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page 22, paragraph 28, line 8

...... for "the twelve Orion" read "the ten Orion"
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CHAPTER I: THE NATURE AND PURPOSE OF THE REVIEW

1. It is believed that public discussion and understanding of Australian defence interests in the decades immediately ahead may be assisted by the presentation to Parliament of this Paper reviewing Australian defence. The initial purpose is to inform the public generally of the nature and extent of Australia’s defence capabilities, of the foreseeable or contingent roles of our forces, of the environments in which these must be envisaged and of the resources involved in sustaining them. Underlying this purpose is, however, a concern to pose issues needing to be weighed—some tangible and some not so—and upon which decisions will be needed at the right time.

2. A central feature of the Paper is that, in matters of defence involving the matching of expensive technology and trained manpower to the realities of threats to Australia’s independence and freedom of decision, the timing of decisions will often be as important as the content. The Paper does not, therefore, attempt to anticipate decisions yet to be taken. It emphasises, rather, the considerations which will, in any decisions, need to be taken into account, not least of which will be time constraints.

3. Defence policy and foreign policy should march together. The immediate concerns are different but the policies should support each other. A successful foreign policy, which contributes to understanding and conciliation, will serve defence policy and ease the burden of defence preparedness falling on the Australian community, provided that, where deterrence of threats to Australian interests is required, the credibility of Australia’s defence capacity is not put at risk.

4. Defence has an important claim to priority in our national affairs, but it is always subject to competitive claims on national resources for the welfare of the community and the growth of the economy.

5. Since the resources available to defence will always be limited, defence preparedness involves difficult decisions of choice. No country can ever afford all the means of defence which would maximise its security.

6. The fundamental objectives that defence policy must serve are the independence and security of Australia. Independence for any nation means more than avoidance of occupation by an alien power. It means the ability to counter threats and to safeguard against risks whose magnitude would otherwise inhibit freedom of decision in the national interest.

7. This Paper will therefore suggest, that Defence policy is not simply directed to the static defence of Australian territories and dependencies, nor simply to meeting commitments we have made to other countries. It must provide for the protection of a range of Australian interests. The Paper seeks to define what those interests are, and to suggest what direction our preparations should take.

8. The future protection of Australian interests will not be ensured if we contemplate creating Armed Forces only after threats to our interests mature. Decisions today will affect the state of readiness of Australian Forces several years—in some respects many years—into the future.
9. Australia's population and production are growing along with movement of capital and the commerce which link the nation with the rest of the world. Our trade patterns are changing. Within the continent new areas of population and development are arising. With each year that passes Australia has more to defend; but also greater resources from which to draw the necessary strength.

10. All these matters have a bearing on the kind and level of defence preparedness that Australian will need.

11. This Paper suggests (paragraph 60 in Chapter V and in Chapter VII) that there is no simple formula that adequately reflects the range of responses embraced by a sound Australian defence policy for the 1970s. The best defence of Australia's interests is seen to go beyond the defence of Australian territory alone. It calls for military capability, evident to other countries, to project Australian strength beyond the continental boundaries. In this view Australian security will be best promoted if, drawing on increasingly self-reliant military strength, we continue to recognise and support the security interests which we share with those who are part of our special strategic environment. This implies a need to select carefully what we are capable of and what serves to strengthen our friends in that environment.

CHAPTER II: AUSTRALIA'S DEFENCE INTERESTS

1. Australia's territory and interests

1. In both defence policy and defence planning we are obliged to respond to political events and attitudes in the world as a whole. But the situation in the South East Asian–South West Pacific geographical region of which Australia is a physical part is a major determinant of the security of our territory and interests. Our interests are directly served if our neighbours are free of interference from outside, if they find solutions to their various social and economic problems, and if they harbour no expansionist objectives.

2. Geography has a compelling influence on Australian security. Geographical remoteness from the scene of land wars, and oceanic insulation from attack by land, have historically been thought to be a source of Australia's security. This has been so, in part, because dominant sea and air power was possessed by friendly powers. In the present and future decades this assumption will require constant re-examination. Military power—including maritime—is now more widely shared, and the technology of long range missiles and undetected movement by sea has developed. Australia's dependence on the security of the global maritime environment has meanwhile increased. Its large trade, which is part of its economic strength in peacetime, involves long lines of communication with major trading partners through the archipelagoes to the North, East and West across the Pacific and Indian Oceans. Its utilisation of coastal waters and offshore resources is growing. Geography can still contribute very greatly indeed to Australia's security—the size and nature of the continent and its ocean surrounds would alone create major difficulties for an enemy attempting to occupy any part of the country. It will do so, however, only if our defence and other policies take advantage of it and if safety is not seen to be simply in remoteness.

2. Control of Australian territory, territorial seas and air space

3. Within Australia's own territorial limits the task of protection and surveillance is complicated by distance and uneven distribution of population. The surrounding seas create a need for surveillance and protection. With a 12,000 mile coastline, Australia has a correspondingly large area of territorial sea. Beyond this lie the great expanses of the continental shelf and fishing areas of value to us. In much of the area of the Arafura Sea and Torres Strait, Australia shares a common continental shelf with Indonesia and Papua New Guinea. The international sea-bed boundaries are a matter for negotiation. Agreement has already been reached with Indonesia in delineating the sea-bed boundary of a substantial part of the Arafura Sea. Modern technology has made accessible to Australia valuable resources, including submarine oil resources, on the continental shelf. Foreign fishing competition in waters adjacent to Australia has created difficulties, particularly in the Gulf of Carpentaria, the coastal waters of Queensland and Papua New Guinea. Prevention of marine pollution may require action by coastal nations beyond the territorial sea. Australian responsibilities will enlarge if, as seems possible, international agreement modifies the extent of the high seas.
4. These considerations, and the continued growth of population and economic activity in more remote areas of Australia, affect the tasks that our forces must undertake and the distribution of Australian defence bases and facilities around the continent, largely irrespective of whether peacetime or wartime roles for our forces are envisaged.

