



# The Coalition's Policy for Stronger Defence

September 2013

## Key Points

The Coalition will deliver stronger defence.

There will be no further cuts to Defence spending under a Coalition government. Within a decade, Defence spending will be two per cent of GDP.

We will ensure Australia's Collins-class submarine force has its rightful place as a regionally superior conventional submarine capability. We will also ensure that work on the replacement of the current submarine fleet will centre around the South Australian shipyards.

The Coalition is committed to bolstering our defence capabilities – we are committed to acquiring Joint Strike Fighters to bolster Australia's air defences and we believe there is merit in acquiring new state-of-the-art unmanned aerial vehicles.

A Defence White Paper with costed, affordable ways to meet Australia's defence objectives will be published by the Coalition.

The Coalition will appoint a high-profile team to undertake a first-principles review of the Department of Defence's structure and major processes. The focus of the review will be on minimising bureaucracy and maximising front line resources.

The Coalition is committed to supporting the local defence industry. Consistent with getting best value for the taxpayer, and effective and sustainable capability for the Australian Defence Force (ADF), the Coalition intends that the ADF use Australian-made equipment wherever possible.

We believe in sound economic management and fiscal responsibility now so that future generations of Australians are neither unfairly saddled with paying off current debts nor faced with security threats because their government has mortgaged our strategic future.

The Coalition will ensure Australia's borders are secure and that our Defence force is properly resourced, equipped and managed.



# Introduction

The first priority of government is to ensure the nation's defence and security.

The Coalition supports the defence policy objectives set out in the Howard Government's 2000 Defence White Paper, which include:

- ensuring the defence of Australia and its direct approaches;
- fostering the security and stability in our immediate neighbourhood – Indonesia, Papua New Guinea, East Timor and South Pacific states;
- supporting strategic stability in the wider Asia-Pacific region; and
- supporting global security.

We believe these should remain Australia's fundamental defence policy objectives.

The Coalition will ensure Australia has the military capabilities to deter threats and to project force in our neighbourhood. We will also ensure that Australia operates with our allies, particularly the United States, in the wider world when and where we judge that is in our national interest.

We must never, as Labor has, unfairly and irresponsibly gamble with the security of future Australians by underfunding defence investment.

This means prudent and sustained investment in adaptable and flexible defence capabilities best suited to handle strategic risks over the long term – especially as the ships, aircraft and other equipment our Defence force uses are essential infrastructure that generally remain in service for decades. Such capabilities may be called upon well into the future for national security contingencies.

The Coalition believes it is irresponsible to make commitments to specific quantities of heavy defence equipment from opposition (such as submarines and fighters). To do so without access to the privileged information available to government is impractical and irresponsible.

Strategic intent is one thing, but specific operational requirements can only be assessed from government with the advice of the ADF.

*Our Policy for Stronger Defence* sets out the policies that we will pursue.



# The Plan

## 1. Restore Spending on Defence

The Coalition will restore spending on Defence.

Under Labor, the share of GDP spent on Defence has fallen to its lowest level since 1938. As a nation, we are now spending six times more on social security and welfare payments than we are on defence.

There will be no further cuts to Defence spending under a Coalition government.

As the Commonwealth's budgetary position improves, we will restore the real growth in defence investment that marked the final seven years of the Howard Government, and whose continuation was promised in Labor's 2009 Defence White Paper but not delivered by the Rudd-Gillard Government.

For the Coalition, the bottom line is that our military forces should always be at least as capable as they were when the Howard Government left office. We also intend, once the budgetary position improves, to continue the Howard Government's success in reversing the damage to our defence capabilities caused by sustained under-investment in the 1970s, 1980s and 1990s.

After five record Budget deficits and no realistic prospect of Labor achieving a surplus, the Coalition will need to look for savings in every area of government, including the huge Defence bureaucracy which has grown rapidly in recent years. But any savings that the Coalition finds from rationalising the Defence bureaucracy will be reinvested in greater military capacity and front line capabilities.

Within a decade, Defence spending under a Coalition government will be two per cent of GDP.

## 2. An Effective Submarine Force

The Coalition will ensure Australia's Collins-class submarine force has its rightful place as a regionally superior conventional submarine capability.

Any substantial decision on Defence acquisition, including in relation to our submarine fleet and capabilities, can responsibly only be made with the advice of the Chief of the Defence Force and Service Chiefs. However, we will make the decisions necessary to ensure that Australia has no submarine capability gap within 18 months of the election.

We will also ensure that work on the replacement of the current submarine fleet will centre around the South Australian shipyards.



### 3. Acquisition of Joint Strike Fighters (JSF)

The Coalition is committed to acquiring Joint Strike Fighters to bolster Australia's air defences.

The JSF was selected by the Howard Government in 2002 as the new and 'fifth generation' combat aircraft needed to maintain effective Australian air defence and strike capabilities into the middle of the 21<sup>st</sup> century.

