

Defence

Building Combat Capability

Building Combat Capability - The Coalition's defence policy is building a sharper, combat focused, better equipped, mobile and more operationally ready defence force.

Building combat capability

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Executive Summary – Key Policy Elements

Since the Coalition was elected in March 1996 our policies have produced a sharper Australian Defence Force -- more combat focussed, better equipped, more mobile and more operationally ready.

The Defence Force of the Next Century

The Coalition's policies are built around four key themes designed to make the Defence Force more highly mobile and combat capable and focussed on protecting Australia's security while making a major contribution to regional peace and stability.

First, we are building a more combat capable Defence Force. Our aim is to have up to 65 per cent of uniformed personnel in combat and combat related positions – up from 42 per cent under Labor.

Second, we are improving Defence management by cutting unnecessary administration and duplication. At maturity our Reform Program will deliver a billion dollars of savings every year to be spent on boosting combat forces.

Third, we are revitalising key alliance relationships with a particular emphasis on high-technology, and expanding Defence links with the Asia-Pacific. Australia cannot be secure in an insecure region. The Defence Force plays an important role in keeping our region peaceful.

Fourth, we are making major efforts to support Defence personnel – military and civilian – and building stronger links with the Australian community in areas of industry, science and cadet training.

The Coalition has made major advances in all these areas. As we move into the next century, the Defence Force will be much more combat ready than it was in the mid-1990s. Defence will have developed a new focus on exploiting the technology enhancements of the Revolution in Military Affairs. And with the Coalition's more outward looking policies of engaging with the Asia-Pacific, Defence will play a larger part in promoting peace and security.

The Coalition's second term Defence policy will focus on the same four broad themes, with new initiatives in each area:

Building Combat Capability

- Maintain Defence spending at least at current levels and in line with forward estimates in the 1998/99 Budget.
- Increase mobility and flexibility, buy airborne early warning and control aircraft, reconnaissance & ground-support helicopters, and amphibious capability.
- Fix Labor's projects -- Over-the-Horizon-Radar, Submarines & landing ships.
- Establish a Joint Australian Theatre Headquarters.

- Enhance reserve training and increase Army reserve recruitment.
- Establish an Office of the Revolution in Military Affairs (RMA).
- Issue a public paper on the implications of the RMA for the Defence Force.
- Increase DSTO funding up to \$10 million annually for RMA research.

Improving Management

- Make DER efficiencies of \$1 billion a year and \$500 million in one-off changes.
- Reform Acquisition process to speed up projects.
- Improve Defence project management.
- Maximise use of Australian industry.
- Shift support tasks like catering and maintenance to industry.
- Defence savings go to enhancing combat capability.
- Collocate single Service staff colleges in the ACT.

Strengthening alliances and regional links

- Work with US on the Revolution in Military Affairs and high-technology projects.
- Increase opportunities for Defence personnel exchanges.
- Sustain high-level of Defence combined exercises.
- Promote closer dialogue on Asia-Pacific security issues.

- Boost security co-operation with our neighbours.
- Create ANZUS Fellowships -- training and education opportunities for Defence Service and civilian personnel in the United States.
- Sponsor a history of the Australia-US defence relationship.
- Develop an information pack for schools on the Australia-US relationship.
- Acquire \$40 million of anti-Chemical and Biological Warfare equipment and protective gear for the Defence Force.
- Sponsor Asia-Pacific meeting on defensive capabilities against Chemical and Biological Weapons.

Supporting Personnel and Building Community Links

- The typical Defence family will be better off by between \$40 and \$50 a week following the introduction of the Coalition's tax reforms.
- Coalition will give the ADF a modern value-driven remuneration system.
- Develop a single, self-contained compensation scheme for peacetime service.
- Defence Housing Authority will remain in Commonwealth ownership.
- DHA will provide 2,000 houses worth around \$400 million annually.
- Review employment opportunities for women in the ADF.
- Enhance the Australian Services Cadet Scheme.
- Implement the findings of the *Defence and Industry – Strategic Policy Statement* with a view to developing closer ties with industry.

- Establish an Institute of Strategic Policy to encourage a wider Defence debate.
- Increase baseline funding for the Defence Science and Technology Organisation.

Labor's Record

Labor left Defence to drift by not setting clear priorities. Combat capability declined. Administration and bureaucracy grew.

A culture of complacency grew in Defence, undermining the forces' ability to respond quickly with combat power to operational situations.

Equipment projects were not finished on time and suffered cost blow-outs.

Defence Policy was too narrowly focussed on defending our coast-line. Not enough attention was paid to promoting regional peace and security.

Labor:	The Coalition:
ANZAC frigates – Labor fitted ships and aircraft "for but not with" weapons, leaving gaps which threatened safety & reduced effectiveness.	The Coalition is fitting ships, aircraft and other platforms with the necessary weapons and sensors.
Landing ships – Labor bought two rusty 2nd-hand ships for \$60 million. Real cost to upgrade: \$250 million.	The Coalition will not buy low quality equipment that needs years to repair.
Over the horizon radar – Labor mismanaged the contract, delaying the project by years and allowing a \$600 million cost blow-out.	The Coalition made a plan to complete the project under new private sector management and deliver a high-quality product.
Collins submarines – Labor under-estimated the complexity, delaying delivery of a fully capable boat.	The Coalition is fixing the problems and updating the Collins' design, giving real options for building more

	submarines.
Army – Labor let combat capability run down. Units lacked equipment, fire-power mobility and training.	The Coalition’s plan to Restructure the Army is developing mobile, hard-hitting units with modern gear & more training.
Administration – Labor let inefficiency grow, wasting billions that should have been spent on combat forces.	The Coalition’s Reform Program cuts inefficiency, it will save around a billion dollars a year to put into combat forces.
Defence spending – Labor promised growth in the budget and didn’t deliver. Later they delivered big spending cuts.	The Coalition kept its promise not to cut the budget and is spending millions more effectively on combat forces.
Friends and allies – Labor’s narrow focus on coastline defence meant the Force was less relevant to promoting peace in our region.	The Coalition strengthened alliances and regional links. See "operational highlights" for Asia-Pacific activity.

COMMUNITY ATTITUDES TO DEFENCE

Since its election in 1996, the Coalition Government has returned a sense of pride and purpose to service in the Australian Defence Force.

A great deal of this comes from the energy and professionalism of our Defence people – both Service and civilians. Whether it is peacekeeping in Bougainville, drought relief in Papua New Guinea and West Irian, arresting fishing vessels deep in the Southern Ocean or deploying to Kuwait in support of Coalition Forces, the Australian Defence Force has shown itself to be a highly capable organisation.

The Coalition has worked hard to redirect Defence resources into combat forces and give greater emphasis to the forces undertaking operational activities.

That contrasts with the previous Labor Government which left Defence to drift without a clear focus.

A major national survey into community attitudes to Defence was carried out in mid-1998. Its main conclusion is that there has been a significant increase in public support for the Australian Defence Force in many key areas.

- 67% of people are confident of the Defence Force's ability to defend Australia effectively from outside threats compared to 53% in 1995.
- 82% of the 2500 people surveyed said they take pride in the ADF compared with 66% in 1990.
- 83% believe the ADF has well trained people compared with 60% in 1989.
- 67% believe ADF members are held in high esteem by the community compared with 46% in 1989.
- 55% of people believe the ADF has modern equipment compared with 44% in 1989.
- 84% believed Defence should help develop high technology industries and jobs for Australians compared with 54% in 1989.

This growth in community support is also shown in increased interest in Defence careers. In 1997/98 Defence achieved 97.3% (8143 enlistments) of its recruiting targets for entry into ADF. This compares with 93% in 1994/95.