5. Australia requires to have the military means to offset physical threats to its territory and to its maritime and other rights and interests in peacetime, and should there ever be an actual attack, to respond suitably and effectively, preferably in association with others, but, if need be, alone.

6. Australia has identical obligations to protect Papua New Guinea's interests prior to independence, and to safeguard its other smaller territories. Papua New Guinea, with a present population approximately one fifth of that of Australia itself, extends through 16 major islands to a land frontier with Indonesia. Australia's other territories are widely dispersed in all the oceans surrounding the continent.

7. Assuming Papua New Guinea chooses independence, the extent of any Australian obligation and accompanying rights in the defence of that country will depend on the wishes of the Government of the new nation and the terms of a negotiation with Australia. This is for the future. It may meanwhile be assumed that, for historical as well as strategic reasons, Australia will always be closely concerned that its near neighbour in the North East be independent and secure and free from external threats. It is to be hoped that it will share the interest of Australia and its other neighbours in co-operating to safeguard mutual interests.

8. It is the object of this Paper to discuss these matters in greater depth.
1. The State of External Security

1. The future stability of Australia's broad strategic environment in the decades ahead became much more uncertain when, during the 1960s, the previously dominant economic and military strength of the United States and the Soviet Union began to be challenged by other nations and groups of nations. Quite independent of this, there exist such deep-seated causes of instability in some countries in the Indo-Pacific area, and the great powers are so involved in protection of their interests as they see them there, that there will be much agreement with Japanese Prime Minister Sato's statement that 'whether peace survives in the last third of the century will depend more on what happens in the Pacific than in any other area of the world.'

2. We turn to the immediate prospect in some countries of Asia before examining some continuing long term forces at work in Australia's environment.

3. In and around some of the smaller countries of South East Asia there are encouraging signs of co-operation, of development of national resilience and of an improving capability for coping with internal and external threats. But security in the region is yet to be established and there are major factors which impede this.

4. The long war in the Republic of Vietnam, though posing now a reduced threat to national survival, has spread territorially elsewhere in Indo-China. In South East Asia six countries are experiencing armed dissidence and interference from outside. In East Asia the military truce between North and South Korea remains uneasy. The events of the last year in the Indian sub-continent demonstrate how quickly unsolved political and social problems and tensions in Asia can spread into armed conflict. It would be imprudent for Australia to believe that it will serve its best interests by not concerning itself with such events in Asia and with their causes.

5. Of the violence occurring in Australia's northern environment the most intense is attributable to the exploitation by the militant communist Government in Hanoi of the weaknesses or divisions of its neighbours. Not one of these countries poses a threat to North Vietnam. The present military situation in Vietnam is basically one of defence by the Republic of Vietnam against organised armed forces sent in from North Vietnam. The North Vietnamese Army, rather than South Vietnamese rebels, is increasingly fighting the war which the Government of North Vietnam has always directed. The fighting in Laos and the Khmer Republic is linked with that in Vietnam, but it betrays the Hanoi Government's wider political ambitions. In the Khmer Republic the North Vietnamese, who seem immune to the force of Asian opinion, are committing clear aggression, while seeking to build up a Khmer communist insurgent movement. It is not possible to foresee the end of the fighting in Indo-China, nor to foresee the North Vietnamese volunteering to restore to Laos and the Khmer Republic the complete political independence or the unqualified territorial integrity to which these nations are entitled.

6. In Thailand insurgents are receiving external material support. Events in Indo-China assist them. In Burma the communist insurgents are supported from outside. In Malaysia the insurgent movement receives at least moral encouragement from outside. The Governments concerned have the capability to contain the situation
while external assistance to the insurgents remains at present levels. But the effort is a heavy drain on resources which could otherwise have been applied to the amelioration of economic and social problems.

7. The stability of the area of Australia’s special strategic interest, made fragile in the first instance by unsolved problems to which we refer below, will continue to be threatened by subversion and insurgency. These activities could flow from a range of sources—from movements trained in communist doctrines of revolutionary warfare, from nationalist minorities, from secessionist movements or from other groups who see themselves as underprivileged.

8. We must try to foresee the intentions of the People’s Republic of China towards wars of national liberation. Doubtless there is a dilemma for it in reconciling its support of revolution abroad with its pragmatic dealings with legal governments aimed at promoting other Chinese interests. Whether or not there is a diminution in material assistance—which, except in the particular case of Vietnam, has been limited—it is unlikely that China will give up its doctrinal and ideological support for dissident movements in Asia.

9. While investment and production are rising only slowly in some areas of Asia, population growth compounds the existing underemployment and poverty that already exist. This condition often stimulates the growth of dissident activities. Statistics speak for themselves. By 1990 China will have 1,000 million people, India 800 million and the capital cities of two of our nearer neighbours could well have populations of over 11 million.

10. Ethnic and communal differences cause instability. In the Indo-China area alone there are some seventy ethnic groups. In several Asian countries difficulties in the assimilation of different ethnic groups have impeded the nation-building process and complicated the transition from traditional to modern societies.

11. Under-development and elements of social disharmony also affect in varying degree Papua New Guinea and some of Australia’s neighbours in the South Pacific. What happens there in the years ahead must be of special interest to Australia.

12. It is a fact of cardinal importance for Australia and its neighbours in this and future decades that geography destinies us all to live in the world’s most populous area in which great social and economic problems are moving only slowly towards solution. The rise of movements employing violence is encouraged by these conditions. Instability and the resort to violence can, however, grow also out of progress because development dislocates old social and economic relationships.

13. Australia’s future part in assisting governments to bring about changes in under-developed economies for the benefit of their people belongs to our foreign and economic policies of the future. But it would be an unwarranted optimism to assume that events will never take a course which requires Australian military support for countries, whose independence serves Australia’s, against external pressure or interference exploiting internal tensions or conflict. It is in Australia’s interests that these countries continue to acquire the strength to resist with their own resources. Nevertheless our defence preparations need to be such that future Australian Governments are not deprived of the practical option to offer quick and effective support of a military nature, if that is what is required.

