AIDN-WA Submission to the 2015 Defence White Paper

Executive Summary

This succinct paper contains the following recommendations:

**Recommendation 1.1** – That an Indian Ocean Command (IOCOM) be created and based in Western Australia. The national instabilities and connections in the Indian Ocean region warrant an Indian Ocean Command similar to NORCOM and based in Perth.

**Recommendation 1.2** - That one multirole Army brigade, and its necessary support units, be relocated to Western Australia. If this proves unfeasible, and if budget conditions allow, then it may be necessary to raise a new multirole brigade to be stationed on the Western seaboard.

**Recommendation 1.3** Increase the number of defence exercises in Western Australia's abundant lands in the North-West using dedicated training ranges. In addition, regional powers should be encouraged to visit W.A for bilateral and multilateral exercises and training as a means of strengthening bonds and reducing possible tensions.

This argues that “presence equals deterrence” and that Western Australia's economic assets are of such importance to the Commonwealth as to warrant a shift of attention to this State, making use of its abundant littoral lands suitable for use as training ranges.

**Recommendation 1.4** Make provision for the potential docking of RAN amphibious (LHD) ships and allied vessels of similar size on the West coast.

This argues that the existing design plan to double the size of the state of the art floating dock at the Australian Marine Complex in Perth, should be activated in order to make prudent provision for the potential docking of the LHD vessels – and thus for any other of the RAN's ships.
Recommendation 1.5 Work toward making West Coast facilities more adaptable for use by Australia's military allies for use in staging ventures in the Indian Ocean region.

This urges foresight by the Australian Government in making provision for the country's allies to utilise Western Australian facilities for use as a staging point for ventures in the Indian Ocean Region.

Recommendation 2.1 That the PIC (Priority Industry Capability) program be revisited with a view to better specifying the concept of priority industry capability, and fulfilling the program's intention to give “special” status to qualifying areas of capability.

We are unaware of any example of a PIC being given special contracting treatment by Defence and must conclude that the program has failed in its present form. That there are areas of capability that need to be kept within Australian industry would seem axiomatic, and it is argued that the program should therefore be revisited to make clear those areas and define what this will mean for Australian industry.

Recommendation 2.2 That the RPDE (Rapid Prototyping Development and Evaluation) program be revised to facilitate participation by SME's distant from Canberra.

This item urges a revision of the RPDE program administration to better facilitate engagement with regional SME's.

Recommendation 2.3 That a Centre of Excellence for Undersea Technology be established in Western Australia in view of its unique combination of advantages.

This recommendation argues that WA has a set of advantages that argue for the establishment of dedicated centre to maximise research and development in undersea technology.
Introduction

The Australian Industry and Defence Network of Western Australia (AIDN-WA) is the peak body for businesses of all sizes and sectors within Western Australia’s $AUD620 million dollar defence industry. AIDN-WA is committed to growing WA’s defence sector and giving it a collective voice.

The material in this paper was gathered in a forum of senior executives of selected WA defence companies, both prime and sub contractors, some whose companies are part of a national or global defence industry. It should, therefore, not be read as purely a parochial viewpoint, but as a WA perspective with an eye to the national interest.

1.0 ADF Force Posture and Ranges

Recommendation 1.1
Creation of an Indian Ocean Command (IOCOM) based in Western Australia.

The Indian Ocean region remains one of Australia’s, and the world’s, most important maritime trading zones. Today, the rising economies of the Asia Pacific and the Indian Ocean have made the region of greater importance to the world economy, especially with the rise of India. The Indian Ocean is now considered one of the most important and geo-politically contested waterway in the world with the bulk of the world’s seaborne transport in energy plying its waters traveling to the economies of Europe and the Indo-Pacific.

Today, the Indian Ocean region is in the midst of a major geo-political struggle, often referred to as a ‘Great Game’, which has seen a decline in Western influence in tandem with the rise of regional and extra-regional powers that are aggressively vying for influence. Nine of the Indian Ocean’s littoral states are middle powers in at least regional terms: Australia, Egypt, India, Indonesia, Iran, Israel, South Africa, Pakistan and Saudi Arabia. Five extra-regional great powers also have a strategic presence in the region, namely the US, UK, France, Japan and China.

The presence and interests of so many of the world’s major powers means that strategic competition cannot be avoided, as seen by China competing with the US and India; Iran pitched against the US, Israel and Saudi Arabia; and continued strategic tension between Pakistan and India. These tensions have resulted in an explosion of defence spending in the region, especially in Naval and Air Systems. In terms of percentage gain for 2015 on the previous year, India increased its total military budget by 12%, Pakistan by 11%, Indonesia by 14%, Malaysia by 10% and the states of the Gulf Cooperation Council 20%.
The Indian Ocean region is also highly unstable in other ways. It is replete with strategic and military threats from failed and unstable states, terrorism and insurgency, and by maritime crime characterised by piracy and trafficking in arms, narcotics and people. An evaluation of The 2014 Failed States Index indicates that 6 out of the world’s 20 most unstable states are located in the Indian Ocean littoral. In this context, the centrality of the Indian Ocean as a “maritime commons” cannot be emphasised enough. More than 80 per cent of the world’s seaborne trade in oil transits Indian Ocean choke points; with 40 per cent passing through the Strait of Hormuz, 35 per cent through the Strait of Malacca, 30 per cent around the Cape of Good Hope; and 8 per cent through the Bab el-Mandab Strait.