Part 1 – Coalition Commitments

A - 1996 Election Policy Commitments

Commitment	Result
Defence capabilities	
No cuts in Defence spending plans.	Done.
Make 6 th Brigade an integrated Regular/General Reserve brigade.	6 th Brigade an integrated Task Force in 'Restructuring the Army' plan.
Enhance the ADF's strike capacity through improvement of F-111 aircraft and study replacements.	F-111 upgraded with improved avionics and strike. Replacement studies under way. Extra missiles bought.

Study stand off weapons for COLLINS.	Addressed in COLLINS upgrade plans.
Identify affordable Airborne Early Warning and Control project.	Project on track. First aircraft delivery is expected about 2002.
Make Army mobility a priority.	Mobility increasing with Bushranger and ASLAV vehicles.
Improve ADF logistics and supply systems.	Single Support Command created, doing work once done by each Service.
Build ADF units to peacetime manning level.	Hollowness in units is being cut. A floor of 50,000 Regular ADF established.
Improve the 'teeth to tail ratio'.	Combat and related positions growing from 42% of ADF in '96 to up to 65%.
Reduce readiness times and increase resources for reserves.	Army's integrated units and Common Induction Training improving readiness.
Building Regional Links	
Expand security co-operation with regional countries.	A higher Defence priority. Relations have expanded.
Emphasise training and exchanges.	A major focus for regional training.
Strengthen the Australian-US alliance.	Re-invigorated by exercises like Tandem Thrust and equipment, intelligence and other co-operation.
Build closer relations with NZ.	Co-operation has intensified.

Work with US on missile defence.	DSTO's work with the US intensified.
Managing Defence	
Form Cabinet National Security Ctee.	Done. Working very effectively.
Review top departmental structure.	Done in the Defence Efficiency Review.
Introduce accrual accounting.	Implementation underway.
Encourage exchanges with industry.	Program is being developed.
Defence personnel	
Adopt long-term personnel policy.	Done via new Personnel Executive.
Give personnel means to do their jobs, challenging training and peacekeeping.	DRP is directing savings to combat forces. See 'Operational Highlights'.
Commitment	Result
Give Reservists better access to Defence assets for training.	Reservists being integrated into units with Regulars. Common induction training trialed.
Publish manning levels in Budget.	Done.
Strengthen the school cadets system.	Plans with States to boost cadet activities largely implemented.
Double Defence housing loan. Cut qualifying time. Offer to	Done.

Reserves.	
Construct additional child care centres on bases.	Two new and replacement centres built. Survey begun on new needs.
Increase Family Support Funding.	Done.
Establish spouse employment database.	An enhanced Spouse Employment Assistance Program has begun.
Review operations of the Defence Force Remuneration Tribunal.	Review to report on arrangements for ADF pay determination.
Enable the option of longer geographical postings in the future.	More consideration given so people can serve back-to-back postings.
Ensure children of ADF are not disadvantaged starting or changing school.	Progress has been made on education mobility issues.
Widen eligibility for a range of medals.	Done. See 'Personnel' section.
Industry and science	
Provide industry with clearer guidance to assist planning.	Done in the <i>Defence and Industry – Strategic Policy Statement</i> .
Support Australian manufacturers in defence exports.	Government has led export missions, established Defence Exporters Council and product endorsement scheme.
Bring industry into the planning process much earlier than is currently the case.	Pink Book being expanded, Capability papers will be published and Capability Development Forum being

	established.
Maximise benefits of the Commercial Support Program (CSP).	Defence Reform Program is accelerating CSP process.
Ensure Department develops better project management skills. Ensure purchasing officers are accountable.	Defence trialing contracting out of all but oversight. Competency standards for project directors introduced.
Introduce exchanges with industry for both military and civilian personnel from the defence organisation.	New Defence Industry Advisory Council will report on training. Exchanges being organised.
Ensure an effective, streamlined and transparent tendering process.	Defence purchasing guidelines being amended to achieve this.

B - Administrative Savings

A key Coalition 1996 commitment was to redirect \$125 million a year from administration to enhance combat forces and to retain personnel. This has been fully implemented. In fact the total money saved is larger than planned. \$716 million will be redirected from administration over the life of the program. This is on top of savings from the Defence Reform Program.

Project	\$million
Navy, Army & Air Force	
Additional anti-submarine warfare sonobuoys.	21.729
Equipment & training support for 'Restructuring the Army'.	4.785
Transfer of Ready Reserve into Regular Army.	12.266
Support for new full-time Commando Rgt & new	7.210

equipment.	
Special Forces communications equipment.	0.446
Laser weapon training simulation system.	15.460
Tactical engagement simulation system.	3.610
Partial upgrade to F-111G to build fleet commonality.	1.012
Establish a second major servicing line for F-111.	13.900
Extra F/A-18 engine parts and afterburners.	18.334
Acquisition of extended capability laser guided bomb.	12.118
Army Aviation: extra funding for Black Hawk maintenance.	33.450
F-111 electronic warfare upgrade.	3.610
F-111 support - spares acquisition.	31.097
Intelligence	
Intelligence related proposals.	26.983
Acquisition Organisation	
Enhance satellite communication for Anzac and Collins.	28.610
Night fighting equipment.	68.750
Global positioning system.	33.195

Specialised surveillance vehicles for 2nd Cav Rgt.	27.550
F-111 – measures to enhance fleet commonality.	14.149
F/A-18 upgrade operational flight program software.	19.850
Black Hawk conversion of airframe maintenance training.	4.020
Purchase of additional Chinook helicopters.	62.146
Purchase of additional Harpoon missiles.	68.942
Project on data fusion technology for the ADF.	1.279
Incorporate 'Block 1C' Harpoon missile capability into P3C.	5.135
Acquisition of additional air-to-air weapons.	18.190
Acquisition of additional air-to-surface weapons.	38.330
Science and Technology	
Research into Anti-Ballistic Missile technology.	5.768
R&D to support capability development.	7.196
Capability analysis studies and Army 'Battlelab'.	0.843
Weapons image and sensor signal research.	0.653
Personnel	
Funding for ADF childcare facilities.	7.388

Increased family support grants.	1.860
Enhanced spouse employment assistance program.	4.332
Recruitment initiatives.	18.848
Improved automated personnel management system.	1.824
Retention initiatives.	55.465
Extended Home Owner Loan Scheme to Reserves.	15.427

Part 2 – Major Policy Initiatives

A - Defence Reform Program

The Coalition's 1996 Election Policy Statement set the right direction for Defence. But our assessment in 1996 was that there was a compelling need to make broader, faster and more fundamental changes.

In 1996, the Minister for Defence appointed a panel of eminent figures from the public and private sector under the chairmanship of Dr Malcolm McIntosh, Chief Executive of the CSIRO, to review Defence management and financial practices.

The terms of reference asked to identify Defence management processes and to make reform proposals ensuring that Defence management is efficient and effective; eliminates duplication; defines 'core' and 'non-core' business; uses commercial options; and reflects modern business practices.

In April 1997, the Minister for Defence reported to Parliament on the findings of the Review and announced an implementation plan to reform Defence administration – the Defence Reform Program.

The reforms are directed towards refocussing Defence on its primary task of maintaining and developing combat capability to achieve the Defence mission of preventing or defeating attacks on Australia and its interests.

Key reforms include:

- Establishing effective long-term planning and capability development;
- A more corporate approach to planning and decision making through a joint and integrated Defence Headquarters staff;

- A focus on performance and the placement of authority and accountability at the most appropriate level;
- Enhancing the role of the Chiefs of Service in strategic policy development;
- Eliminating duplication and overlap of support activities through the establishment of effective client – provider relationships;
- Make one-off savings of a minimum of \$500 million -- mainly through property rationalisation, and ongoing annual savings of around one billion dollars.