2. Great Power policies and relations in Asia

14. It will be a fundamental requirement of Australian defence policy in future to foresee the way in which certain major nations will exercise their power in the area of Australian strategic concern. We necessarily rely on fallible assessments of what will be, so many years ahead of us, the purposes and the methods of the present super powers, the Soviet Union and United States; of China, the Asian aspirant to massive continental influence and perhaps also to global military power; of Japan, which will probably be a prodigious economic power, whatever she may decide should be her level of military power; and of the members of the enlarged European Economic Community joined in the framework of increasingly co-ordinated economic policies and perhaps later foreign policies.

15. Events in two other nations—India and Indonesia—will also bear heavily on Australia’s defence interests in the decades ahead. India’s population and the massive potential of the country are the basis for a major role in the area. Indonesia, our immediate neighbour, with a population roughly nine times our own, is by far the greatest of our northern neighbours in size, in resources and in regional influence.

16. The past four years have seen remarkable changes in the global strategic pattern, with very great potential significance for Australia in the decades to come. The Soviet Union, having substantially achieved strategic nuclear parity with the United States, is increasingly exploiting its capabilities as a super power in the global context and has begun to deploy its naval power in oceans which had previously been outside its interest. The Soviet Union is displaying deep concern with its eastern frontier in Asia.

17. The People’s Republic of China has entered a new phase in its external relations. It is apparently more willing to establish normal relations with governments across ideological frontiers.

18. These two great communist powers are engaged in a complex struggle marked at times by high tension. The effect of this rivalry upon the peaceful development of countries in Asia is already being felt.

19. The United States maintains its global balance with the Soviet Union. It has a marked superiority in strategic nuclear capacity vis-a-vis China. Its mobile strength in the Pacific Ocean is vast. But United States resources are not unlimited. To maintain these nuclear balances and its still immense reserves of conventional strength involve prodigious military effort on behalf of its friends as well as itself. The present United States Administration has set conditions for its assumption of further responsibilities. Both it and its successors must be expected to continue to adopt an international security policy more cautious and deliberative in its nature and more selective in its application than those adopted by United States’ Administrations in the ‘fifties and ‘sixties. The United States is adapting its deployments, both beyond and within the region. It is calling on its friends and especially its allies to share more of the burdens of global deterrence and, independently and in their regional communities, to accept that the first call for their own defence must be upon their own combat resources.

20. Although there has been a reversal of the British policy of almost complete withdrawal of standing forces pursued by an earlier administration, the deployment of British military power to influence events in Asia is much reduced, as compared with the recent past, and will probably remain so. Looking to the future of this region of the world there seems no reason to be confident that the powers of continental Europe will wish to shoulder major military burdens of peace-keeping in Asia.
21. What is it possible to say about how Great Power inter-relations will evolve in the future, and the effect they will have on Australia's national security and strategic environment?

22. Today the United States, the Soviet Union, China and Japan are exploring each other's attitudes and examining the implications of initiatives taken. As among the first three it seems that areas of co-operation will be established for specific purposes but relationships will tend to remain essentially competitive. There will be times when movements in the balance between these powers, less than critical perhaps to them, will nevertheless seem to be so for countries of lesser strength. These will be times when greater regional co-operation and strength will contribute to confidence and stability.

23. Sino-Soviet rivalry may well become more intense. There will be circumstances in which tension, or even hostilities such as between India and Pakistan will be seen by one of the two Communist powers to enhance its position vis-a-vis the other. Where these opportunities arise they are likely to be exploited. There will be risks of others becoming involved. Both countries will use the demonstrable fact of their military strength and the extension of military aid to help their political influence. The rivalry between Moscow and Peking impels each to provide North Vietnam with substantial military aid: thereby encouraging North Vietnam to pursue military victory rather than a negotiated settlement of the wars in Indo-China.

24. Their mutual competitiveness is likely to stimulate rather than reduce the interest of both countries in exploiting the weaknesses of others in South East Asia and elsewhere. The Soviet naval presence in the Indian Ocean in recent years may be viewed as an instructive example of the willingness of the USSR to take political advantage of a reduction of Western military power. The USSR will undoubtedly be capable of increasing its naval activities in the waters adjacent to Australia at any time it chooses in the decade ahead.

25. Despite the apparent emphasis on improving its relations with other nations, China has not yet demonstrated that it will eschew the traditional tributary relationship with smaller neighbours. China has the legitimate national interest that her neighbours should neither present nor harbour threats to her security. Recent events have demonstrated, however, that provided only China herself adopts an attitude of comparable respect for her neighbours, this Chinese interest is not under threat. But both rivalry with the Soviet Union and other objectives could impel China to seek pre- eminent influence in, or to adopt militant policies towards, neighbouring countries.

26. The nuclear relationship between the Soviet Union and the United States, and the future relationship of each with China, have special characteristics. Some common frameworks of dialogue and interests develop between nuclear powers. Australia along with many countries in Asia has a substantial interest in the maintenance of the validity of the nuclear guarantees extended to them by the United States. The way China develops its nuclear power will greatly influence decisions by other Asian countries as to whether they should seek nuclear weapons for themselves. Nuclear technology in Asia is advanced in countries other than China.

3. Effect on Australia's security

27. The preservation of a reasonable prospect of peace in Australia's environment will require at least four conditions.

28. It will require restraint by the Great Powers in the North Pacific and an effective balance of power as between them which does not sacrifice the vital interests of smaller powers or leave them in uncertainty about the fundamentals of their security.

29. In South East Asia and the South West Pacific it will require a continuing momentum towards social and economic development and national self-confidence.

30. It will require that these less than major countries maintain security forces sufficient to deal with at least internal threats.