Another potential threat to the Region’s stability is food security, more specifically, over-exploitation of fisheries. Indeed, the Indian Ocean is facing an alarming escalation in fisheries exploitation. The consequences of over-fishing, mostly a result of unregulated and illegal activity by countries outside the region, could eventually have serious consequences for littoral states that depend heavily on the sea to feed their expanding populations.

Australia’s strategic, diplomatic and commercial relations throughout the Indian Ocean region have grown markedly in recent years. According to DFAT and other sources, there are currently over 300 Australian companies active on the African continent, 300 in the Middle East Gulf states and nearly 1500 Australian firms operating in India. Some 11 of Australia’s 17 bilateral counter-terrorism MOUs have been signed with Indian Ocean region countries.

Australia’s engagement in the Iraq and Afghanistan Wars again entailed significant ADF logistic support across the Indian Ocean. Both before and after these wars the ADF has been required to mount longstanding maritime operations in the Indian Ocean directly, particularly through the RAN’s participation in sanctions enforcement, terrorist interdiction, anti-piracy and counter-people smuggling operations. The ADF also continues to support Australia’s widening economic and diplomatic ties with Africa, bilateral defence co-operation with Pakistan, and nascent but expanding bilateral strategic linkages with India.

It is recommended that a small joint military headquarters be created and located in Perth. It may be entitled Indian Ocean Command or IOCOM, and be based on the ADF’s Northern Command (NORCOM) model in Darwin.
This would provide appropriate strategic emphasis on Australia’s Indian Ocean interests and enable effective and better informed local co-ordination of contingency and other planning than can be provided centrally by Joint Operations Command in Canberra. This command could be located in the under-utilised facilities at Leeuwin Barracks in Fremantle; it would be similar in size and function to the Darwin-based NORCOM, but would focus on military diplomacy and exercise programmes that engage with Indian Ocean region countries and military operations throughout the Region. WA would also be the best located Australian state from which the ADF could directly mount operations in to the Indian Ocean region and Southern Ocean regions.

Recommendation 1.2
That one multirole Army brigade, and its necessary support units, be relocated to Western Australia.

If this proves unfeasible, and if budget conditions allow, then it may be necessary to raise a new multirole brigade to be stationed on the Western seaboard. Outer metropolitan Perth offers excellent opportunities for basing, due to its proximity to naval facilities at HMAS Stirling and Air Force facilities at RAAF Base Pearce. Industrial and maintenance facilities of utility to Defence would also be close by, as would housing and existing water, electricity, rail and road infrastructure. Unlike the Eastern states, there is significant potential to expand existing facilities in Western Australia, or to create new ones, without infringing on residential areas or facing rapid encroachment. A hinterland training range of appropriate size could also be established between Perth and Kalgoorlie, which would offer better prospects for road and rail access and supply than the more isolated ranges in the North.

It does not make strategic sense to have all of Australia’s multirole combat brigades stationed on the East Coast and Darwin, whilst a third of the country remains without a serious regular Army presence. As Australia’s recent commitment of combat ground forces to the Afghanistan and Iraq campaigns, and the peacekeeping operations in Sudan and Somalia, have demonstrated, the Indian Ocean region remains a likely area for the deployment of ground troops. Having a multirole brigade stationed in the West would offer considerable time advantages for amphibious expeditionary operations if LHDs were to utilize HMAS Stirling, and could result in the formation of a quick reaction force that could utilize C-130s operating from RAAF Base Pearce in the event of a sudden crisis.
As well as acting in an expeditionary or quick reaction role, the planned force could also regularly train in WA’s vulnerable North-West in conjunction with the Pilbara Regiment and the Kimberly Squadron. Considering the desert terrain of the North and its lack of basic infrastructure, this might be useful for creating a large formation of troops familiar with operating in hostile terrain of the type frequently encountered on operations in the Indian Ocean region. In addition, these exercises could also potentially attract joint allied forces in a similar vein to the Kangaroo series of exercises held in 1989 and 1995.

**Recommendation 1.2**

*Increase the number of defence exercises in Western Australia’s abundant lands in the North-West using dedicated training ranges. In addition, encourage regional powers to visit W.A for bilateral and multilateral exercises and training as a means of strengthening bonds and reducing possible tensions.*

40% of Australia’s exports emanate from Western Australia’s North-West and are an economic asset to the nation worthy of increased security. While we are aware of current strategies to protect this resource rich area out of Darwin, staging training exercises in the North-West would send a much clearer message to the world that Australia highly values its economic generators and will defend them – the principle being “presence equals deterrence”.

Such ranges should be set aside according to military needs and in negotiation with State and local governments. However, one suggestion is that Yampi Sound could prove a viable proposition and a range here would seem to offer benefits for training involving the new amphibious ships (LHD’s).

