter illegal boat arrivals and people smuggling as part of the Coalition Government's whole-of-government response to unauthorised vessels entering Australian waters and offshore territories.

The Coalition is committed to maintaining this strategic presence in Australia's northern maritime approaches as a powerful deterrent to terrorists and those who ply the cruel trade of people smuggling. Since September 2001 an ADF Task Force has provided key surveillance and enforcement capabilities to other government agencies such as Customs, Coastwatch and Immigration.

This decisive action has dramatically reduced the number of attempts by people smugglers to illegally enter Australian territory. This success demonstrates the value of using existing ADF resources in partnership with other security agencies to maintain the physical integrity of our borders and Australia's national sovereignty.

Labor's proposed Coastguard would only reduce this important capability by diverting critical resources and personnel from the Navy to a new bureaucracy.

Protection and surveillance of Australia's maritime borders has been a significant responsibility which has been ably met by the Navy, Coastwatch and Customs. Only one boat of unauthorised arrivals has reached the Australian mainland since the end of 2001 and the flow of illegal drugs into Australia has dropped to an all time low.

In recognition of the status of the North West Shelf as a strategic national asset, the Coalition Government appreciates the need to protect it, particularly in these times of global uncertainty.

Accordingly, a re-elected Coalition Government will enter into negotiations to purchase two additional Armidale Class Patrol Boats. The patrol boats will enable the Navy to provide:

- dedicated surveillance and monitoring of the North West Shelf; and
- an enhanced quick-reaction capability to respond to potential threats, including terrorist attacks.

The patrol boats will be permanently based near the North West Shelf at Dampier or Port Hedland.

In addition, the leading defence companies Northrop Grumman and General Atomics will be invited to participate in a capability trial to assess the maritime surveillance potential of UAVs, as a contribution to defending the NWS environment.

The patrol boats and UAVs will build upon the existing surveillance and operational assets in the region operated by Coastwatch, Customs and the Australian Defence Force.

(vi) *Broader Regional and International Commitments*

The Coalition Government is committed to maintaining strong regional relationships throughout South-East Asia and to working cooperatively to maintain security and stability in our immediate region.

In particular, the security and good governance of countries in the South Pacific are critical to Australia's interests. Since coming to office, the Coalition Government has taken decisive steps to make a difference in our immediate region – in places like East Timor, the Solomon Islands and Bougainville.

This more interventionist role, involving ADF personnel working side by side with local counterparts and communities, has resulted in greater political and economic stability and an ongoing transition to regional good governance.

The Coalition Government's priorities in our region remain:

- Constructive and broad-based engagement with our neighbours, particularly with those that are vulnerable to terrorism, corruption, criminal activity and other transnational threats;
- Regional cooperation on law and order issues;
- Continued assistance to regional governments to enhance their financial and border controls;
- A preparedness to provide military or civil assistance to restore law and order, evacuate victims, or help in humanitarian disasters; and
- The ongoing commitment of appropriate ADF personnel and assets to the Regional Mission to Restore Peace and Stability in the Solomon Islands, the United Nations mission in East Timor and the Defence Cooperation Program with Papua New Guinea.

The Coalition believes that a strong defence capability depends on close alliances with international and regional friends. These relationships provide an opportunity to cooperate on local security issues and counter the global menace of terrorism.

The Coalition Government's priority strategic commitments in support of our international obligations are to:

- Maintain the capability to provide meaningful military contributions to multinational operations;
- Participate in global coalitions until the job is done;
- Constantly upgrade the ability of the ADF to operate with allies and other coalition partners;
- Contribute to efforts to counter the proliferation of weapons of mass destruction;

- Assist in international peacekeeping and stabilisation operations; and
- Enhance the level of intelligence cooperation and support provided to countries engaged in the war on terrorism.

(vii)

Conclusion

The Coalition Government recognises that Australia inhabits a region, and belongs to a global community, facing significant problems of insecurity. We cannot simply turn away from the strategic responsibilities we share with neighbours and allies. Rather, our strategic posture and military capabilities must provide Australia with options across a range of potential contingencies.

The Coalition Government is committed to maintaining the sharpened combat focus of all three services, supported by a world-standard intelligence capability and a robust and sustainable logistics element.

The Coalition Government believes that to defend Australia and its interests the ADF must enhance its ability to move forces around our continent and, if necessary, around our immediate region. Our forces must be able to conduct independent operations in national defence as well as make contributions to multinational operations.

Only the policies of the Coalition Government meet this need.

PART 2 PROVIDING THE RIGHT EQUIPMENT FOR THE RIGHT JOB

Since coming to office in 1996 the Coalition Government has turned around years of Labor neglect, providing the right capabilities to ADF personnel and ensuring they can accomplish their most likely missions, now and into the future.

For the first time, the strategic framework of the *Defence White Paper* has been matched with real growth in funding to develop a decade-long DCP. The Coalition Government has committed \$50 billion across the next ten years to the DCP.

The plan outlines every major equipment purchase planned by the Australian Defence Force until 2014. The detailed planning and assessment underpinning this document will ensure that maximum value is gained for every taxpayer's dollar spent.

This long-term planning will deliver an ADF in 2015 that is hardened, networked, mobile and flexible – a force capable of military tasks across the spectrum of conflict, from peacekeeping to major conventional combat in defence of Australia. It will ensure Australia's capability edge in the region as well as its ability to contribute to global coalitions further afield.

Nearly every major capability in Australia's inventory will be enhanced, upgraded or replaced over the next decade. This investment will ensure that the men and women of the ADF are supported with more combat-ready, better protected and more mobile platforms and equipment, which will be effective across a broader range of missions.