31. Finally, it will require that, through regional and bilateral co-operation, the regional countries support each other when there is sufficient mutual interest.

32. This survey suggests that Australia should avoid concepts limiting its military interest and potential military involvement to within the nation's coastline, and should contribute, explicitly without provocation, to confidence and security in our region of the world.

33. This positive outlook upon our environment is seen to be the more necessary because, in the new world balance, Australia would be prudent not to rest its security as directly or as heavily, as in its previous peacetime history, on the military power of a Western ally in Asia. As for other nations, self-reliance in situations of less than global or major international concern will lay claim to being a central feature in the future development of Australia's defence policy.
CHAPTER IV: COMMITMENTS AND ALLIANCES

1. Most nations find their interests served by defence or security relationships. These may be concentrated into a single link with one major power, or they may express themselves—as Australia’s do—in varying ways with a number of countries.

1. Australia’s defence co-operation

2. Defence co-operation takes many forms. Servicemen from countries as far apart from each other as Ghana and Fiji, Canada and Thailand train in Australia. Australians attend courses in Indonesia, the United States, India, Pakistan, Britain and Canada. There are exchanges of visits by military student bodies.

3. On another level, practical co-operation among friends continues in many activities. A Technical Co-operation Programme links the defence science communities of Britain, the United States, Australia, Canada and New Zealand. The armies of these countries have arrangements amongst themselves—the ABCA arrangements—relating to the standardisation of equipment. The Air Forces have similar arrangements. Practical co-operation is reflected in the joint Anglo-Australian project at Woomera. Several joint projects are conducted by Australia and the United States.

4. In our defence co-operation with countries in South East Asia, Australia’s relatively advanced military technology enables us to offer contributions in forms which mutual strategic needs suggest. Projects such as the mapping of areas of Sumatra and Kalimantan in conjunction with the Indonesian authorities, and the projected assistance to Indonesian air defence, are two of the more conspicuous examples of defence co-operation with Indonesia. Australia is helping in the training of among others, Vietnamese, Khmer, Malaysian and Singaporean servicemen and furnishing some equipment to a number of countries.

5. There is well established co-operation between the armed services of the United States and Australia. A high degree of operational compatibility and mutual confidence exists. The exchange of information and tactical doctrine, and the standardisation of procedures are well established. So too are co-operative logistic arrangements. Operational exercises are conducted frequently.

6. In our defence co-operation with countries in South East Asia, Australia’s relatively advanced military technology enables us to offer contributions in forms which mutual strategic needs suggest. Projects such as the mapping of areas of Sumatra and Kalimantan in conjunction with the Indonesian authorities, and the projected assistance to Indonesian air defence, are two of the more conspicuous examples of defence co-operation with Indonesia. Australia is helping in the training of among others, Vietnamese, Khmer, Malaysian and Singaporean servicemen and furnishing some equipment to a number of countries.

7. Intelligence collection and assessment are vital for the accurate prediction of the objectives of foreign forces and governments as well as calculation of the whereabouts and capabilities of potentially hostile forces. Australia has appropriate arrangements with other countries for co-operation in these matters.

2. Obligations, Commitments, treaties and alliances

8. Obligations do not necessarily depend upon the existence of a formal treaty of military alliance. Links may be so complex, and the sense of mutual effort and purpose so strong, that a formal bilateral treaty of assistance when under attack would be redundant.

9. Close links of defence co-operation exist with Britain. No formal commitments are laid down. Yet the absence of a formal Anglo-Australian defence agreement still speaks more for the obligations that are understood between the two peoples, than would the words of any document that their governments might frame.

10. Links, and a sense of mutual effort and purpose, exist between Australia and its closest of all partners in defence matters, New Zealand. As early as 1944, the governments of the time in Canberra and Wellington stated that, between the two countries, ‘co-operation in defence should be developed by continuous consultation in all defence matters of mutual interest; the organisation, equipment, training and exercising of the armed forces under a common doctrine; joint planning; inter-change of staff; and the co-ordination of policy for the production of munitions, aircraft and supply items, and for shipping, to ensure the greatest possible degree of mutual aid consistent with the maintenance of the policy of self-sufficiency in local production.’

Founded on the unique historical association of our Services, defence co-operation between New Zealand and Australia since that time, in combat, in operations short of combat and in a wide range of organisational and administrative arrangements, has increasingly reflected the intimacy of the two nations and will continue to do so.

11. Along with Britain and New Zealand, Australia has an obligation towards Malaysia and Singapore. That obligation—not explicitly in treaty form, but nonetheless of major importance in the closeness of relations which it reflects—is to consult as required with the two countries about any threat or form of armed attack on them which is externally organised or supported, in order to determine the joint or separate measures necessary. The obligation is expressed in a communique issued by Ministers of the Five Powers in London in April 1971 and is today in force. The consultative arrangement commits Britain rather less and Australia rather more than did the previous Anglo-Malaysian Defence Agreement. It was entered into by the Australian Government in recognition of the importance to Australia, and to Australia’s allies and its friends in the region, of the security of Malaysia and Singapore and in acknowledgement that, in this context, there was a military role which Australia could usefully undertake. Indeed, the Australian role could well be crucial to the arrangement.

12. Australia is maintaining forces of all three Services in Malaysia and Singapore under, and in support of, the Five Power Arrangements. No doubt this will continue so long as deployment of these forces is welcome and is considered advantageous by the parties to these arrangements.

13. For greater military efficiency and economy, the Australian forces have been integrated with those similarly being maintained in Malaysia and Singapore by Britain and New Zealand. The term ‘ANZUK’ has been coined for the combined force, which has a strength of about 9,000 men. Australia provides almost half the force, including all of its substantial air defence capability. This latter capability is also placed at the disposal of the Five Power Integrated Air Defence System embracing aircraft and ground facilities contributed by Malaysia and Singapore as well as Australia.