Defence Reform Program savings will be used to:

- Establish a 50,000 permanent force ADF with 65% in combat and combat related areas -- up from about 42% when we came to office;
- Increase funding for new equipment;
- Build up our amphibious capabilities;
- Support new equipment introduced into service, and;
- Fund high priority logistic support projects.

B - Restructuring the Australian Army

It was clear from the internal Army 21 report that rapid and significant reform was needed to modernise the Army, turning it into an effective, mobile force able to apply dominant firepower on the battlefield.

The Coalition is making the necessary improvements with the Restructuring of the Australian Army initiative, begun in October 1996.

The restructuring is designed to:

- Eliminate hollowness in army units, by redistributing personnel and equipment so that all established units can deploy within shorter readiness times.
- Increase the number and effectiveness of combat troops by ensuring reservists are able to make a bigger contribution. Most reserve personnel will initially have six weeks full time

training. Subsequent training will increase to around 50 days a year.

- Integrate infantry, armour, artillery and engineers into task forces. These forces will be independent and largely self-contained, able to deploy to different regions in Australia and to defend these areas.
- Create a base for adopting new technology to modernise the force. We are developing proposals for acquiring new equipment aimed at increasing the mobility and firepower of the force, including helicopters and fixed wing aircraft and more protected vehicles for infantry mobility.
- Ensure higher readiness elements contain more full time personnel and that that regular forces are able to be deployed at short notice.
- Applying these principles will significantly increase Army capability. Capital equipment investment after the year 2000 will be guided by these principles – and the lessons learned over the trials -- to further strengthen Army capabilities.
- The shift from the traditional divisional structure towards flatter and more responsive task forces will create more flexible units, better able to undertake independent operations and to operate with the Navy and the Air Force.
- The reconnaissance, mobility and embedded firepower of the task forces will result in a versatile structure able to operate effectively in both widely dispersed and conventional operations.
- The Army's share of the Government administrative savings has assisted these initiatives. Additional equipment bought includes night vision equipment, radios, satellite navigation equipment, laser range finders and simulators. This equipment is being delivered to combat units.

Effect by State and Territory

- **Northern Territory.** The 1st Brigade continues its move to Darwin, with Sydney based elements of the Combat Service Support Battalion now relocated to Darwin. The remaining units (5th/7th Battalion, The Royal Australian Regiment, 1st Combat Engineer Regiment and 103rd Medium Battery) will relocate to Darwin later this year and next year. The Brigade, as the centre for Army's trial of the concepts detailed in our plan to restructure the Australian Army, has commenced field trials.
- **Victoria.** 4th Brigade continues activities in support of Reserve revitalisation. New Reserve soldiers are undergoing continuous induction training, before doing trade training and serving with their units. The Brigade has received additional equipment and training resources.
- The Puckapunyal Military Area is being established as the centre of excellence for the development of doctrine, capability and combined arms training.

- **New South Wales.** HQ 5th Brigade has moved from Lidcombe to Holsworthy replacing HQ 1st Brigade, and has assumed responsibility for command of the Regular combat elements remaining in the Holsworthy area. The Special Forces Training Centre is being developed and will be established in an interim facility at Singleton by December 98.
- **Queensland.** 6th and 7th Brigades in Brisbane amalgamated on 1 July 1997 to form the 7th Task Force. The plan to raise Regular sub-units in each of 7th Task Force units is complete. The Regional Training and Mobilisation Centre prototype has been established at Enoggera, with responsibility for trialing the conduct of distance education and training using technology and simulation based training.
- The units based in Townsville will have their capability maintained to respond to short notice contingencies.
- **South Australia.** 9th Brigade is adjusting its training plans to accommodate an increase in training resources.
- **Western Australia.** 13th Brigade is implementing its plan for a Regular sub-unit to be part of the 16th Battalion, the Royal Western Australian Regiment. The command and administrative elements have been posted to Perth and the Regular company was established in July 1998.
- **Special Forces Group.** The 4th Battalion, The Royal Australian Regiment (Commando) continues its development of the commando role.

C - 1997 Strategic Review

In 1996, the Minister for Defence commissioned a classified study of Australia's strategic circumstances and the decisions arising from that assessment that would be needed to shape the Defence Force to 2020 and beyond. A public version of that review -- *Australia's Strategic Policy* -- was released in December 1997.

The 1997 Strategic Review is an evolutionary document, both in the way it assesses regional trends and in the proposals put forward for force development. *Australia's Strategic Policy* does, however, detail a number of highly important policy differences to that of the previous Government. This study took a crucial step beyond just describing our strategic outlook to detailing a set of priorities for force development.

The review sets a maritime focus for the defence of Australia and its vital interests, and a logical, structured approach to defence equipment acquisition. It moves Defence away from a narrow focus on reacting to low-level contingencies. It stresses our capacity to defend Australia in a wide range of circumstances by focussing on our maritime approaches.

The document foreshadows enhanced strategic co-operation with Asia-Pacific countries. It recognises the unbreakable link between Australia's security and the security of our region. The review confirms that our alliance with the United States is our most important strategic relationship.

We are working to develop a shared commitment to regional peace and stability among as many Asia-Pacific states as possible. While our ties with our neighbours in Southeast Asia and the Southwest Pacific are of great strategic importance, the fact is that the Asia-Pacific's strategic centre of gravity is Northeast Asia. We share many strategic interests with Japan and have instituted regular political-military talks, complemented by modest military links and intelligence exchanges. We have increasing dialogue with China and evolving military contacts, and a growing strategic dialogue with South Korea.

The strategic review does not attempt to predict future military conflicts. Rather, it assesses the enduring features of our strategic environment and the long-term trends which could impact on that environment.

The review articulates our key strategic interests as follows:

- Avoiding destabilising strategic competition between the region's major powers;
- Preventing the emergence of a region dominated by any power or powers who might wish to damage Australia's interests;
- Keeping Southeast Asia -- especially maritime Southeast Asia -- free from destabilising disputes;
- Working with neighbours to strengthen their security, thereby preventing the intrusion of foreign military forces which might attack Australia, and;
- Preventing the proliferation of weapons of mass destruction in our region.

These priorities must be constantly re-evaluated in the light of strategic developments. A strategic assessment update will be completed in late 1998.

D - Defence Industry Policy Statement

- The Government's vision is for a technologically advanced Defence Force supported by a close partnership with efficient, innovative and sustainable defence industry. A new strategic defence industry policy, which recognises industry as an integral part of our national security was released in June 1998.

Coalition Policy – Six Key Strategies

1. Integrating Industry into Capability Development

Defence will establish a Capability Development Advisory Forum by the end of 1998, chaired by Defence's Head of Capability Development and including the heads of business units from key industries. It will provide advice on how industry can best participate in supporting new equipment, ensuring that Australia builds a more credibly

self-reliant defence capability.

We will publish Public Discussion Papers on major military capabilities, explaining their underlying rationale and early plans for their development.

Defence will also expand its public advice on equipment proposals not yet approved for acquisition (the 'Pink Book') to provide higher quality information on the specific capabilities envisaged for acquisition.

2. Sharpening our Capability Edge

Defence will provide greater incentives for industry to do more R&D.

The Capability and Technology Demonstrator program will expand to provide greater scope for industry-initiated R&D proposals. Investment will increase up to a maximum of \$20 million a year.

A Policy and Support Centre for Intellectual Property (IP) management will be established by the end of 1998, to develop and apply IP policy across Defence.

3. Reforming Procurement

The Defence procurement process will be made more flexible, responsive, innovative and efficient.

In 1998/99 Defence will institute mandatory competency standards for Project Directors dealing with strategically important and complex projects.