Over the next decade, the Coalition Government will develop and sustain a joint force structure capable of meeting the challenges of the new century, including the following major combat and combat support elements:

- A surface combatant force of four guided missile frigates, eight ANZAC frigates and three modern air warfare destroyers – all equipped with combat helicopters;
- Six Collins-class submarines;
- An amphibious lift and sea command force comprising two large amphibious ships and one strategic sealift vessel;
- A mine warfare force, comprising two clearance diving teams and six coastal mine hunters (two of which will be laid-up in 2005-06 and able to be reactivated at short notice if required);
- Six high-readiness deployable infantry battalions (including a Commando battalion) supported by a range of armour, aviation, combat and logistic support elements. These Army capabilities will include modern Main Battle Tanks, a replacement fleet of field vehicles, new artillery and, for the first time, state-of-the-art Armed Reconnaissance Helicopters. These combat capabilities will be supported by a Reserve Force designed to sustain, reinforce and rotate personnel and equipment;
- Special forces consisting of the Special Air Service Regiment, a high readiness commando battalion and a reserve commando battalion;
- An air combat force of three front-line F/A-18 squadrons and an air strike and reconnaissance force of one F-111 squadron (until about 2010). A re-elected Coalition Government purchase a replacement for our front-line Air Combat Capability, focusing on the Lockheed Martin F-35 Joint Strike Fighter;

- An airborne “system of systems” to support these combat capabilities. This will include six Airborne Early Warning and Control aircraft and five new air-to-air refuelling aircraft;
- Ground-based surveillance and support capabilities, including a wide area surveillance system (JORN and associated surface wave radars in the Torres Strait) to monitor our northern approaches, and a modernised air defence command and control system;
- A maritime patrol force of two front line P3C Orion squadrons, supplemented by advanced UAVs from around 2010;
- Two C-130 airlift squadrons and one Caribou tactical airlift squadron; and
- Agencies responsible for intelligence collection and analysis.

(i) *The Defence Capability Plan (DCP)*

In the *2000 White Paper*, the Coalition Government set out a new approach to capability planning involving a detailed, costed plan for Australia’s military capabilities over a ten-year period.

The original DCP included broad guidance on major investments over the following decade. Since then, the DCP has been reviewed to take account of changing strategic circumstances, new technologies and changed priorities.

For the first time in Australia’s history, funding for Defence has been directly tied to the capability outcomes demanded by our strategic framework, with a strong focus on combat and supporting functions.

Since this plan was announced, the Coalition Government has approved around 125 projects or phases of projects at a combined cost of over \$20 billion. These projects are aimed at enhancing the mobility, protection and firepower of the new networked ADF.

(ii) *Better Mobility*

The Coalition Government is committed to improving the armoured mobility of the ADF and associated capabilities that enable personnel to travel further and be sustained for longer. Recent operations have demonstrated the need for an ADF that can be quickly and safely deployed and sustained in the field for as long as the job takes.

To further improve the mobility of the ADF, the Coalition Government is committed to:

- The replacement of HMA Ships Manoora and Kanimbla with two large amphibious ships and a strategic sea lift ship to enhance the ADF's overall amphibious capability – a capability that has proven vital during operations in East Timor and the Solomon Islands. The two amphibious ships – the largest ever operated by the Royal Australian Navy – will be built in Australia and will enter service from 2010. Each will be capable of transporting more than 1,000 troops and lifting them ashore with a fleet of helicopters and watercraft;
- The replacement of HMA Ship Westralia with a modern double-hulled tanker to satisfy both environmental and capability requirements;
- Upgrading 350 of the Army's fleet of M113 armoured vehicles and acquiring 299 Bushranger Infantry Mobility Vehicles for armed transport, reconnaissance and surveillance;
- The introduction into service of five new Airbus A330 air-to-air refuelling aircraft – with initial deliveries planned for 2007. These aircraft will also have the ability to transport approximately 300 passengers each, adding greatly to the ADF's strategic mobility; and
- The introduction into service of 12 new generation MRH 90 troop lift helicopters in a \$1 billion project. These helicopters will significantly enhance battlefield mobility.

(iii) *Enhanced Protection*

The enhanced protection of the men and women of the ADF while they are undertaking training and operations has been a major priority of the Coalition Government.

Advances in the survivability of ADF assets and the personnel who operate them include:

- The replacement of our ageing Leopard tanks with the M1A1 Abrams tank. The acquisition of this modern replacement will ensure that our land forces have the firepower, protection and combat punch to deal with any contingency;
- Ongoing upgrades of the F/A-18 Hornet to ensure that it retains the combat edge over any likely adversary until the arrival of the Joint Strike Fighter. These upgrades include the acquisition of a new radar and a replacement electronic warfare suite;

- The planned procurement of three new Air Warfare Destroyers, to protect deployed Australian ships and troops from air attack;
- Continued upgrades of the Collins Class Submarines, to ensure they retain their capabilities as the world's best conventional submarines;
- The upgrade of the RAAF's P3 Orion fleet with advanced new surveillance technologies, now combat proven during Operations Slipper and Catalyst;
- Commitment to the purchase of high technology UAVs. These UAVs are able to stay airborne for more than 24 hours. They will significantly enhance Australia's border security and intelligence gathering capabilities;
- The decision to enhance the ANZAC frigates with new maritime combat helicopters and Anti-Ship Missile Defence systems, to ensure their survivability in 21st century combat environments;
- The upgrade of electronic warfare self-protection equipment for the Black Hawk, Sea King and Chinook helicopters and the C-130 Hercules Fleet; and
- The ongoing commitment to JORN and the acquisition of 58 Ground Surveillance radars to provide all weather target detection and identification.

(iv)

More Firepower

The Coalition Government recognises that deployable and mobile forces also require significant firepower to achieve their objectives. The importance of firepower is further highlighted by the fact that, in combat, our forces may be confronted by threats ranging from suicide bombers to heavy armour.

Our forces must be able to respond with sufficient firepower to achieve "instant overmatch" of any threat. This concept applies on land, sea and air, and involves not only the fire systems themselves but also the capability to ensure that the systems are networked for maximum efficiency.

In order to achieve these goals, a new approach fusing acquisition of capability with innovative thinking is required. Under the Coalition Government, the ADF is making significant achievements in this area. These include:

- The decision to progressively acquire a complete new suite of weapons for the F/A-18, including both air-to-air missiles and

precision air-to-ground munitions. The acquisition of these weapons – including a long-range stand-off (cruise) missile – will help ensure that no strike gap arises with the retirement of the F-111;

- Acquisition of the Javelin man-portable direct-fire guided weapon for wider Army service from 2005;
- Introduction of 22 Tiger Armed Reconnaissance helicopters, with delivery commencing in late 2004;
- The planned replacement of the current air combat capability provided by the FA/18 and F-111 with the Lockheed Martin F-35 Joint Strike Fighter;
- Introduction of six Airborne Early Warning and Control aircraft, which will act as a force multiplying “eye in the sky”, greatly increasing awareness of airborne threats to Australia;
- Introduction of 14 Armidale-class patrol boats to replace the existing patrol boat fleet, with the first vessel to be delivered by mid 2005; and
- Introduction of a lightweight torpedo for the Anzac and Adelaide-class frigates, anti-submarine helicopters and the AP-3C Orion aircraft, the ongoing incorporation of the Evolved SeaSparrow Missile into Navy service, and the delivery of a new heavyweight torpedo for the Collins Class submarine, with operating capability from late 2006.