14. The ANZUK Force is numerically much smaller than the rapidly developing armed forces of Malaysia and Singapore themselves, but its air and naval components
in particular provide capabilities of a kind not yet fully developed by those two
countries.

15. The ANZUK aspects of the Five Power Arrangements were formally established
in November 1971. They have necessarily assumed a character of close co-operation
between the three contributing powers. This co-operation will, no doubt, continue so
long as it reflects the wishes of the three Governments. Its nature is such that the
unilateral withdrawal of any one government would necessarily involve the interests
of the other two.

16. The Manila Treaty records basic commitments accepted by its signatories,
including Australia. Though some of the signatories are inactive, the Treaty has been
firmly supported by the United States and has been the international basis, in an
area of great strategic importance to Australia, for action by the United States in
support of countries under threat or actual attack.

17. The true measure of the Manila Treaty's efficacy is the additional confidence it
has brought to the weaker Asian countries during nearly twenty years, its value as a
deterrent, and the vehicle which, through the South East Asia Treaty Organization
(SEATO), it has provided for security-oriented development aid programmes.

18. SEATO provides a framework within which those countries wishing to maintain
their active practical defence co-operation with one another can readily do so—for
instance in SEATO exercises, in which Australia is a regular participant.

19. SEATO activities may evolve in new directions with changes in the nature of
external pressures and responses in the area. A consideration of continuing importance
is that Thailand and the Philippines are members, and their security is of major
strategic significance in the region as a whole.

20. The ANZUS Treaty, of central importance to Australia's defence policy and
planning, is discussed immediately below.

3. The service of Australian interests and calls on Australia's own efforts

21. The purpose of all Australia's different defence relationships can be simply
stated. While each may introduce its problems or have its disadvantageous features,
each on balance—and often overwhelmingly in the balance—serves Australia's
interests. Each in its own way adds a little, or a lot, to a pattern of co-operation
within which Australia, along with others, can enjoy greater security. Australia's
interests will continue to be served by defence relationships with countries which have
security interests common with our own and who wish to co-operate with us in this
way.

22. Having others involved in Australia's security interests is but one aspect: a
second is our reciprocal involvement in the security interests of others. A third aspect
is the underlying requirement that we be capable of vigorous action unaided, to
defend our interests and our territory, whatever these other involvements. It would
follow that Australia should not allow its expectation of external support for its
defence against potentially overwhelming challenges to overshadow its obligation to
assume, within the limit of its resources, the primary responsibility for its own
conventional defence and to accept an even greater share—if not indeed the entire
burden—in circumstances of lesser challenge. The independence of our foreign
relations is involved in this.

23. The ANZUS Treaty puts these considerations plainly. Article IV of the Treaty
states that:

'Each Party recognizes that an armed attack in the Pacific area on any one of the
Parties would be dangerous to its own peace and safety and declares that it would
act to meet the common danger in accordance with its constitutional processes.'

This declaration is accepted as of vital significance to Australia's national interest.
Recent confirmations, given to the Prime Minister by the United States Administration,
of the significance it attaches to the ANZUS Treaty and to the security of the Pacific
area, constitute important reassurances for Australia. It will be noted that these
confirmations have come since President Nixon enunciated the Guam Doctrine in
1969.

24. ANZUS does not express merely an American obligation towards Australia and
New Zealand. It is a treaty of collective security in which obligations are mutual.
One of these obligations is stated in Article II:

'In order more effectively to achieve the object of this Treaty the parties separately
and jointly by means of continuing and effective self-help and mutual aid will
maintain and develop their own individual and collective capacity to resist armed
attack.'

The article is a commitment by each to develop defence capacity through its own
effort—by 'self-help'.

25. Article IV of the Treaty is generally accepted to be the assured foundation of
Australia's ultimate security. Article II specifically enjoins Australia to undertake on
its own behalf an independent national defence effort commensurate with its interests
and resources.
CHAPTER V: THE AUSTRALIAN DEFENCE FORCES

1. Specific influences on the kind of forces needed

1. It follows that the kind of forces Australia needs in the 1970s and 1980s derives from four broad influences:

- first, the geography of our environs and Australia's tangible interests located in our homeland and dependencies, on the continental shelf, and on and under the seas and in the air spaces that link us with trading partners and military allies;
- second, the expectations that Allies and friends have of us and we of them to contribute to collective security;
- third, the degree of probability of a threat or resort to force in the area of Australian concern, the magnitude of the threat from time to time, the nature of the environment in which it would require to be countered, and the likelihood of Australian involvement;
- fourth, the options we would wish future governments to have as to the nature of our involvement in foreseeable or contingent situations of conflict.

2. Decisions taken today determine the level of technology and the effectiveness of major weapon systems held by the Navy, Army and Air Force in future—in some cases a few years hence and in others more than twenty. This is because of the long time between decisions to procure and the end of the operational life of equipment. Though the necessary effort should continue to be made, it is not given to the most prescient intelligence assessment organisations to foresee the nature of all the possible threats or outbreaks of fighting so far ahead.

3. It follows that Australia's force structure should be built partly to meet evident and foreseeable needs, some of which are referred to below, and partly to provide readiness against threats of varying orders of probability or intensity which cannot be predicted so far ahead and are, therefore, best described as estimated contingencies. To fail to allow adequately for contingencies, and to wait for tangible threats to emerge before commencing to train manpower and to acquire equipment, would transfer an unfair and perhaps calamitous burden of risk upon the next generation.

4. The strategic assessment sees no present threat of nuclear attack on any part of Australia short of the ultimate catastrophe of global war. The existing strategic nuclear balance between the United States and the USSR appears highly likely to continue and to exclude a global nuclear war between them.