Defence purchasing guidelines will be amended so companies can be pre-assessed as compliant against specific contracting elements to avoid repeated tendering against established performance.

4. Involving Australian Industry in Defence Business

Defence will provide seed funding to establish the Australian Industry Defence Network as Australia's peak representative association of small to medium enterprises (SMEs).

Defence will replace the Offsets Credit Scheme with a Defence Industry Investment Recognition Scheme which will take effect from late 1998.

Defence and industry will develop a code of ethics and conduct which guides the relationship in Australia between primes and SMEs.

5. Exports and Material Cooperation

A Defence Products Endorsement Scheme will operate by the end of 1999, enabling firms to show they have ADF endorsement for the goods and services they wish to sell overseas.

The Government will support more defence trade missions -- led by ministers -- to promote the products and services of Australian companies overseas.

6. Culture and Communication

Defence will establish the Defence and Industry Advisory Council (DIAC) by the end of 1998. It will consider key issues relating to Defence policy for industry.

The DIAC will establish links with a network of organisations including the Defence Exporters Council, Contracting Consultative Forum, Commercial Support Program Consultative Forum, Capability Development Advisory Forum and Industry Policy Consultative Forum.

Implementation

Unlike previous defence industry policies, this policy has whole of government endorsement. Accompanying the statement is a detailed implementation plan, including timeframes and action areas. This is a plan that makes both Defence and industry accountable for its implementation.

The Minister for Defence Industry, Science and Personnel will oversee the implementation of this policy, with Defence providing six monthly progress reports.

This policy marks the beginning of a new strategic approach to defence industry. It marks a further significant step taken by this Government toward our goal of a sustainable defence industry which best supports the ADF's warfighting capability.

Part 3 - Budget, Equipment & Facilities

The 1998/99 Budget announced on 12 May maintains defence outlays in real terms providing a funding base for Australia's defence into the 21st century.

The Defence Budget outlay of \$10.9 billion is 1.9% of Gross Domestic Product and 8.7% of Commonwealth outlays. This represents an increase of \$589.2m over the estimated outcome for 1997/98.

For the third year in succession, in line with Coalition pre-election commitments, Defence has been quarantined from spending cuts.

In 1998/99, \$2.7 billion will be spent on new major capital equipment, including:

upgrades for the F/A-18 Hornet fighters, M113 Armoured Personnel Carriers and Hydrographic Survey equipment;

"Penguin" anti-ship missiles for the ANZAC Ship helicopters;

electronic navigation systems for RAN ships;

equipment to facilitate helicopter operations from amphibious ships;

spares for F-111G strike aircraft; and

a deployable intelligence database for use by operational headquarters.

These capabilities will help to maintain the Defence Force's knowledge edge, defeating threats in the maritime and air approaches, providing an effective ADF strike capability, and defeating threats on Australian territory.

With this Budget, activity will continue on development of the Lead-in fighter, ANZAC helicopter and further strategic Air Lift capabilities, and update of the P-3C maritime patrol aircraft to extend their life beyond 2020.

In 1998/99, the third Collins class submarine HMAS Waller will be completed. The third coastal mine hunter HMAS Norman will be launched. Both new hydrographic ships, HMAS Leeuwin and HMAS Melville, and the first C-130J Hercules aircraft will be delivered.

Some \$458 million has been allocated for major capital facilities projects in 1998/99, with continuing work on such projects as the Army presence in the North, in Darwin, the development of HMAS Stirling in Western Australia and RAAF Bases Darwin and Tindal in the Northern Territory.

New capital facilities approved in the 1998/99 Budget include:

- Further development of Townsville's Lavarack barracks (home of the ADF Ready Deployment Force);
- Development of new and updated facilities at RAAF bases Townsville, Darwin and Amberley; and
- Redevelopment of HMAS Albatross at Nowra to meet helicopter, maritime support and training requirements.

A - Equipment and facilities projects

The Howard Government has overseen significant project approvals, negotiated major defence contracts and has taken delivery of important equipment that will enhance defence combat capability and readiness.

In addition, important defence facility projects have been progressed which will provide substantially improved support to operational, training and logistic components of the Defence Force. Among the key achievements are:

Major Project Approvals:

- Airborne Early Warning and Control System
- F/A-18 Hornet Upgrade
- Air-to-Air and Air-to-Surface Weapons Capability
- Light Tactical Airlift Capability
- Improved Combat Capability for ANZAC frigates

- FFG Anti-Ship Missile Defence Upgrade
- Enhancement of F-111 strike capability
- Chinook Helicopter acquisition
- Additional Australian Light Armoured Vehicles
- Ground Based Air Defence Weapons Systems
- Modernisation of High Frequency Communications

Major Defence Equipment Contracts:

- Lead-In Fighter
- ANZAC Ship Helicopters

Major Defence Equipment Deliveries:

- Two Submarines commissioned and a further two launched
- One ANZAC frigate commissioned and a further one launched
- Two Minehunter Coastal vessels and one Hydrographic ship launched
- 111 ASLAV vehicles

Major Capital Facilities projects:

- Air operations facilities – RAAF Darwin, RAAF Learmonth and RAAF Scherger
- Helicopter facilities – HMAS Albatross
- Lavarack Barracks and RAAF Base redevelopment, Townsville
- RAAF Base redevelopment Amberley
- Sale of stores depots at Zetland and Newington in Sydney, and Laverton Airfield in Melbourne

B - Personnel

Recruiting and retaining skilled regular and reserve personnel is a key focus of Coalition policy. The Howard Government has:

- Established the Defence Personnel Executive - a joint and fully integrated organisation which is eliminating duplication of effort; maximising administrative efficiency and improving decision making.
- Significantly improved the performance of the Defence Housing Authority, financially and in the methods it uses to meet housing needs.
- Enhanced the operation of the Defence Home Owner Scheme by:
 - doubling the maximum subsidised loan to \$80,000 or to \$160,000 where spouses have a joint entitlement;
 - reducing the eligibility period for a subsidised loan from six to five years;
 - making subsidised loans available to Active Reservists after a qualifying period of eight years effective service.
- Established the Defence Community Organisation to provide effective and efficient support to defence members and their families.
- Established the ADF Spouse Employment Initiative.
- Built new child care centres at Darwin and building new centres at RAAF Base Tindal, HMAS Albatross, making 16 employer sponsored child care centres.
- Introduced a range of measures to assist Defence families with special needs.
- Introduced twice-yearly re-union travel for dependent tertiary students of Defence members, as well as a new Education Assistance Scheme.
- Extended removal and living assistance provisions to Members Without Families including removals, Disturbance Allowance, District Allowance, Isolated Establishment Allowance and Temporary Accommodation Allowance.
- Established an ADF Pilot Retention Bonus. The Special Action Forces Allowance was substantially increased for qualified Special Force members.
- Made progress on a number of education mobility issues.
- Increased the maximum grant available under the Defence Family Support Funding Program from \$20,000 to \$50,000. Since March 1996, \$3.1million in grants have been made under the Program.
- Established the Defence Force Equity Organisation to develop an ADF-wide strategic, long-term planning process for the elimination of all forms of discrimination and harassment.
- Commissioned a report into sexual harassment at ADFA.