(v) *Networking the Force*

In these volatile times, with diverse and emerging challenges to our security, individual platforms alone will not be sufficient to meet our needs. The ADF of the future must network these separate platforms together – bringing maximum firepower to bear in the shortest possible time.

Achieving this requires investment in command, control, communications and computer assets to help create the “network centric” force.

The DCP includes a range of projects to achieve this end, including the acquisition of enhanced battlespace communications links across land, sea and air, new ground surveillance and air defence radars, and upgraded information technology.

(vi) *Logistics*

The Coalition Government recognises that Defence capability does not come from platforms alone. The ADF must be provided with appropriate logistic backup to ensure the supportability of our people and equipment on operations.

This support takes many forms – from fixed base infrastructure at our major Defence installations through to spare parts and fuel for vehicles in the field.

The Coalition Government has committed to injecting \$815 million over the next four years into this vital area of support. The ADF's people are the best in the world, but their equipment must be maintained to ensure that weapons and platforms are available as they are needed.

The extra funding will be used for enhanced maintenance, refits and upgrades for a wide range of capabilities, including Afloat Support (HMAS Success), Maritime Patrol Aircraft (P3 Orions), ANZAC Frigates, training aircraft (PC-9s), Naval and Army aviation capabilities (Black Hawk, Sea Hawk and Super Sea Sprite helicopters), Army Battlefield Combat Support Systems (BCSS) and transport aircraft (C-130 Hercules).

This logistics funding is a key component of the Coalition Government's proven commitment to providing the resources, equipment and services to raise, train and sustain our forces at the high standards required for operations in Australia's changed strategic environment.

(vii) Conclusion

For the first time in many years, Australia has a government that takes a structured and rigorous approach to Defence capability planning.

The proof of this is the fact that, since coming to office, the Coalition Government has delivered capability enhancements across all three services. And the effectiveness of these enhancements is reflected in the performance of the ADF on operations during this time. The Defence Forces have performed magnificently in a range of operations within our region and beyond.

Into the future, the Coalition Government's fully planned and costed DCP will ensure that our forces are provided with the equipment and support they need to get the job done. In stark contrast, Labor has not committed to a single project within the DCP, casting doubt and confusion over the future shape of our Defence Forces.

PART 3 PERSONNEL, RESERVES AND CADETS

In the most recent term of the Coalition Government, the ADF has succeeded across a broad range of operations, from peacekeeping in Bougainville, assisting the police operation in the Solomon Islands,

undertaking anti-terrorism operations in Afghanistan and participating in major combat in the Middle East.

The ADF has demonstrated the capacity to deploy and sustain a range of forces, both within our region and across the world. Allies and neighbours alike have been impressed with the professionalism, training and capability of our forces.

The Coalition Government acknowledges that the men and women of the ADF are fundamental to this success and that Service life has unique demands. That is why the Coalition Government has paid attention to improving the conditions of service for personnel, to better reflect the value of their service to the community and to ensure that Australia's finest men and women are attracted to, and retained by, the ADF.

(i) Remuneration

Building upon the Coalition Government's *Defence 2000 White Paper* commitment of two per cent per annum real growth in per capita personnel costs over the 2004-2010 period, an additional \$80 million will be provided over the next four years to improve remuneration and non-salary entitlements for ADF personnel.

The Coalition Government is also committed to the further development of a modern, flexible remuneration system for ADF personnel and better family support measures. Following the *ADF Review of Australian Defence Force Remuneration* (the Nunn Review) the Coalition Government is implementing the following measures:

- An *ADF Remuneration Reform Project* will be conducted to develop a flexible graded salary structure for ADF personnel;
- Flexibility for ADF personnel to take maternity leave either as 24 weeks at half pay or 12 weeks at full pay, or a mixture of both;
- The CDF and Service Chiefs will be provided with the flexibility to consider specifically targeted bonuses as retention incentives subject to Ministerial approval;
- Preservation of the Defence Force Remuneration Tribunal as an independent arbiter in remuneration – as servicemen and women wanted; and
- The Qualification and Skill elements of allowances has been made superannuable to recognise long-term skill acquisition.

(ii) Accommodation and Facilities for Defence Personnel

Accommodation arrangements for ADF personnel have been enhanced through a \$243.3 million package over the next four years to expand the Rental Allowance scheme to ADF members without dependants and through the delivery of improved facilities for those who elect to live on base.

In addition to the Rental Allowance scheme, the Coalition Government has committed \$113.2 million for new or renovated individual units for ADF members without dependents. The project, called *Single LEAP (Living Environment and Accommodation Precinct)*, will deliver a quality living environment for ADF servicemen and women who live on base.

Members will enjoy upgraded accommodation with modern amenities such as internet access and storage. The upgraded accommodation will also be close to key services such as coffee shops, dry cleaners and gymnasiums.

Under *Single LEAP*, the local area may be redesigned and landscaped to give more of a 'home' or 'community' feel to the area. It will be a total living environment for our soldiers, sailors and airmen and airwomen.

The Coalition Government is committed to upgrading housing for Defence personnel and their families who live in a Defence Housing Authority (DHA) home. In 2004-05 the DHA will acquire or construct 1,189 new homes at a cost of \$440 million. ADF personnel now have a one-stop-shop at DHA to manage all aspects of the relocation and ease the stresses associated with moving to a new location.

(iii) Results for Defence Families and Communities

The Coalition Government's 2001 election commitment to provide \$100 million per year from 2001-02 to 2005-06 to fund High Priority Personnel Initiatives delivered excellent programs in 2003-04.