5. The nuclear inventories of both super powers are of massive dimensions. Against a USSR capability which includes very large numbers of land based missiles of intercontinental range and submarine launched missiles with ranges in excess of 1,000 miles, the United States has been deeply concerned to sustain the credibility of its own strategic nuclear armoury. This depends on a number of weapons systems: intercontinental ballistic missiles (ICBM), submarine launched ballistic missiles (SLBM), manned strategic bombers, as well as early warning systems upon which the various weapons systems depend. Submarine launched missiles, the Poseidon/ Polaris system, are a fundamental element because of their flexibility and relative immunity from destruction in a first strike.

6. China has been making a sustained effort to attain nuclear status for well over a decade. Its growing nuclear capability will not, for the foreseeable future, match that of the two super powers, but both of the super powers now have to take account of China in their dealings with each other on arms limitation.

7. China has concentrated particularly on the development of a thermonuclear weapon suitable for delivery by bombers to a range of 1,650 nautical miles without refuelling. China is probably ready to deploy intermediate range ballistic missiles (IRBM's) with a range of up to 1,500 nautical miles using these thermonuclear weapons. A missile with a range of at least 3,000 nautical miles is expected to be deployed no later than 1975. Such a range includes all of Asia and the USSR, most of Europe, and the north west of North America. It includes part of the north and west of Australia. It is possible that the Chinese are also working on a longer range ICBM. We believe that China is now working on the development of nuclear-propelled attack submarines. In due course, it will probably construct missile-firing types.

8. Through the latter half of the 1970s China could well have a modest but steadily growing nuclear arsenal. This nuclear offensive capability is being matched by the expansion of conventional naval and air forces and the modernisation of all three Services, including a 2,500,000 man army. China is progressing from copy manufacture of Soviet arms to local design and production of sophisticated weapons. Although at present designed primarily for defence, China's conventional forces will develop an increasing offensive potential.

9. It is in Australia's strategic interests that the United States nuclear deterrent capability should remain credible and effective vis-a-vis the USSR and China. Co-operation with the United States in this regard serves Australia's interests. Australia's surveillance capability which contributes to submarine detection and its general anti-submarine capabilities contribute to that co-operation.

10. It is assessed that in the present strategic circumstances there is no requirement for an Australian nuclear weapons capability. Australian policy on the acquisition of nuclear armaments recognises the danger which could arise from the spread of nuclear weapons and from an increase in the number of nations possessing such weapons. If it became necessary to acquire this capability it is believed that it would involve commitment of very large resources additional to our continuing conventional effort. In present circumstances, however, it would be prudent to continue to watch developments in nuclear technology.

11. Australia supported the efforts of the world community to negotiate a satisfactory Nuclear Non-Proliferation Treaty and has signed, but not yet ratified, the Treaty in the form that resulted.

12. Australian military support for its friends can be exercised directly by the selective forward deployment of forces, and indirectly by the existence of a credible capacity to deploy forces in the region if required.

13. Generally, the options for assistance and influence which are open to Australia in this region of the world encompass political and diplomatic activity, trading relationships, economic assistance in various forms, and the possession of national military strength, and our willingness to use it. Defence capabilities can contribute towards regional confidence, support for national diplomacy, and the deterrence of threats of conflict generally. Also important is the influence which our contribution...
AUSTRALIA'S ENVIRONMENT
could have in encouraging our major Allies to contribute. Strong grounds are seen for placing emphasis on the assistance Australia can give to its neighbours to enlarge their capabilities. The developing countries in these regions are looking increasingly to Australia, particularly for military and technical training where Australian expertise and reputation are respected. To be considered here also is the possibility that Australia might be called upon, at some time in the future, to make active contributions to United Nations peace-keeping activities. If favourable responses are to be given, Australia's capacity to assist in these directions should continue to be developed.

14. As of today some 350 service personnel from abroad are training in Australia, 276 being from Asian countries. Over and above exchange postings, some 114 Australians are assigned to instructional activities overseas. We have lately indicated a willingness in principle to provide, and to examine problems relating to the introduction of, Sabre aircraft to the Indonesian Air Force. Depending on investigations yet to be completed, an additional personnel commitment falling upon the RAAF could develop from this.

15. In regional situations of tension short of outright conflict it is assumed that assistance from military forces from outside—including any from Australia—would be in non-combatant or deterrent roles. The need for demonstrative and symbolic deployment of forces may occur from time to time. Naval forces are uniquely well suited to this. Should the deployment of armed forces be intended primarily as an earnest of commitment, however, the deployment of ground and air forces is likely to be undertaken.

16. In weighing the contingencies, we must be influenced by the demonstrated mobility, over vast distances, of Soviet maritime power, which includes a heavy emphasis on undetected movement of submarines. Nor can we ignore the potentiality of China acquiring long range maritime strength. The Russian capability is already manifest in the Indian Ocean. It has recently been demonstrated in the waters of the South West Pacific also. The number of vessels deployed could be rapidly increased, especially if the Suez Canal is reopened.

17. The importance of the Indian Ocean to Australia’s vital trade and communication links and to the security of our region is self-evident. The deployment of Soviet warships in the Indian Ocean since 1967 constitutes a major move in the development of overall Soviet strategy and diplomacy. It is a development of undoubted political as well as military significance today. It could be of even greater significance in the long term.

18. Australia has welcomed increased interest in the area by the United States, notably the establishment of communications facilities at Diego Garcia and North West Cape.

19. Australia for its part has acted to demonstrate its concern for the security of ocean areas adjacent to Australia. Our defence infrastructure in the West, at Cockburn Sound, Learmonth and Peace is being improved. The United States and the United Kingdom have been informed that Australian facilities in Western Australia are available to them and both have welcomed this offer.

20. Naval and air patrol and surveillance of the seas and air space extensively beyond our territorial boundaries have continuing importance in peace and would assume critical significance in war. Developments in the Indian Ocean suggest that they should be given a priority commensurate with this. The main centres of population and industry in Australia are adjacent to unrestricted high seas and air spaces. Our commerce, particularly on the north-south route, traverses seas spaces, straits, and archipelagoes where limited surveillance capacity is possessed by the countries in that region, and few countries seem likely to develop that capacity substantially. The areas are vast and clearly exceed any capacity which Australia alone may develop, whether or not present overseas facilities continue to be available to us. This argues strongly for co-operation with our allies in this field.