- In conjunction with DEETYA, the ADF has set up an Aboriginal and Torres Strait Islander employment strategy with the goal of achieving 2% representation in both Permanent and Reserve forces by 2005.
- On 11 June 1997, announced improved compensation benefits for ADF personnel severely injured and for families of those killed while serving. The Government initiated a review of military compensation currently in progress.
- Continue to enhance the Australian Services Cadet Scheme.
- Implemented a military honours and awards policy to rectify the anomalies left by the previous Government:
 - - established the Australian Active Service Medal 1945-75 to recognise post WWII service with a distinctly Australian medal (over 22,000 have been approved, approximately 94,000 are eligible);
 - - introduced new clasps for the Australian Service Medal 1945-75 to recognise service in the Far East Strategic Reserve, South West Pacific and Germany following WWII and reduced qualifying time for the other clasps of the ASM 1945-75 to a standard 30 days (38,285 medals and clasps have been issued under these initiatives);
 - - extended eligibility of the 1939-45 Star, including to RAAF ground and aircrew who supported operations in the UK (14,040 have been issued);
 - - reduced the qualifying service for the Australia Service Medal 1939-45 (over 16,000 have been awarded); and
 - - established an End of War List for Vietnam (74 awards accepted).
- Conducted a Review of Service Entitlements Anomalies that formed the basis for the Government's decision, announced in the 1997 Budget, to extend repatriation benefits under the Veterans' Entitlement Act 1986 to approximately 10,500 veterans who served overseas after World War II.

Defence Air Safety

The tragic Black Hawk crash of 12 June 1996 was the worst ADF peacetime accident since the HMAS Melbourne collided with HMAS Voyager.

Following the accident, the Government moved quickly to ensure that all critical safety related changes that needed to be made to ADF aviation activity were implemented as high priority tasks.

The Government established a new Directorate of Flying Safety in the Australian Defence Force with responsibility on flying safety matters for all three Services. The Directorate provides a focus for a common flying safety culture across the ADF.

Critical safety related recommendations have been given the highest priority, and there has

been increased emphasis on risk management and risk minimisation, particularly for Counter Terrorism and special recovery exercises. Action has been taken to improve processes and activity in risk management; command and control; planning, preparation and training; flying proficiency and technical control; equipment, personnel and logistics; and accident investigation.

C - Science

The Revolution in Military Affairs is changing the nature of warfare. In responding to this, *Australia's Strategic Policy* identified the knowledge edge as our highest defence capability development priority.

Science and technology is playing an increasingly central role in military affairs. The Defence Force must be able to take advantage of new military technologies if it is to retain a capability edge in the Asia-Pacific.

The Defence Science and Technology Organisation, as Australia's primary defence R&D organisation, plays an essential role in improving defence capabilities by applying high technology. Key DSTO initiatives since March 1996 include:

- Starting in 1996-97, DSTO's baseline funding will grow over a five year period, reflecting the need to increase scientific support in high priority areas. Increased funding is from savings from the Defence Reform Program.
- Restructuring DSTO administration into a leaner organisation and improving infrastructure. That includes constructing a new laboratory complex at Salisbury in SA; refurbishing a number of DSTO facilities in Melbourne; and opening a scientific facility to support the Navy at HMAS Stirling in WA.
- Opening DSTO's Command and Control Information Systems Interoperability Laboratory in the ACT. This boosts DSTO's work on battlefield command and control and the ability of forces of different nations to operate together.
- Increase funding for co-operation with the United States' Ballistic Missile Defence Organisation.
- Expanding alliances with industry to improve communications between defence and the private sector and allow for earlier involvement of industry in Defence planning. There are now 19 alliances between DSTO and industry.
- Enhancing DSTO's advanced modelling and simulation capability.
- Launching the Capability and Technology Demonstrator Program (CTD) as part of the Defence Reform Program. The CTD program shows how leading edge technology can be integrated more quickly into the Defence Force.
- The program will boost industry research and development plans. Investment will increase from around \$10 million up to \$20 million a year.

D - Operational Highlights

In addition to normal training and exercising, Defence has successfully performed a wide range of short-notice operational and assistance tasks. These activities have tested the Force's capability and readiness and shown to all Australians the skills and professionalism of our service people.

- In December 1996/January 1997, RAN and RAAF units combined in the search and rescue of a British and a French yachtsman in the Southern Ocean in extreme weather conditions. The professionalism of the rescues attracted world-wide acclaim.
- RAAF C130 aircraft evacuated 450 people from Phnom Penh, Cambodia to Malaysia in six sorties on 11 July 1997.
- In October 1997 and again in February 1998, RAN units apprehended foreign fishing vessels in the Heard and McDonald Island area.
- Army and RAAF aircraft and personnel from October 1997 to April 1998, assisted in a large scale drought relief operation in Papua New Guinea.
- Army and RAAF units also undertook major drought relief activities in Irian Jaya, Indonesia, for three months from April 1998.
- The ADF has been active in supporting the Bougainville peace process since September 1997, with transport and logistics support, and from November 1997 through participation in the Truce Monitoring Group, which from 1 May 1998 has come under Australian leadership as the Peace Monitoring Group.
- In February 1998, Army and RAAF elements deployed to the Gulf as part of the Coalition Force to pressure Iraq to comply with UN resolutions relating to the dismantling of Iraq's weapons of mass destruction.
- Elements of the ADF have been active in assisting local communities in combating natural disasters including bush fires in Victoria and New South Wales and major flooding in South Australia, North and Central Queensland and the Northern Territory.
- In July 1998, the ADF provided disaster relief in Papua New Guinea's Sandaun province following the devastation inflicted by a tsunami on 17 July 98. Defence aircraft rapidly provided much needed relief supplies and ADF personnel provided extensive medical and other support in the disaster area.

Part 4 - The second term agenda

The Coalition's policies are built around four key themes designed to make the Defence Force more highly mobile and combat capable and focussed on protecting Australia's security while making a major contribution to regional peace and stability:

- Building Combat Capability

- Improving Management
- Strengthening Alliances and Regional Ties
- Supporting Personnel and Building Community Links.

A - Building Combat Capability

Defence Spending

Over the coming three years the Coalition will maintain Defence spending at least at current levels and in line with forward estimates in the 1998-99 budget.

We cannot run the risk of allowing a reduced Defence capability.

The Coalition Government will ensure the ADF maintains its capability during a period of great strategic change in the region. We will also ensure that the Defence Force can meet the technological demands being imposed by the Revolution in Military Affairs.

For the next three Defence budgets we expect to achieve the levels of savings projected in the Defence Reform Program.

According to the budget estimates, after increased commercialisation costs are taken into account, net Reform Program savings will be : \$255 million in 1999-2000, \$403 million in 2000-01 and \$667 million in 2001-02.

Beyond this period the Reform Program will realise even higher levels of recurrent savings. On current planning when the Reform Program is complete around a billion dollars a year will be redirected from administration into supporting combat forces through training, higher operational readiness and equipment acquisitions.

These reforms deliver the equivalent of about a ten per cent increase in spending.

The Revolution in Military Affairs Initiative

One of the greatest challenges faced by the Defence Force is to retain its military edge through the use of high-technology.

The Revolution in Military Affairs (RMA) is changing the way wars will be fought in future with more powerful computers, better surveillance and communications and weapons with greater speed, reach and fire-power.

The Governments December 1997 Strategic Review identified maintaining the 'knowledge edge' as critical to the future of the Defence Force.

For Australia, that means we need to take an active and focussed approach to the RMA. We must embrace RMA technologies in order to keep our qualitative edge in the Asia-Pacific and to remain a highly valued ally of the United States.

This is not a simple task because Australia must be selective in its approach to new

technology.

The Coalition will, therefore, implement a series of initiatives to ensure that Defence is extracting the maximum value from the Revolution in Military Affairs – be it in equipment acquisition and development, training, doctrine development and alliance relations.

Office of the Revolution in Military Affairs

To ensure that we are giving the necessary attention to the RMA, the Coalition will create a joint Office of the Revolution of Military Affairs to be headed at the Brigadier (or equivalent) level in Defence Headquarters.

The Office of the RMA will report directly to the Secretary and Chief of Defence Force and through them to the Minister. Their key functions will be to review technological developments, develop a strategy for adopting RMA technology and for co-operating with the United States in this area.