The program identified and delivered on the high priority in Defence - Health, Defence Accommodation, Defence Families and Defence Communities, and sought to complement the ordinary funding across Defence Personnel budgeting. Results of some of these targeted programs include:

- Delivering a network of Defence School Transition Aides to assist Defence children in coping with the impact of mobility on their education;

- Delivering the new Services Workforce Assistance Program for Partners to provide increased employment opportunities for the partners and families of ADF members; and
- Providing an air-conditioning allowance to Darwin-based personnel at a cost of \$2.5 million, to assist in meeting the excessive costs of air-conditioning due to the hot and humid climate in Darwin.

In addition to the High Priority Personnel initiatives, the Coalition Government has delivered extra services to Defence families such as:

- An extended Child Care Program has provided for new or upgraded facilities in Darwin, Williamstown, East Sale, Holsworthy and Russell. This includes enabling community groups to provide work related child care programs;
- An additional 240 child care places have been provided through brokered arrangements with a number of regional family day care schemes;
- Funding of \$2.3 million for the Family Support Funding Program, which has so far helped 92 separate community-based groups with an interest in supporting Defence families to manage the challenges they face;
- The refurbishment of a number of Community Centres at ADF establishments, which are providing an important focal point for ADF families and facilities for respite child care, community meetings, and the provision of a number of information services such as internet access; and
- Funding of \$150,000 to address the effects of mobility on children. Through this funding, projects will be established to develop national protocols for the transfer of student information between schools, and a best practice approach towards meeting the social and emotional integration needs of mobile children will be established.

(iv) *Priorities for Defence Families and Communities*

The Coalition Government will continue to recognise the special status of ADF service with the exclusion of a range of allowances and conditions of service from Fringe Benefits Tax (*FBT*) reporting. ADF members do not pay FBT on housing, child education assistance, removals, overseas service and many other allowances. In addition, only 14 per cent of ADF allowances and other benefits are subject to fringe benefits reporting.

(v)

Defence Health

The Coalition Government is committed to meeting the health needs of serving and past members of the ADF, including pre and post-deployment care and support.

Accordingly, the Coalition Government will create a new 2-star position within the Defence organisation, Head of Defence Health Services.

Under the policy umbrella of an ADF health strategy, a number of programs address the unique stresses of Defence service and ensure the safety of personnel, including:

- The ADF Mental Health Strategy, including the employment of a number of professional addiction counsellors and the development of a Suicide Prevention Program;
- A confidential mental health support line that is open 24/7 and is accessible from Australia and overseas. The support line is providing assistance to help ADF members manage any mental health problems and, if need be, connect them to local health services or to the support of psychologists, social workers and chaplains;
- The ADF Alcohol and Drug Strategy, which aims to minimise alcohol and other drug abuse through workplace education and clinical intervention. This involves specialist and policy advice, awareness education for alcohol, tobacco and other drug abuse, training for health and allied health professionals, and frontline health promotion activities and resources;
- A Random Alcohol Testing Regime;
- The Centre for Military and Veterans' Health, which provides a range of services, including professional development and training for members of the Defence Health Service, and enhanced human performance and veteran health research capabilities;
- Development of the Defence Injury Prevention Program to minimise the incidence of injuries resulting from training, sport, and other military activities, particularly amongst recruits; and
- Legislation for the new Military Rehabilitation and Compensation Scheme in partnership with the Department of Veterans' Affairs to ensure more generous and equity compensation arrangements for ADF personnel.

(vi) Discipline

The Coalition Government will maintain a balanced Military Justice system, ensuring that the rigid disciplines required of a highly effective force are also fair to individuals by consolidating recent and significant reforms including:

- Introduction of a Random Drug Testing Regime with a target of 10 per cent of the ADF being randomly tested for illegal drugs each financial year in Army and calendar year in Navy and Air Force;
- The establishment of an Independent Director of Military Prosecutions, Inspector General of the ADF and Registrar of Military Justice;
- Legislation to provide statutory independence for the Director of Military Prosecutions; and
- Implementing the remaining recommendations of the Burchett audit of Military Justice.

(vii) Workforce Planning

The Coalition Government, through the *2000 Defence White Paper*, will continue to take account of changing labour market demography. The Government will continue to ensure that Defence has incentives in place to attract the right people with the right skills, as well as the appropriate training, leadership and experience, to meet the requirements of serving in the Australian Defence Force.

The Coalition Government is also developing a ten-year *Workforce Plan* which takes into account Australia's strategic outlook and links directly into the DCP. The *Workforce Plan* will inform the policies and practices needed to deliver a fully developed capability.

The Coalition recognises that civilians in industry also contribute to delivering capability. Accordingly, the *Workforce Plan* will consider private sector labour issues when addressing the challenges facing the ADF and the Department of Defence.

The Coalition Government has also entered into a national collaborative arrangement with Manpower Australia to provide recruiting services to the ADF.

Through this arrangement, the ADF draws on the specialist technical expertise of Manpower to assist in the recruitment of those in critical trades and other hard-to-recruit job categories. Already this partnership has achieved the highest recruit intake into the Australian Defence Force Academy since 1998.

The Coalition Government will continue the three-year trial into the Special Forces Direct Recruiting Scheme, allowing eligible young Australians to apply directly for positions in the Special Operations Command of the ADF.

(viii) *Defence's Civilian Workforce*

The Coalition Government recognises the importance of Defence APS civilians to delivering overall Defence capability. The Government has delivered good results for this civilian workforce. These results include:

- Delivery of wage outcomes that are competitive with the wider community, to ensure that Defence attracts the best and brightest civilians - the current Defence Certified Agreement delivers a real pay increase of 4 per cent per annum;
- 'Civilianisation' of some military functions to allow our highly-trained military personnel to be returned to combat and combat-related type duties;
- The provision of more Defence civilians to intelligence and security functions;
- A commitment to a successful graduate recruitment program that attracts, develops and retains civilian talent for Defence; and
- Better civilian workforce planning, to identify particular skill shortfalls and training and development needs for Defence civilians, working in close cooperation with up to date Job Market forecasts from the Department of Employment and Workplace Relations.

To better integrate Defence in an increasingly competitive wider job market, the Government will develop an exchange program with selected industries, to provide more professional development to Defence civilians while also promoting more lateral movement into Defence from talented employees in other industries.