21. Surveillance is the basis for action to protect Australian interests, whether it is against illegal fishing or trespassing or intelligence collecting in current circumstances, or a threat of attack in a time of tension. It can be a deterrent to unfriendly activity vis-a-vis both Australia and our neighbours. Effective surveillance demands modern and costly technology, especially when a submarine detection capability is included.

22. In estimating the kind of forces required for the protection of our ocean environs, many factors have to be considered. One warrants specific mention. Our strategic interests are closely related to our ocean and archipelago environs. By no stretch of imagination could Australia assume in the foreseeable future a capability to control—even if we were to wish to do so—the vast areas of ocean which give access to the coasts of our continent and our dependencies—though in selected areas we need to be able to do this. Our broader maritime interests may be better served by being capable of denying to others the measure of control which they would need in order to threaten the interests of Australia or its immediate neighbours.

23. Special considerations apply to Papua New Guinea. In the pre-independence period, Australia is responsible for its defence and its orderly progress towards independence. Emphasis will need to be placed on the training and equipment of local forces, and arrangements for their administrative support in Papua New Guinea, in order to provide a basic national force for defence and internal security. At the same time specialist forces from all three Services and possibly some field forces could be required from Australia to assist in meeting particular emergency situations.

24. After independence—which hereafter in this Paper we assume will occur in due course—although a specially close relationship between Australia and Papua New Guinea will, we hope, continue, the fact of independence will also mean a broadening of Papua New Guinea’s relationships with other countries. Australia’s contribution to the training, organisation and support of local forces, including secondment of personnel to staff and technical appointments and the supply of equipment and the development of infrastructure, may well be required to continue—perhaps at significant levels. If an option of strategic importance is not to be foreclosed, Australia will also need to sustain the ability of its forces to assist in the external defence of Papua New Guinea. It seems certain that the Government of independent Papua New Guinea would not be able from its own resources to sustain significant naval and air and other specialised capabilities.

25. The importance of Australian relations with other countries in the South West Pacific, and of lines of communication through the area, suggests that co-operative responses should be made, wherever practicable, to requests to us for assistance in the development of defence capabilities in that area. In this we would presumably wish to co-ordinate our actions closely with those of New Zealand.
2. The Forces and capabilities we have

26. The 1971–72 Defence Vote is $1,252.4m, which is 3.4 per cent of the estimated Gross National Product (at market prices). Procedures have yet to be developed which will give exact measurements of the expenditure, within this total, on the various kinds of defence capabilities provided by the Australian force structure. Subject to the reservation that some expenditures contribute to more than one defence capability, the following table provides a preliminary indication of how defence expenditure in the current year, including both capital and maintenance, is being allocated:

<table>
<thead>
<tr>
<th>Category</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maritime defence</td>
<td>150</td>
</tr>
<tr>
<td>Ground Forces and their related support</td>
<td>215</td>
</tr>
<tr>
<td>Air defence (including ground attack and land based)</td>
<td>115</td>
</tr>
<tr>
<td>Training, logistics and general support</td>
<td>365</td>
</tr>
<tr>
<td>Research, development, testing and evaluation</td>
<td>70</td>
</tr>
<tr>
<td>Industrial capability</td>
<td>55</td>
</tr>
<tr>
<td>Administrative support and miscellaneous defence activities</td>
<td>280</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,250</strong></td>
</tr>
</tbody>
</table>

27. The strength of the Permanent Forces is approximately 81,000, compared with 34,000 in 1950. The present Forces are supported by some 52,000 civilians, including those in government factories and in naval dockyard facilities, and public servants providing administrative, technical and scientific support. The total of 133,000 is about 2.4 per cent of the Australian work force. Manpower reserve backing for the forces, comprising CMF, emergency reserves and other categories (including former national servicemen) currently total 76,500.

28. The decade ahead will provide continuing opportunity to reshape our forces to meet the needs of the 1980s. Decisions will have to be made on the value of capabilities that we now have and the need for their continuance. The Australian Forces were re-equipped and extensively developed in the 1960s. Major equipments brought into service in that decade were nine of the twelve operational destroyers; the Skyhawk and Tracker aircraft operated from HMAS Melbourne (HMAS Melbourne itself was extensively modernised); the four Oberon-class submarines; the destroyer tender, HMAS Stalwart; twenty patrol boats; the twelve Orion patrol aircraft; and the four River class destroyer escorts and the missile, sonar and combat data systems of the River class destroyers.

29. These equipments will continue in effective operation through the first half of the 1970s and, in many cases, beyond. By the early 1980s many of them will be past their effective life. Decisions will be needed progressively from now through the 1970s on their replacement.

30. The sequence and timing of these decisions will be determined by several factors. One is the foreseen end of effective life of the equipment. Others include the strategic outlook, the prospects of changing technology available to us and to potential enemies, the lead times for purchase and local construction, and the time needed to introduce equipment to effective operational status and to develop tactical doctrines. Necessarily, in this process, account must be taken of the availability of resources and of priorities among competing defence bids. The programme for these decisions should enable them to be made when they are needed, neither too early nor too late, and with the benefit of the results of analytical studies—often of the greatest complexity. Some of these studies are now in hand. Others will follow in an appropriate sequence.

31. Australia's maritime defence, on which a sum of the order of $150m is being spent this year, includes a maritime reconnaissance and surveillance capability, an ability to respond to a submarine threat, and defence against air and surface threats to maritime interests. Two RAAF squadrons of Long Range Maritime Patrol Aircraft (10 Orions and 12 Neptunes), capable of rapid deployment to operating bases near their patrol areas, and one squadron of Naval patrol aircraft (Trackers) capable of operating from HMAS Melbourne or from shore bases, provide the air element of the Australian Maritime Surveillance System. The aircraft can also operate independently of ships of the RAN.