The Coalition remains committed to the choice of the Howard Government and that Australia may need up to 100 JSFs. In government, if the Chief of the Defence Force and Service Chiefs confirm that the JSF is still the best aircraft to meet Australia's future air combat requirements, we will proceed with the initial purchase of up to 72 JSFs (the exact number will depend on commitments by the Rudd-Gillard Government to purchase more Super Hornets).

The decision on committing to the remaining aircraft to make up to 100 JSFs will be made when the capability development programme is completed, and delivery and production schedules and costs are known.

### 4. Broad Area Maritime Unmanned Aerial Vehicles

The Coalition's Defence White Paper will closely consider the need for unmanned aerial surveillance vehicles.

The acquisition of unmanned aerial vehicles will be dependent on the advice of the Chief of the Defence Force and Service Chiefs, as well as a clear cost-benefit assessment that demonstrates the value of these aircraft.

We believe there is merit in acquiring new state-of-the-art unmanned aerial vehicles — such as the Triton or equivalent capability. Australia lost its pre-eminent position in the Triton programme and delivery schedule because of Labor's ill thought-out decision in 2009 to delay this programme to 2022-23.

Unmanned aircraft have the speed, technology and endurance to conduct surveillance over Australia's vast land and maritime jurisdictions. Typically, such aircraft are capable of surveying an area of around 40,000 square nautical miles per mission. This leading-edge technology has the potential to enhance protection of our maritime borders and extended economic zones.

A decision on unmanned aerial vehicles can responsibly only be made from government.



## 5. A Strong Alliance

The Coalition is unequivocally committed to the strong and enduring alliance with the United States of America.

Australia's alliance with the United States remains the vital underpinning of our security and defence arrangements. The Coalition is concerned by growing American perceptions that Labor is freeloading on the United States for Australia's defence. A priority for the Coalition will be to restore Australia's reputation as a trustworthy and valued ally whose advice and burden-sharing is reliable, especially as the United States refocuses on the Asian region.

We will look for areas where it would be in the mutual interest of Australia and the United States to deepen our longstanding alliance relationship building on the recent announcement to rotate a marine brigade through Darwin.

Such initiatives will be in Australia's security interests and will assist the United States in its broader objectives of remaining forward-deployed in the Asia-Pacific region and of dispersing its military forces within the region.

## 6. A Real Defence White Paper

The Coalition will publish an objective replacement Defence White Paper with costed, affordable ways to meet Australia's defence and national security objectives.

At the heart of the new Defence White Paper will be an alignment of the government's defence policy with a clear military strategy and an affordable ADF structure designed to achieve that policy. This will allow the government to give authoritative guidance to Defence, provide a logical and sustainable basis for investment and procurement decisions, and enable measurable assessments of the accountability, effectiveness and efficiency of the Department of Defence and the Australian Defence Force.

One issue that the next Coalition Defence White Paper will consider is a greater presence of our military forces in Northern Australia, especially in resource-rich areas with little or no current military presence. At the very least, the White Paper will examine the need for an upgraded surveillance capability of the sort planned and then cancelled by Labor.

## 7. Fixing the Department of Defence

The Coalition will appoint a high-profile team to undertake a first-principles review of the structure of the Defence Department and all its major processes.

The focus of the review will be on achieving more streamlined and less bureaucratic decision-making. Key aims will be to bolster ministerial control, reduce waste, speed up decision-making and restore authority to the commanders responsible for delivering war-fighting capabilities.



Responsibility for Australia's defence and national security, including enforcing accountability, begins at the top.

Over the last 40 years numerous second-order or partial reviews of the Department of Defence, undertaken every few years, have consistently failed to improve accountability, rein in burgeoning bureaucracy or eliminate wasteful expenditure.

## **8. Defence Industry and the Defence Materiel Organisation (DMO)**

The Coalition is committed to supporting local defence industry.

Consistent with getting best value for the taxpayer, and effective and sustainable capability for the ADF, a Coalition government intends that the ADF be equipped by Australian-made goods wherever possible.

We will not implement any local content requirements, but we will make it clear that Australian businesses should be given every opportunity to compete for Defence contracts.

We will work with the Australian defence industry to avoid production troughs by co-operating closely with companies, big and small, to provide consistency, continuity and a long-term focus to the purchase and sustainment of defence capabilities.

Under Labor, the Australian defence industry has shed more than 10 per cent of its workforce because of Budget cuts and deferrals, official procrastination and a tendency to commission foreign suppliers over proven Australian ones.

We will reform the Defence Materiel Organisation (DMO) to ensure it employs commercially experienced procurers with an understanding of commercial principles and risk.

Our review of the Department of Defence will consider further options for reforming the DMO, including proposals for establishing it as a more independent agency driven by cost-benefit procurement assessments.

## **9. Indexation of Military Superannuation Pensions**

The Coalition will deliver fair indexation to military superannuants.