(ix) *Upgrades to Facilities*

Over the next three years, a re-elected Coalition Government will set aside more than \$700 million to upgrade Defence facilities and maintain the Defence Estate. This will ensure that ADF personnel work in appropriate, safe and well-maintained facilities.

Spending in 2004-05 will include new facilities at 1 Aviation Regiment at Robertson Barracks in Darwin, Army units at Lavarack Barracks in Townsville, and facilities for the new Airborne Early Warning and Control

aircraft to be based at RAAF Base Williamtown. Redevelopment work will be undertaken at RAAF Base Richmond to support the Air Force air lift capability. The Oakey base in Queensland will also be upgraded to support the flying and maintenance training and technology required for the introduction of the new fleet of Tiger armed reconnaissance helicopters.

Examples of works in the Defence Estate in 2004-05 will include: wharf repairs at Garden Island ship yards in Sydney, New South Wales; an upgrade of the bulk fuel storage at Puckapunyal, Victoria; repairs to airfield lighting at RAAF Amberley, Queensland; soil and water quality monitoring at Defence Science and Technology Organisation Edinburgh and RAAF Edinburgh, South Australia; refurbishment of cranes and wharves at HMAS Stirling, Western Australia; maintenance works at Anglesea Barracks, Tasmania; replacement of cooling towers at RAAF Tindal, Northern Territory; heritage management works at the Royal Military College Duntroon, Australian Capital Territory; and improvements to address occupational health and safety issues at Cadet facilities in various States.

(x) Reserves

The Coalition Government has delivered on its *Defence White Paper* commitment to fundamentally change the role and capability of the Reserves.

The ADF Reserves are now a fundamental part of the 'Total Force', with a strategic role in supporting and sustaining contemporary military operations in which the ADF are involved.

The Coalition Government is committed to further enhancing the contribution of Reserves to operations in the defence of Australia and its interests.

Currently, the Reserves comprise around 30 percent of the total permanent ADF. They are spread throughout Australia and are employed in many regional and international theatres in support of ADF operations.

The Coalition Government has made Reserve service more relevant and rewarding by implementing the following initiatives:

- The introduction of the High Readiness Reserve (*HRR*) and the payment of an annual bonus to the High Readiness Reservists. The HRR was formed in mid 2003, when the first elements of the new Reserve Response Force (*RRF*) were raised to provide support to domestic counter-terrorist operations. The RRF are trained to respond to domestic

security incidents, including terrorist attacks, and to other civil emergencies through Defence legislation. Maintained at a high readiness, the role of the RRF is to augment existing ADF domestic security capabilities. The RRF reflects the increasingly important role the Reserves play in the Australian Defence Force. It has been tested in national counter-terrorism exercises and was found to be a highly motivated and competent force element;

- The purchase of new equipment for RRF. The new equipment has further enhanced the training and support abilities of the RRF, facilitating its expanded role of generating, delivering and sustaining required military capabilities for current ADF operations and enabling its expansion and mobilisation should the need arise;
- The introduction of new legislation to enhance and modernise the ADF Reserves and protect the employment of Reservists fulfilling Defence service. The *Defence Act 1903* and other pieces of Defence legislation were amended in April 2001 by the *Defence Legislation Amendment (Enhancement of the Reserves and Modernisation) Act 2001*. At the same time, the *Defence Reserve Service (Protection) Act 2001* was enacted, placing legally binding obligations on employers of Defence Reservists and putting in place protection measures for employees undertaking ordinary Defence Reserve Service, voluntary Continuous Full-Time Service or Defence Reserve service following call out;
- Implementation of the Employer Support Payment (ESP) Scheme, providing financial assistance of almost \$900 per week to compensate employers of Reservists for the absence of their employee Reservists on Defence service. This initiative accompanies the increased call out liability imposed on Reserve Members. The Coalition Government introduced the ESP Scheme as a means of recognising the costs and disruption experienced by employers who release employees for Reserve service. The Scheme provides eligible employers with payments equivalent to Average Weekly Full Time Adult Ordinary Time Earnings once a Reservist they employ has been released and completed 14 days of continuous Reserve service in any financial year;
- Further enhancement of the Defence Reserves Support Council (DRSC) and development of a public and private sector leave policy for ADF Reservists. Key elements of the policy allow both private sector and Australian Government employers to provide 4 weeks (20 working days or 28 calendar days) leave on full pay for Reservists undertaking Defence service and an additional 2 weeks paid leave to allow for a

Reservist's attendance at recruit/initial employment training;
and

- Modernisation of the ADF Reserve to a standard where it can deploy on operations overseas. In 2002, the Coalition Government deployed Alpha Coy, 5/7 RAR to East Timor – the first Reserves combat arms sub-unit to deploy on operations since World War II. In recent times Reserve members have also served on a voluntary basis, on full time duty, in operations in Cambodia, Rwanda, Papua New Guinea (drought and tidal wave relief), Bougainville, East Timor and the Solomon Islands.

In light of the expanded role of the Reserves, the Coalition Government will continue to ensure that appropriate support mechanisms are in place to support Reservists, their families, and employers. A re-elected Coalition Government will:

- Expand the HRR to ensure that the Army Reserve is positioned to support, sustain and reinforce Army's operational forces in the future across a range of capabilities including force protection and logistics capabilities. The extent of this expansion is currently under review;
- Extend the Army Reserve Technical Training Scheme trial until December 2004. The Scheme enables applicants to be indentured into a civilian apprenticeship and concurrently enlist with the Army Reserve, enabling them to pursue complementary careers as a civilian and a Reservist. Specific trades include vehicle mechanics, fitters, recovery mechanics, plumbers, carpenters and cooks. The trial has been running since January 2004 and has so far proven to be a cost-effective means of developing trade skills and trade support within Army Reserve units. In addition, a high level of personnel retention has been observed;
- Further develop each of the three services' Standby Reserve management processes by establishing a database of skills, experience, and contact details, and attaching elements of the Standby Reserve to units. A more comprehensive tri-Service policy for the management of Standby Reserves is already being developed; and
- Undertake a fundamental review of Reserve remuneration arrangements including consideration of financial and non-financial aspects, education support, milestone recognition, and specific capability needs through tailored remuneration packages.