The Office will prepare for the Minister a public paper to be released next year on the Australian Defence Force and the RMA and information warfare, setting out policy options and issues.

The Office of the RMA will significantly improve Australia's ability to monitor, identify and adopt new technologies to enhance our combat capabilities and alliance relations.

RMA research

The Defence Science and Technology Organisation (DSTO) is one of the country's leading scientific bodies and a world leader in several areas of defence research.

In keeping with its priority to build Defence's 'knowledge edge' the Coalition will boost DSTO's funding to undertake research and technology development in fields relating to the Revolution in Military Affairs.

Over the next three years, the Coalition will increase resources to a maximum of an additional \$10 million annually to support DSTO's research in this area.

Costs for this initiative will be absorbed within existing budget guidelines, using savings generated through the Defence Reform Program.

This funding will be directed to assist research programs related to RMA technologies as well as combined programs with the United States and the development of technological solutions to unique Australian defence needs.

Exchanges with US on RMA 'battlelabs'

Army sends elements of its forces to train with US units participating in RMA/battlelab activities at both the US Army's National Training Centre and US Army's Joint Readiness Training Centre, at Fort Polk in Louisiana.

Army has recently sent two company sized sub-units to the US for this training. Because of the valuable lessons these deployments teach, and because of the enhanced co-operation

they create with the United States, the Coalition will expand military co-operation with the US Army battlelabs working on the Revolution in Military Affairs.

Delivery of Important Capabilities

Over our next term, major projects like the Jindalee Over the Horizon Radar Network, the amphibious landing platforms, replacement C-130 aircraft and Hawk Lead-In Fighters will be closely monitored by Government to ensure that the projects deliver the capabilities Defence needs.

The Coalition Government has a continuing obligation to ensure that Labor's failures in defence equipment project management do not undermine the capabilities of the Defence Force.

In the case of the Over the Horizon Radar and Collins submarines, this involves an intensive effort to rectify management failures, address design changes and review the progress of projects up to the point when they enter operational service.

The Collins submarines will be introduced into full operational service, and preparation made for the future enhancement and continued support of the class.

In the next three years, Defence will spend in the order of \$10 to \$11 billion dollars acquiring new equipment and continuing existing projects. A number of new key projects will be brought to government for approval in this time frame which will significantly enhance the capabilities of the armed forces.

Among the most important of these projects are:

- **Airborne Early Warning and Control (AEW&C)** aircraft, designed to provide early warning, detection, tracking and close control during air Defence operations. AEW&C will dramatically enhance Australia's air Defence capabilities.
- **Reconnaissance and fire support helicopters for Army**, designed to provide extra mobility, reconnaissance and fire power for ground forces in both day and night flying conditions.
- **Upgrading of Weapons systems and sensors for the Guided Missile Frigates and ANZAC frigates**, designed to enhance the effectiveness of the surface fleet in a higher-threat environment.
- **Upgrading the F/A-18 Hornet**, including radar and electronic warfare upgrades.
- **Acquiring a new light tactical aircraft** to replace the Caribou transport aircraft.
- **Bringing into service the modified and refurbished amphibious transport vessels** – the HMAS Manoora and Kanimbla.

There is sufficient flexibility within current budget levels to support these projects as well as a number of others designed to enhance ADF warfighting capability.

Decision on fighter replacement

Australia's current frontline fighter, the F/A-18 Hornet, will undergo extensive upgrading over the next few years. But the decision on replacement options needs to be thought about now.

This Government has a duty to set the groundwork for the Hornet replacement by explaining to the Australian people why it is necessary to devote the effort and resources to such a project.

As a result, the Minister for Defence has instructed the Department to produce a public discussion paper on the Hornet replacement.

The paper will discuss the strategic reason for the project, as well as the technological, force-structure, industry and budget issues, to help shape the terms of what should be a public debate about a highly important public policy question.

And it will show how the decision-making process works to come up with a solution over the next few years.

Joint Australian Theatre Headquarters

Over the last few years Defence has made significant improvements in its command and control arrangements for the conduct of military operations. The creation of the Australian Theatre Headquarters – currently temporarily located at Maritime Headquarters in Sydney – has significantly improved joint force planning.

The value of the Australian Theatre Headquarters has been proven in a range of recent operational situations, including drought relief activities in Papua New Guinea and Irian Jaya.

The Coalition has developed a proposal to create a single Joint Australian Theatre Headquarters at a site yet to be determined. The Headquarters will draw together three currently separate organisations of Land Command, Maritime Command and Air Command. In doing that it will achieve significant economies of scale, thereby freeing resources that can be redirected to combat capability. More importantly it will make significant improvements in planning and co-ordination between the three Services.

The cost of establishing a Joint Australian Theatre Headquarters is programmed into the future Defence facilities budget. Early in the Coalition's second term, Defence will bring forward to Government for approval a final proposal for the location of the Headquarters.

Enhancing Reserve Forces

By 2010, Reservists will comprise up to 60% of our combat force. To achieve this, the individual and collective training of Reservists is being improved. Through its plan to Restructure the Army the Coalition is spending increased resources to enhance reserve training, salaries and operational activities.

Current and projected spending on these enhancements is as follows:

Year	96/97	97/98	98/99	99/00	00/01
Spending	\$15.6m	\$35.6m	\$39.9m	\$42.7m	\$48.6m

These will be used for additional Army Reserve training salaries, operating costs on ammunition, rations, transport, allowances, and additional critical equipment. Increased numbers of regular personnel have been transferred to Reserve formations. A significant part of this funding came from savings from ending the Ready Reserve Scheme.

Following successful trials, the Army introduced Common Induction Training nationwide from 1 July 1998. Its aim is to provide the same level of initial training for Regulars and Reservists (6 weeks). The trial drew recruits from Victoria and Perth, with 917 part time members being enlisted.

Current and projected Army Reserve recruitment targets are as follows:

Year	95/96	96/97	97/98	98/99*	99/00*	00/01*
Number	4,172	4,754	4,671	4,395	4,900	4,900

(* projected)

B - Improving Management

Reform Program Implementation

The Defence Reform Program the most far reaching set of reforms Defence has seen in 25 years. Begun in 1997, it is refocussing Defence on its primary task of maintaining and developing combat capability to achieve the Defence mission of preventing or defeating attacks on Australia and its interests.

The Program is planned to realise one-off savings of \$500 million and mature annual ongoing savings of around one billion dollars.

More than 150 specific initiatives are being implemented under the Reform Program. The majority of the structural changes and savings the Reform Program provides are planned to accrue between now and 2002. Given the breadth of the Reform Program and the scope of the changes, monitoring and driving this reform process will be a major and essential task over the next 4 years.

Acquisition Reform

Acquisition reform is major task to be examined in our second term.

This is notwithstanding the fact that the changes proposed by the Defence Reform

Program are also having a major impact on how Defence manages acquisitions.

In many respects the Acquisition Program is a world leader in the way it handles highly complex projects. No other entity in Australia has the responsibility to manage such a range of high-technology acquisitions. Defence does this for the most part very successfully and to the benefit of the ADF, industry and the country as a whole.

However, the process of acquiring new equipment from concept development to introduction into service is simply taking too long.

In the Coalition's second term, we will look at ways to speed up the acquisition process and improve project management at the same time as we keep the high-levels of transparency and accountability of the current system.

We will ensure our capacity to manage the acquisition of software and systems integration areas keeps up with the pace of technological change.

This is also an area where Defence needs to benefit from a close dialogue with industry about reform options, and where the new channels for discussion set in place by the industry statement will assist.