Recipients of the Defence Forces Retirement Benefits (DFRB) and the Defence Force Retirement and Death Benefits (DFRDB) military superannuation pensions will see their payments indexed in the same way as aged and service pensions.

All DFRB and DFRDB superannuants aged 55 and over will benefit.

Under the Coalition, 57,000 military superannuants and their families will be better off.

The Coalition is committed to ensuring fairness for our retired military personnel and to ease their cost of living.



Not only will DFRB and DFRDB superannuants see their benefits fairly indexed – they will also see their cost of living made easier by the repeal of the carbon tax.

The government does not increase Centrelink pensions just by the consumer price index, so it is not fair to apply only that index to the pensions of those who have risked their lives for our country.

Loyalty goes both ways.

The very least we can do is pay ex-servicemen and women a retirement benefit that increases in line with the increases received by regular pensioners.

## **10. Provide Free Basic Health Care to All ADF Family Members**

The Coalition recognises that the families of our defence force personnel also make sacrifices for their fellow Australians due to the unique nature of military service – not least when having to live in areas without the level of access to health care resources most Australians enjoy.

Under the Coalition's 'Free Defence Family Health Care' programme all ADF dependants will be eligible to claim for out of pocket expenses for GP services. Additionally, each ADF dependant will be able to claim up to \$400 per year for allied health services such as physiotherapy, psychology, dentistry and podiatry.

This commitment is designed to cover the gap between out-of-hospital health costs and the Medicare rebate.

Labor's long-running trial programme provides this benefit for only one quarter of all ADF dependents.

Labor claims it is committed to implementing the same policy as the Coalition from 1 January 2014. But with its record of deferring this commitment and of its broken promises generally, ADF members and their families cannot be confident this policy will be delivered unless there is a Coalition government.

## **11. ADF Gap Year**

The ADF Gap-Year programme was introduced by the Howard Government and has been an effective community engagement and recruiting tool.

A gap year in the ADF is designed to give school-leavers the opportunity to experience defence force life without their having to make a longer commitment. In an Australian community now relatively disengaged from its defence force, the programme is also aimed at bolstering community understanding of defence matters. It gives an experience of Service life and highlights the importance of defence issues to young Australians who may not otherwise pursue an ADF career.



The programme has proven successful in attracting more women to join the ADF and in bolstering the Army Reserve generally. In 2008-09, for example, 74 per cent of participants transferred to either the full-time or part-time ADF. Yet, the Rudd-Gillard Government progressively cut the number of available places on the programme from a planned 1,000 to just 249 in 2011-12 and none in 2012-13 and 2013-14.

The Coalition will re-build ADF Gap Year programme, progressively increasing numbers until an average of 1,000 places per annum is made available in the programme.

The Coalition will invest \$113 million in this initiative.

## The Choice

The Rudd-Gillard Government has shown disregard for the service of the men and women of the ADF – the Government has been long on promise and short on delivery. This has placed Australia's national security at risk not just now but over the long-term.

The Rudd-Gillard Government's 2009 Defence White Paper committed to some \$275 billion of acquisitions, including 12 new submarines, eight frigates and 100 Joint Strike Fighters, to be funded by three per cent real growth in defence spending to 2018-19 and then 2.2 per cent to 2030. This was all vital, the White Paper declared, to preserving Australia's security.

In fact, the Rudd-Gillard Government has cut almost \$30 billion out of Defence investment through broken promises, deferments, delays and cancellations.

Defence spending in 2012-13 alone was cut by 10.5 per cent to plug Labor's Budget black hole. This was the largest annual reduction since the end of the Korean War in 1953. The share of GDP spent on Defence in the 2013-14 Budget is just 1.59 per cent, the lowest level since 1938.

The projects trumpeted in Labor's 2009 White Paper, together with other major re-equipment decisions inherited from the Howard Government, have stalled. Labor has abandoned by stealth the force structure it committed to, with so much fanfare, hollowing out Australia's future defence force. At the same time it claims implausibly that it can deliver on what it calls the 'core capabilities' of the ADF.

We can't expect our defence force continually to do more with less. Despite Australia being the world's 12<sup>th</sup> largest economy, Labor seems determined to reduce Australia from a middle military power to a small one.

The choice Australians face concerning our defence is a clear one – another three years of declining defence under Labor or a return to secure borders and a Defence force that is properly resourced, equipped and managed under the Coalition.



## Cost

The Coalition's *Policy for Stronger Defence* will invest \$113 million in re-building the ADF Gap Year programme.

There will be no further cuts to Defence spending under a Coalition government. Within a decade, Defence spending will be two per cent of GDP.



**The Coalition's Policy for Stronger Defence**

**Hope.  
Reward.  
Opportunity.**



**NATIONALS** for Regional Australia

For further details of the Coalition's Plan go to  
[www.realsolutions.org.au](http://www.realsolutions.org.au)