(xi) Honours and Awards

In recognition of the contribution of veterans and servicemen and women to our national security effort (the Honours and Awards System), around 7,000 awards have been issued in the past 12 months to ADF personnel involved in recent overseas operations, and around 120,000 Anniversary of National Service Medals have been issued since 2002.

In recognition of the significant commitment and contribution that voluntarily enlisted servicemen and women make to the defence of our nation, a new Australian Defence Medal will be awarded. This award accommodates the changes in the structure of Australia's military service and enlistment policies over time.

Current and former Australian military members who have served for a period of enlistment of at least six years since 1946 will be eligible for the award.

In addition, eligibility for the Australian Defence Medal will be extended to ex-servicemen and women who:

- (a) have honorably served but, due to the Defence Force service and enlistment policies of the time, were unable to serve the required six years; or
- (b) have been severely disabled or have died in the course of duty, thus rendering them unable to serve the required six years.

To facilitate the timely issue of medals to eligible applicants, the Coalition Government has developed several initiatives:

- In February 2004 the Coalition Government began trialling an Honours and Awards Processing System (*HONSYS*) designed to automate many of the tasks currently performed manually;
- In the past, the arduous task of researching paper service records has resulted in delays in processing World War II medal claims. As of February 2004, the imaging of approximately 700,000 World War II medals slips has greatly simplified the process of obtaining and viewing the service records of applicants;
- New campaign medals have been awarded to Australian Defence Force personnel for their service in Iraq, Afghanistan and surrounding areas;
- Twenty-two veterans of the Battle of Long Tan have been granted permission by the Governor-General to wear honours offered by the then South Vietnamese government 38 years ago. Following the Battle of Long Tan, the South Vietnamese

Government sought to award the soldiers military decorations for gallantry. Presentation of the medals did not take place due to protocol concerns held by the Australian Government at the time. With the subsequent fall of the South Vietnamese Government, Australian governments over time have been unable to resolve the issue. The Coalition Government has taken the initiative in correcting this anomaly; and

- New targets have been set that will greatly improve the processing times of medal applications.

(xii)

Cadets

Cadets is a community based organisation which offers young Australians adventurous activities and teaches them the value of teamwork, friendship, self discipline, respect and a spirit of adventure. For many Cadets it is a pathway into a career in the military, while for others the Cadet experience develops leadership skills and community mindedness.

Since publication of the *Defence White Paper*, the Coalition Government has enriched the experience of those Australian youth who serve in the Cadets. This reversed years of Labor neglect, and since 2000 the total number of Navy, Army and Air Force Cadet units around the country has increased from 408 to 489.

The Coalition Government is providing an additional \$6 million per year until 2008-09 through the Cadet Enhancement Program to encourage and improve service in the Cadets. This funding will continue to deliver enhanced adventure training, new technology and upgraded accommodation to more than 24,000 Cadets and 2,600 adult volunteers.

Already this funding has provided:

- Improved facilities for more than 150 Cadet units (over \$2 million has been provided for this purpose);
- Over 30,000 uniforms;
- Over 32,000 sets of boots;
- 512 computers, printers and modems in Cadet units around Australia;
- A dedicated Cadetnet website;
- Over \$450,000 for Cadet Initiated Activities, allowing Cadets to undertake activities they themselves identify as being worthwhile; and

- Increased participation of Indigenous people in the ADF Cadets, with pilot projects under way in the Northern Territory and North Queensland.

A re-elected Coalition Government will build on these achievements with a number of initiatives including:

- Expansion of the Cadet Initiated Activities program, with an emphasis on leadership development, adventurous training and tri-Service interaction;
- Use of Cadetnet to provide enhanced training for staff and to streamline Cadet administration processes, freeing up time for staff to spend with Cadets;
- Training and support for the tri-service Acceptable Behaviour policy; and
- Functional upgrades to Cadet accommodation.

(xiii)

Conclusion

The performance of the men and women of the ADF on recent operations around the globe has been magnificent. Our Defence Force personnel are justly considered among the world's finest fighting forces. The Reserves now play a central role in this achievement and will continue to evolve into a key capability with the full support of the Coalition Government.

To further recognise the efforts of ADF personnel and the special demands of Service, the Coalition Government will continue to deliver a suite of policies aimed at improving remuneration, conditions of service and access to support services. It will maintain service in the ADF as a quality career choice for young Australians and continue to maintain its considerable investment in Cadets.

PART 4 IMPROVING THE MANAGEMENT OF DEFENCE, PROCUREMENT AND INDUSTRY

Since coming to office in 1996, the Coalition Government has driven a reform program to ensure that its increased funding of defence delivers real outcomes for Australia and represents value for the taxpayers' money.

Over \$2 billion in savings have been achieved through initiatives aimed at cutting waste within Defence. These savings have been reinvested to further increase current and future defence capabilities. At the same time, significant steps have been taken to ensure that major projects within Defence are delivered on time and within budget.

The Coalition Government will continue to drive efficiencies within the Defence organisation and streamline the procurement process, diverting more resources to core Defence business, combat and combat-related activities.

(i) *The Labor Legacy*

The last Labor government left Australians a Defence organisation with an oversized bureaucracy. Too many resources were devoted to administration and support functions, at the expense of war-fighting capability. A number of major acquisition projects, such as the Collins Class submarines, were over-budget, over-schedule and not delivering the capability promised.

In particular, Labor's management of the defence acquisitions process was characterised by outmoded business practices, an insufficient focus on the customer and its requirements, and an inability to work effectively with industry to maximise innovation and cost effectiveness.

This resulted in an ADF incapable of undertaking and sustaining the range of missions deemed by our strategic outlook as being in the national interest. Under Labor, Australia was restrained in its ability to make meaningful contributions to operations in the region and further afield.

To arrest and reverse this situation, the Coalition Government initiated a series of far reaching reforms aimed at improving efficiency in the Defence organisation and delivering capabilities to the ADF on time and on budget.

(ii) *Efficiency Reform*

Soon after taking office, the Coalition Government initiated the Defence Efficiency Review (*DER*) to examine Defence management. The DER recommended the elimination of unnecessary administration and duplication within Defence, and a renewed focus on Defence's core function of maintaining and developing combat capability.