Collocation of Single Service Staff Colleges

After the election Defence will recommend that Government agree to relocate the three Single Service Staff Colleges to a facility at Weston Creek in the ACT. This follows an extensive investigation into the best options for operating the Staff Colleges. A single facility and a shared curriculum for part of the Service courses will improve training for officers at the Major (or equivalent) level. It will also realise significant savings because of the shared facility and combined administrative costs. Defence will benefit from reduced relocation costs because after their Staff College training many service people move to staff level positions in the Defence Headquarters."

With the sale of RAAF Fairbairn, there is a need to relocate the RAAF Staff College to more extensive and modern facilities. Navy will continue to operate at HMAS Penguin in a variety of other roles. At Weston Creek the Services will continue to run separate training programs, but there will be a common core of instruction for part of the courses, emphasising the increasingly joint nature of military operations. Development of these facilities will take place over a number of years.

C - Strengthening Alliances and Regional Ties

Strategic assessments

The pace of change in regional and international relations provides a challenge to the Government to ensure that defence planning remains effectively focussed.

To address this issue, as one of the outcomes of the Defence Efficiency Review, the Minister for Defence issued new directives to the Chief of Defence Force and Secretary of Defence. These directives included the task of providing an annual assessment, or more frequently if circumstances warrant, of the strategic changes which are occurring in

Australia's area of interest.

The Defence Organisation is currently developing its Strategic Assessment for 1998. We do not expect the 1998 assessment to lead to a major recasting of policy as the 1997 Strategic Review did.

The 97 Review's key judgement is that the Australian Defence Force must work hard to remain a highly-capable, high technology, front-rank regional defence force. That judgement remains valid.

The assessments will assist the Government to fine tune plans for developing the Defence Force.

Boosting the US alliance

In September 2001, the ANZUS Treaty with the United States will be fifty years old. Despite the fundamental changes that have taken place in regional security over that time, the alliance relationship remains a key factor for stability.

The Coalition Government has worked hard to make sure the alliance stays relevant to both Australia and America's security needs.

We have increased combined exercising and exchanges, established a focus on high-technology and the Revolution in Military Affairs and increased intelligence co-operation.

We will continue developing new avenues for co-operation in these areas – with a particular focus on our ability to exploit high-technology in the defence relationship.

The alliance relationship has been underpinned by people-to-people contact. It is essential to sustain and increase these contacts

In its second term, a Coalition government will start a major initiative to broaden these contacts by increasing training and education opportunities for Defence Service and civilian personnel in the United States.

We will broaden the range of opportunities for personnel exchanges and secondments.

We will offer a number of ANZUS fellowships every year for personnel to study or work in Defence related fields and we will encourage the United States to develop a similar scheme for their officials.

The alliance with America enjoys a very high-level of community support in Australia. It is important to ensure that level of support continues.

The Coalition will, therefore, commission a prominent academic to write a history of the Australia-United States defence relationship, to be published in 2001 – the 50th anniversary of the alliance.

Leading up to this anniversary Defence will also develop an information pack for secondary schools and educational institutions on the history of the alliance relationship, and sponsor a nation-wide essay competition for young people on Australia-US relations.

Costs of these initiatives will be absorbed within existing budget guidelines.

Regional Defence Co-operation

Australia cannot be secure in an insecure region.

We co-operate with countries in our region because it is fundamentally in our interest to help keep the Asia-Pacific peaceful.

The Defence Force is respected in the region because of its professionalism and because of its highly sophisticated technology. It is important that our military continues to be respected by our friends, allies and neighbours in this way.

Defence contact with countries in the Asia-Pacific – from Papua New Guinea to China, and from Cambodia to the Pacific Island states – will continue to grow and become more comprehensive.

At present, the annual budget for Defence Co-operation in the Asia-Pacific is around \$65 million, not counting the costs of exercises or maintaining an active military presence in the region.

The Coalition is committed as necessary to increasing the level of Defence resources devoted to regional co-operation. In our second term we will:

- Increase the level of Defence representation at Australian diplomatic posts around the Asia-Pacific. Increasing representation in Indonesia and accrediting a Defence representative in Vietnam will be a priority.
- Work to enhance a multi-lateral Defence dialogue at senior levels as a complement to ASEAN Regional Forum diplomacy.
- Build on the already strong Defence relationships we enjoy with South-east Asian countries, and continue the measured expansion of Defence contact with North Asian countries.

Working against Weapons of Mass Destruction

The proliferation of weapons of mass destruction (WMD) is of great concern to the Australian Government and to other Asia-Pacific states.

As we have seen in the Middle East the threat posed by these weapons can have a profound effect on a region's security. Even states with limited scientific capabilities can, over time, develop chemical and biological weapons (CBW).

Australia has a great strategic interest in working to prevent the proliferation of these weapons into the Asia-Pacific region. This is a problem the Coalition Government cannot and will not ignore.

The Coalition has worked hard through Foreign Minister Alexander Downer to strengthen international co-operation against WMD. These international efforts will continue, primarily at the diplomatic level.

The Defence Force needs to have high-level anti-CBW capabilities, not least because of possible requirements to deploy to areas like the Persian Gulf where the CBW threat may be higher.

Recognising the growing CBW threat, the Government approved acquisition of \$40 million of anti-CBW equipment and protective gear for the Defence Force.

Delivery will take place in the Government's second term, and will give the Armed Forces the best anti-CBW capability in our region.

The Defence Scientific and Technology Organisation has also recently increased its research capability into countermeasures against chemical and biological weapons.

It is important for Australia to take a leadership role with the Asia-Pacific in preventing the proliferation of these weapons.

In conjunction with our wider diplomatic efforts we will sponsor a major Asia-Pacific meeting of Defence officials to discuss Weapons of Mass Destruction and to consider strategies for developing a defensive capability against Chemical and Biological Weapons.

The cost of this initiative will be met from within the existing Defence budget guidelines.

D - Supporting Personnel and Building Community Links

Personnel

Under the Coalition, the Australian Defence Force (ADF) will maintain a highly skilled, fit and motivated workforce, possessing the skills, knowledge and outlook required of a modern defence force.

This Government has announced a new tax system for Australia, which will make our economy stronger, generate more jobs, improve our living standards and fund essential services. Defence Force members and their families will benefit as will the rest of the Australian community. The typical Defence family will be better off by between \$40 and \$50 a week after the introduction of the Coalition's tax reforms.

Under this Government, the ADF has secured a 6 per cent pay increase over a period of 18 months, effective from October last year. Not only was it one of the first pay agreements to be implemented in the area of Australian Government employment, but it provided a pay increase equal to or better than other agreements that have been implemented or which are proposed.

Under the new Career Management System being developed for the ADF, individuals will have a rewarding career with the opportunity for advancement and development. They will also have a greater say, and play a greater part in their career decisions.

Through the ADF Pay and Allowances Review, the Government will provide the ADF with a modern work-value driven remuneration system that will support reformed employment and work management practices. The Government aims to create a more modern employment climate in the ADF while continuing to maintain operational readiness and capability.

The Government is also committed to developing a single, self-contained military compensation scheme for peacetime service which: covers only military personnel; would be prospective; and would recognise the different and unique nature of military service.

As Defence capability continues to be moved to the North and West of Australia, emphasis is now on providing more housing in remote and regional areas and less additional housing in the major capital cities. Approximately 500 families will be moving to Townsville and the Northern Territory over the next two years as a result of unit relocations. The Defence Housing Authority (DHA) presently provides around 85% of the Defence housing requirement.

Following a review of Government-owned commercial entities, this Government has decided that DHA will remain in Commonwealth ownership. This decision recognises the largely non-commercial nature of residential housing for the ADF. The well being of ADF families is a high priority of the Howard Government and the decision reflects the intention of the Government to continue to provide for their needs in the future.