From the cooperation and diplomatic viewpoints, encouraging smaller Indian Ocean powers to engage with Australia through their military forces is a way of strengthening bonds and reducing possible tensions. Western Australia is more accessible to Indian Ocean powers than Sydney, and increased West Coast exercises could be used to engage with them productively.

**Recommendation 1.3**

*Make provision for the potential docking of the amphibious (LHD) ships on the West coast.*

While current plans may involve home-porting the amphibious ships on the East Coast, the sheer size of the Australian continent and the length of its coastline would suggest that provision should be made to be able to dock these vessels in Western Australia as the need arises. This could very readily be achieved by activating an existing plan to extend the the floating dock in use at the Australian Marine Complex at Henderson, Western Australia, to double its current length. Cooperation with the WA state government in planning and funding should be investigated as a way of achieving outcomes better tailored to local conditions, at lower cost to the Federal Government.
If this relatively modest improvement were made, the RAN would be able to dock ANY of its ships on the West Coast, within an area supported by a mature marine industry and infrastructure - a strategic provision for the defence of Australia that ought not to be overlooked by a prudent government.

A similar opportunity, for due consideration, exists to leverage from planned port expansion in the North-West and so to provide a facility for RAN vessels within easy reach of the extensive, high value, resource extraction industries on which the Australian economy depends.

**Recommendation 1.4**

*Work toward making West Coast facilities more adaptable for use by Australia's military allies in staging ventures in the Indian Ocean region.*

Given the importance of the Indian Ocean Region, its trade routes, nations and potential for conflict, it is believed to be prudent for certain provisions to be made for allies to be able to stage operations from West Coast facilities. In particular, HMAS Stirling should be enhanced to better accommodate USN ships and submarines; this will require the following works:

- Dredge the second channel into Cockburn Sound to reduce the risk of channel blockage and thus to facilitate increased commercial and naval traffic into the Sound.
- Enhance the guided weapon and torpedo facilities to allow for the storage and maintenance of all ADF and USN conventional weapons.
- Reassess fuel storage and other logistics support requirements on the basis of an increased presence of ADF and Allied forces in W.A.

**2.0 Industry Policy**

**Recommendation 2.1**

*That the PIC (Priority Industry Capability) program be revisited with the view that Australia's defence industry is itself a Defence capability, for which a premium is worth paying if necessary.*

The concept of Priority Industry Capabilities (PIC's) does not appear to be achieving its ideal – to ensure that strategically valuable indigenous industry capability is retained. Instead we are seeing increased acquisition and sustainment spending going offshore, diminishing capability arguably essential to long term security.
The PIC program should be revisited with a view to treating certain industry capabilities as Defence capabilities, worth retaining and maintaining by paying a premium if necessary. It may also be necessary to increase industry understanding of what the PIC program actually entails, as the concept has been widely misunderstood by Industry.

Recommendation 2.2
That the RPDE (Rapid Prototyping Development and Evaluation) program be revised to facilitate participation by SME's distant from Canberra.

RPDE claims to be “a unique collaboration between Defence, industry and academia, bringing together the best and brightest from across the defence industry spectrum. When these forces join in a neutral, non-competitive environment, knowing that intellectual property and commercial interests are protected, the results are formidable”. (Quote from RPDE website). Yet this statement will never be fully realised with the current structure of RPDE. The nature of Quicklooks and other tasks undertaken by RPDE and the remuneration scales and terms and conditions for participants make it incredibly difficult for personnel from SMEs long distances from Canberra to take on RPDE tasks. This means that Defence is missing out on subject matter expert knowledge from a range of Western Australian based companies. To address this issue either the terms and conditions of RPDE secondments need to be modified or RPDE needs to adopt a more regional structure to allow tasks to be managed and completed locally.

Recommendation 2.3
That a Centre of Excellence for Undersea Technology be established in Western Australia in view of its unique combination of advantages.

Western Australia has a range of research institutions, Defence facilities and commercial companies focused on servicing undersea exploration and exploitation for commercial, scientific and military purposes. Both Curtin University and UWA have research centres studying the underwater environment. UWA has explored the use of unmanned self propelled underwater gliders to gather oceanographic data across vast distances. Curtin’s Centre for Marine Science and Technology has several areas of research including naval architecture, underwater acoustics, marine ecology and bio-monitoring. The Defence Science and Technology Organisation based at HMAS Stirling supports primarily naval operations in WA and focuses on underwater acoustics, unmanned autonomous underwater vessels, support to the Clearance Diver branch as well as underwater ranges for acoustic and magnetic measurement and three dimensional tracking.
There are a range of commercial entities based in WA which work in or have an interest in the undersea environment, as demonstrated by the strong membership levels of the Perth branch of the Society for Undersea Technology (SUT).

All of Australia’s submarine force and a Naval Clearance Diving Unit are based at HMAS Stirling in WA. The SAS, based at Swanbourne, WA, has an element which specialises in underwater operations. In recognition of this vast array of intellectual property and technical expertise resident in Western Australia it is proposed that a Centre for undersea technology be established in Perth to better coordinate and support these various avenues of undersea activity. The synergies that could be exploited would be considerable and the attractiveness of WA for other research and commercial organisations to establish a presence in WA would be significantly enhanced.