The Coalition Government quickly implemented the recommendations of the DER, with the first steps in cutting Defence's waste and inefficiency taken in 1997.

This reform process is ongoing and \$2 billion in efficiency savings has already been reinvested into the ADF's current and future capability needs. Since the release of the *Defence White Paper* a further \$170 million in administrative savings has been achieved, with a further \$200 million per year to be delivered over the next four years. The proportion of the Defence Force personnel in combat related positions has almost doubled.

As a result of the Defence Reform Program (*DRP*), Defence has moved from the management of bureaucratic excess to the task of efficiently maintaining and developing combat capability.

A re-elected Coalition Government will continue to monitor and manage Defence's overheads, including the number of civilian personnel and professional service providers. Internal business practices will be further improved, and new opportunities to outsource functions currently undertaken by the military will be considered.

The Coalition Government remains firmly of the view that every person wearing our country's uniform should be capable of deploying on operations should the need arise.

(iii) *Skilling Australia's Defence Industry*

The Coalition Government recently committed to increase the level of Defence expenditure on the acquisition of major defence equipment to \$50 billion over the next ten years.

This represents an increase in the level of major defence equipment expenditure by around 30 per cent on current levels.

In order to achieve this growth, the Coalition Government recognises that the quality and quantity of specialist skills available to the defence industry needs to increase.

To meet this requirement, a re-elected Coalition Government will boost Australia's investment in skills development by investing around 0.5 per cent of the money spent on major defence capital equipment projects and their maintenance to generate additional skilled positions, up-skill existing employees and improve the quality and quantity of skills training.

Based on current Defence estimates, this would represent a direct investment in skills training of around \$200 million over ten years, or \$20 million per year on average.

This policy will be funded by using a portion of the contingency risk funding already included in the budgets of major defence projects.

(iv) Improving Procurement and the Delivery of Capability

The Coalition Government has made significant improvements to the procurement of ADF capability and the delivery of upgrades and new equipment.

In 2000, the former Defence Acquisition Organisation, Support Command Australia and the National Support Division were merged into the Defence Materiel Organisation, providing a single point of accountability for the acquisition and through-life support of ADF platforms.

This merger enabled the implementation of key initial reforms to the Defence acquisition process, including the introduction of new contracting processes and software tools.

In 2003, to drive further reforms, the Coalition Government appointed the noted industry figure, Mr Malcolm Kinnaird, to examine the overall approach of Defence to the definition and acquisition of capability.

Following the release of the *Kinnaird Review* in August 2003, the Coalition Government agreed to implement all recommendations – the most important suite of reforms to defence acquisition in the postwar period. These included:

- The appointment of an experienced corporate manager as the Chief Executive Officer of the Defence Materiel Organisation, with responsibility for making improvements to the delivery of Defence projects and to the management of the DMO;
- An eight-member Advisory Board to provide advice to the DMO on strategic issues and to report to the Ministers for Defence and Finance & Administration at regular intervals on the implementation of the Kinnaird recommendations;
- Strengthening the capability development and assessment process before projects are handed to the DMO, and the appointment of a Lieutenant General to lead the new Capability Development Group;
- A more comprehensive ‘two pass’ approval system to analyse the technology, costs and risks associated with new acquisitions;
- Merit based staff selection within the DMO for both civilian and military personnel; and
- Establishment of the DMO as a prescribed agency, accountable directly to the Minister for Defence under the *Financial Management and Accountability Act 1997*, and the

Secretary of Defence and Chief of Defence Forces under the
Public Service Act 1999 and the *Defence Act 1903*.

The Coalition Government has delivered on these commitments. Following a worldwide search, a CEO was appointed in early 2004, and appointments to the position of Head of the Capability Development Group and the Advisory Board have been made.

In 2005 – and for the first time – the DMO will provide separate and transparent annual financial statements.

These measures highlight the Coalition Government's commitment to the ongoing reform of Defence as a means of delivering capabilities to the ADF on time and on budget.

The Coalition Government is happy to be judged on its results. As a result of its progressive acquisition reforms, major and complex new projects such as the Airborne Early Warning & Control Aircraft and the Tiger armed combat helicopters are running on time and on budget.

The reformed DMO has also been successful in addressing the mess left behind by Labor – key legacy projects including the Collins Class Submarines and JORN are now in full operational service.

A re-elected Coalition Government will continue to ensure that the ADF is properly and efficiently resourced – that our forces have the means to successfully accomplish the missions they are asked to perform in the national interest.

(v) Defence Industry

The Coalition Government's long-term funding commitment to the 10-year DCP has provided industry with the certainty it needs to build sustainable defence industry capabilities.

A better way of doing defence business than Labor's ad hoc approach, the Coalition Government's alliance approach is aimed at promoting both Australia's strategic interests and the sustainable growth of our defence industry.

The alliance approach emphasises greater commonality in platforms and systems, ensuring lower ownership costs for Defence and more viable business volumes for industry.

For its part, industry is expected to invest in the skills, the research and technology, and the global linkages that will sustain the capabilities required to support the Australian Defence Force.

The Coalition Government also holds industry to account, expecting it to attain world's best practice in its management and insisting on continuous improvement.

(vi) *Defence Industry Sector Plans*

The Coalition Government has planned for the future of the Australian defence industry by developing plans for the Naval Shipbuilding and Repair, Electronics Systems and Aerospace sectors.

These sector plans, which were developed in consultation with defence industry, represent a more strategic approach to the sustainment of those industry capabilities that are considered critical to Australia's national security needs, including:

- Combat and systems software and support;
- Data management and signal processing;
- Command, control and communications systems;
- Systems integration; and
- The repair, maintenance and upgrade of major weapons and surveillance platforms.

The implementation of these plans will enable Australian industry to make long-term investments in strategically critical areas.

Importantly, industry will be positioned to develop the skills and capabilities required to deliver the projects set out in the DCP over the next ten years.

Together with advice received from Carnegie Wylie & Company, the Coalition Government has endorsed the Naval Shipbuilding and Repair sector plan. The Australian ship-building industry now stands poised to deliver some of Australia's most strategically important and complex industrial projects including new Air Warfare Destroyers and Amphibious Ships.