- DHA will continue to be managed on sound commercial practices as this Government has introduced.
- The next three years will see the highest level of activity for DHA in its entire history. In that time it plans to provide 2,000 new houses worth around \$400 million annually.
- Continue to reduce DHA's debt through the Sale and Leaseback program. Under this plan, by the year 2000 DHA plans to be debt free with 60% of all off base houses provided by individual investors.
- Extend the operations of the DHA to include the provision and management of accommodation for ADF single or unaccompanied members.

The Coalition believes that the current exclusions on women in the ADF limit the recruiting pool for the Defence Forces and also affects the career prospects for women in the ADF. Therefore, the Government is reviewing the employment of women in the ADF with the view to opening more categories to women.

- Issues being examined in the review include standards and competencies required for employment in combat trades, attitudes to the employment of women in combat in Defence and the community, and overseas experiences in the employment of women in defence forces.
- In considering the role of women in the ADF, force structure and combat capability requirements will be paramount.

The Coalition will not tolerate any form of harassment in the ADF and to the elimination

of sexual harassment. The review of sexual harassment and sexual assault at the Australian Defence Force Academy, commissioned by the Government, has been completed and its recommendations are being implemented.

- While the review focussed on ADFA, its recommendations will be applicable across the ADF as a whole.
- The implementation of these recommendations will go a long way to realising the Government's commitment.

Links with Defence Industry

The Government's vision for defence is based on a concept drawing together the ADF and the wider community as partners in providing for the nation's security.

The Government's *Defence and Industry – Strategic Policy Statement* contains 49 initiatives that will re-shape the interaction between Defence and industry, providing a framework for the relationship between Defence and industry for the 21st Century.

This policy marks the beginning of a new strategic approach to defence industry but the initiatives listed are not intended to be exhaustive. It does however, set the course to be followed to achieve the vision of Team Australia into the 21st century.

Implementation of the *Defence and Industry – Strategic Policy Statement* is underway. By the end of 1998, 50% of the policy statement's initiatives will either be fully implemented or be substantially progressed. By mid-1999 this figure will have risen to 90%.

The Government's strong focus on making sure that Defence stresses its combat and combat support functions will see an increase in reliance on industry for support across the spectrum of Defence business.

The Commercial Support Program (CSP) maximises the use of civilian infrastructure by contracting out non-core support services where operationally feasible and where industry can demonstrate better value for money.

Over the next four years, CSP will be broadened and accelerated through the market testing of about 16,000 military and civilian positions.

Cadet Training Improvement Initiative

The Coalition has revived the Australian Services Cadet Scheme, spending approximately \$16 million annually on cadet training.

Membership of the Cadet Forces provides opportunities for young people to engage in activities teaching the skills of leadership and initiative, to learn about life in the Defence Force and to gain an appreciation of Australian history and values. Currently around 27,000 young people are active in the scheme.

In our second term, the Coalition will implement a Cadet Training Improvement Initiative

designed to enhance the attractiveness of cadet membership for young people.

The Cadet Training Improvement Initiative will cover:

- voluntary training in safe weapons handling;
- drill training and ceremonial activities (with weapons rendered innocuous);
- supervised live firing of .22 inch and 5.56 mm Steyr rifles.

The Initiative reflects an enhanced Coalition commitment to promoting the cadets as well as an increased focus on safety and responsibility in weapons handling.

Promoting a Defence Debate

As a way of promoting greater public debate and research on defence and security issues in Australia, the Government is establishing a new Institute of Strategic Policy.

The Institute, which will initially cost more than \$2.5 million annually, will be funded from the existing Defence budget, but will not be precluded from seeking private funding.

The Institute is intended to stimulate a revitalised debate about defence and security. We hope that it will prove to be a valuable source of public policy ideas and expertise.

Defence support for the Olympics

Responsibility for Olympic and Paralympic Games security lies with the New South Wales Police Service.

The NSW Police, in consultation with Commonwealth agencies including Defence, have prepared a Strategic Plan for Olympic Security.

The Plan charts the way ahead for Sydney Olympics security issues. The types of security support which may be required from Defence could include:

- Communications support;
- Intelligence support;
- Logistic support;
- Counter Terrorist support; and
- Specialist support such as explosive ordnance disposal.

Defence has begun intensive counter-terrorist training in support of the Olympics, with the successful conduct in Sydney in August 1998 of Exercise Day Rotor involving the 5th

Aviation Regiment and the Special Air Service Regiment.

Military Medals and Awards

For many veterans, service for Australia was one of the most important events in their lives. For families of veterans the medals they have won act as a proud reminder of the service and sacrifice given by their loved ones for the country they loved. The Government is committed to honouring those who served in the ADF.

Accordingly as part of implementing its 1996 Policy Platform, the Coalition delivered a separate military honours and awards policy to rectify the confusion and anomalies left by the previous Government. This position remains the basis and benchmark for the Government's military medals and awards policy.

The Coalition also made a commitment at that time that it would continue to monitor the issue of military awards and ensure that any genuine anomalies, brought to its attention, are rectified.

As a result of that commitment, upon re-election the Government will review the following operations:

- upgrade the Australian Service Medal (ASM) 1945-75 with Clasp 'Thai-Malay' to an Australian Active Service Medal 1945-75 for service in anti-terrorist operations on the Thailand-Malaysia border from 1 August 1960 to 16 August 1964 and to aircrew who completed one operational sortie from 17 August 1964 to 30 March 1966;
- upgrade the Australian Service Medal with Clasp 'Cambodia' to an Australian Active Service Medal for service in the area comprising Cambodia and the areas in Laos and Thailand not more than 50km from the border of Cambodia from 20 October 1991 to 7 October 1993.

The Government will also review service with the United Nations Command in Korea after the Armistice of 1957 with a view to awarding the Australian Service Medal 1945-75 and Australian Service Medal.

Conclusion: A Record of Achievement

The Coalition Government has put the Defence Force back on the right track. We have given the organisation a new focus and an added relevance to the way Australia presents itself in our region.

Together, the Strategic Review, the Defence Reform Program, Restructuring of the Australian Army, and the new Defence Industry policy make up the most comprehensive set of reforms and improvements that the Australian Defence Force has seen for decades.

We have stepped-up the Defence Force's operating tempo: from resource protection in sub-Antarctic waters, to peacekeeping and aid delivery in the jungles of Bougainville, the PNG mainland and Irian Jaya, to operations in the Kuwaiti desert our people have shown their skills and abilities.

We are working to achieve a billion dollars of recurrent savings a year through the reform program, and channelling those funds back into boosting combat capability.

Our aim is to have fully 65 per cent of Defence uniformed personnel in combat and combat related areas – up from only 42 per cent under Labor.

However, we must continue to press very hard to get the full implementation of the Defence Reform Program. Only if we do this will we get the resources we need to re-equip and modernise the ADF.

The Australian people recognise the improvements the Coalition has made in Defence. A major national survey into community attitudes to Defence was carried out in mid-1998. Its main conclusion is that there has been a significant increase in public support for the Australian Defence Force in many key areas.

- 67% of people are confident of the Defence Force's ability to defend Australia effectively from outside threats compared to 53% in 1995.
- 82% of the 2500 people surveyed said they take pride in the ADF compared with 66% in 1990.

Our Defence policy has produced a sharper, more mobile and hard-hitting military force, one which is better able to protect Australia and its interests.

The Coalition has made major advances in all these areas. As we move into the next century, the Defence Force will be much more combat ready than it was in the mid-1990s. Defence will have developed a new focus on exploiting the technology enhancements of the Revolution in Military Affairs. And with the Coalition's more outward looking policies of engaging with the Asia-Pacific, Defence will play a larger part in promoting peace and security.