The Coalition Government has also endorsed the Electronic Systems Sector Plan, announcing a range of measures to ensure Australian industry builds on a quickly growing reputation as world leader in developing niche technologies. The plan has identified particular technologies that will be sustained in country, including electronic warfare systems, niche capabilities in radar, mobile military communications and underwater acoustics.

Through the aerospace plan, the Coalition Government will deliver even better value for money by consolidating the aerospace support sector with a competitive market for long term maintenance and support contracts. In this plan, the Coalition Government has recognised the need to upgrade and maintain aircraft platforms throughout their lifetimes and to provide ongoing opportunities for industry, in particular for Australian small to medium enterprises.

The Coalition Government will continue to work with industry to develop a Land and Weapons Sector Plan, identifying those capabilities of strategic importance to Australia and how to maintain an industry base to support them.

(vii) *Defence and Small to Medium Business*

The Coalition Government recognises small business is vital to maintaining a competitive and innovative supply chain to the Australian Defence Organisation, whether as a direct supplier to Defence or as a supplier to other companies contracting directly to Defence.

A re-elected Coalition Government will provide a comprehensive one-stop access service for small business seeking to do business with Defence by committing a dedicated cell to deal directly and exclusively with Small to Medium Business. The service will include advice and guidance in every aspect of doing business with Defence and will be easily accessible through a free-call national access telephone and fax number, staffed central and regional offices and an interactive small business Internet access portal.

The Coalition Government will require those companies who contract directly to Defence to implement Supply Chain Management Plans, and will ensure that an active and open market exists for the provision of goods and services by industry. These plans will become contractually binding and will ensure that the best value for taxpayers' money. Comparative assessment of the Supply Chain Management Plans being offered by prospective tenderers will be included in the tender evaluation process.

(viii) *The Globalisation of Defence Industry*

Australian companies play an integral part in providing the ADF with its necessary capabilities.

But the Coalition Government also understands that the Australian defence industry cannot maintain long-term commercial viability by relying solely on the defence spending of the Australian Government. Australian companies need to win a slice of the global defence market.

Our industry may be small relative to the great industrial complexes of North America and Europe, but it has developed extraordinary depth and flexibility in order to adapt, support and upgrade the assets of the ADF.

The Coalition Government is committed to supporting the Australian defence industry's entry into the global market via global supply chains. As a part of a global supply chain, Australian companies can leverage their way into global markets.

This approach is already proving effective, having integrated Australian industry into key supply chains for such major projects in the international defence market as the Joint Strike Fighter (*JSF*) Program and the Littoral Combat Ship Program.

Key to this success has been the "Team Australia" approach – government and industry presenting a united front in these key overseas markets. A re-elected Coalition Government will build on these successes with new and expanded initiatives.

(ix) *Export Facilitation and Developing Team Australia*

Defence will introduce a practical program of export facilitation to help Australian defence exporters gain access to foreign industry buyers. The export facilitation program will not compete with or subsume any present service offered by other government agencies, but will seek opportunities to gain access to new markets.

The Team Australia approach has been demonstrated to work where Defence and firms in industry work together. Industry must recognise and commit to cooperative market building behaviour, and Defence must recognise the strategic benefit of a healthy Australian defence industry driven by export revenues. As a nation, we must recognise the strategic importance of extending our industrial capabilities beyond our own shores.

In building on the achievements delivered to date under the export-oriented and 'Team Australia' approaches the Coalition will:

- Require Defence to stand side by side with Australian firms as they market Australian-sourced equipment fitted to ADF platforms to potential overseas markets. Where a firm has demonstrated an export potential, it will be invited by Defence to participate in opportunity based trade visits. Defence may provide resources to SMEs to enable them to participate where it is in the Commonwealth's interests;

- Establish an export facilitation unit within the DMO to coordinate this initiative and appoint a senior uniformed officer to provide government-to-government access and vital operator endorsement. The work of this export facilitation unit will build on the excellent results achieved for Australian industry on projects such as the Littoral Combat Ship and the Joint Strike Fighter;
- Continue to promote Australian industry participation in global supply chains through greater use of international collaboration programs and by encouraging prime contractors to actively promote SME participation in the global marketplace; and
- Develop a new marketing program to capture the breadth of the existing Australian industry capabilities. This will enable Australian industry to play major or niche roles in large Defence programs. The goal of this program will be to highlight the competitive advantages of Australian industry and provide a platform for Australian companies to participate in global supply chains. The new marketing program will be in place by February 2005, for inaugural use at the Avalon Air Show.

(x) *Defence Science and Industry Innovation*

The Coalition Government is committed to moving the ADF into the age of networking by prudent investment in high technology capabilities. The Coalition views Australian industry as an important partner in this process, and will encourage its participation and reward its innovation.

A re-elected Coalition Government will accelerate and foster this partnership. Its commitment to the development of Defence Science and Industry innovation will include:

- Setting aside \$20 million per annum to introduce a Rapid Prototyping and Development Scheme, to facilitate early identification and exploitation of emerging Defence technologies;
- Doubling the size of the Defence Science and Technology Organisation (*DSTO*) Concept Technology Demonstrator Scheme, with redirected funding of \$39 million – allocated at a rate of \$13 million per year for three years;

- Establishment of a Defence Science Access Network (*DSAN*). The DSAN will be developed as an Internet portal, to facilitate the engagement of DSTO with Small and Medium Enterprises, and to assist these enterprises to do business with Defence;
- An Expert Panel to assist DSTO in achieving greater commercialisation of its Intellectual Property, with a view to establishing a commercial company for this purpose within three years. This reflects the Coalition Government's ongoing commitment to the guiding principles of *Backing Australia's Ability*; and
- Building on defence industry successes in major international projects such as Joint Strike Fighter and Littoral Combat Ship, by establishing 'Team Australia' as a permanent brand and entity within Defence. This initiative will involve formalising industry engagement processes, and will maintain the practice of using senior military representatives to support cohesive Australian defence industry missions overseas.

(xi) Conclusion

Since 1996, the Defence Organisation has undergone significant change for the better. Under the decisive leadership of the Coalition Government, internal Defence management has improved, administrative costs have been reduced and more resources have been diverted to the core business of the ADF.

Capabilities are now delivered on time, on budget and to specification. A re-elected Coalition Government will continue to drive this vital reform process.