32. The development of the Learmonth airstrip, and the Cockburn Sound facility, will improve our surveillance capability over the Eastern Indian Ocean. The airfield facilities on Cocos Island are being maintained. RAAF long range patrol activity and co-ordination with our allies has already been extended over the Eastern Indian Ocean area. The Orion's 2,000 mile radius of action illustrates our capability. Naval patrol aircraft from HMAS Melbourne have a radius of operation of 400 miles; their surveillance capability is governed by the carrier's range which can be extended as required by support ships. The maritime air capability can be supplemented by the F111 aircraft when they come into service.

33. The RAN and the RAAF are well practised in anti-submarine warfare. HMAS Melbourne, with Tracker aircraft and Wessex helicopters embarked, and the anti-submarine warfare sensors and weapons (which include the Australian Ikara missile) in our six River class destroyers, and the two squadrons of Long Range Maritime Patrol aircraft referred to earlier, are primarily tasked to provide defence against submarine attack. The RAN's four Oberon class submarines (two more are on order) have, in addition to their distinctive offensive potential, a useful ASW capability.

34. The RAN's Wessex anti-submarine helicopters and the RAAF's Neptune maritime patrol aircraft will both reach the end of useful life in the 1970s. HMAS Melbourne, from which the Wessex helicopters operate, will terminate its useful life in about 1980. The study of Naval Air Power now in hand will influence decisions on the replacement of these equipments. Proposals for provision of land and sea based surveillance and anti-submarine capability are under study. Capital expenditure on the replacement of these major equipments and others related to the maritime reconnaissance and surveillance and anti-submarine capabilities could amount to between $525m and $900m (at 1971 prices) during the next 10 years or so, depending on the approaches taken towards continuing all the present capabilities.

35. By the early 1980s some of the RAN's operational destroyers will reach the end of their useful lives. The possibility of local design and construction of replacement ships has been intensively studied in the Departments of Defence and the Navy and a decision will be made in the light of a mid-year review of a total defence programme for the next five years. Some weapon systems and sensors in the destroyers will reach the end of life in the 1970s from age, obsolescence, or the closing down of overseas production lines. Decisions will be required whether to modernise the first four older River class destroyer escorts and the missile, sonar and combat data systems of the three guided missile destroyers.
36. Having regard to the extensive maritime nature of Australia's environs, to its growing maritime interests and to the wide range of tasks which could be required of our naval forces in support of these interests, the need to retain destroyers/escort capabilities at substantial levels is not likely to be seriously questioned. However, the levels of cost that could be involved, and technological considerations, justify the most rigorous analysis of the capabilities needed, the most suitable source, and the timing of acquisitions and refits.

37. The capital cost outlay involved in replacing some destroyers and the cost of the modernisations referred to above, could together require an expenditure of the order of $450m to $650m (at 1971 prices), depending on types and numbers, spread over about 10 years.

38. The Australian ground forces maintain a well developed readiness for deployment, both within and outside Australia. Their logistic support, by sea and air, is described in paragraphs 49–51 below. Expenditure on the field force and operational support by other services is of the order of $215m this year. The Army maintains its expertise in jungle warfare, but training also covers operations in a range of environments in order to give flexibility in deployment. Most exercises are carried out in conjunction with the RAAF and many involve the Navy as well. A high degree of combined service co-operation, developed in part in Vietnam, is being maintained. This co-operation is essential as the ground forces depend on the other Services for assistance in deployment and for support once deployed. Today there can be but few single Service operations.

39. The ground forces are designed to enable the regular component to meet the initial operational tasks whilst providing a basis for mobilisation and expansion if they should be required. The aim of the Army is to sustain in operation a task force of four battalions with its supporting arms and logistic support. The required units are largely in being, so organised and trained that an initial battalion group could start deployment almost immediately. A satisfactory level of strategic mobility has been achieved and recent equipment acquisitions have enhanced tactical mobility in difficult environments. The Vietnam deployment demonstrated our ability to sustain a force in the field over a protracted period, but it revealed also that we were dependent in many respects on logistic support from our allies.

40. Present Regular Army strength would, on the present basis of Army organisation and rotation plans, preclude the mounting of a second task force. Thus a limit is set to the ground forces which in situations short of a national emergency we could field for combat purposes and under present circumstances even that limit could not be sustained if the National Service Scheme ceased to supplement Army recruitment.

41. In the event of a national emergency, the ground forces would have available the reserve of trained manpower, created by the National Service Scheme, the ex-Regular Army personnel and the Citizens' Military Forces. In combination, these elements total some 63,000 and would significantly assist and expedite the preparation of additional formations and units for deployment.

42. Turning to air defence, the concept is not confined to the continent nor to the aircraft of the RAAF alone. The primary aim is to sustain a capability, with potential for expansion, to deter a potential enemy from attempting air attack on targets in Australia and its territories. Strategic strike forces, including the F-111C squadron which will become operational at Amberley after the delivery phase is completed in May–November 1973, will play an important part in this deterrence. Were deterrence to fail, the need would be to prevent enemy air attacks from being successful. We thus require also a basis for comprehensive air defence as well—including all three Services.

43. Australia's present air defence system comprises control and reporting units, fighter aircraft, anti-air artillery, and supporting communications. Two Mirage squadrons and a mobile control and reporting unit are based at Williamtown and one fixed control and reporting unit is located in Sydney. Fighter aircraft from Williamtown and anti-aircraft guns can be deployed forward to existing civil/military bases in Australia as required. Squadrons are frequently exercised in this role with other elements of the RAAF and the Light Anti-Aircraft Regiment. Two other Mirage squadrons in Malaysia contribute to the Malaysia/Singapore Integrated Air Defence System; these are located at Butterworth with a permanent detachment in Singapore. Control and reporting facilities are provided by Malaysia and Singapore.

44. An air defence study organised by the Department of Defence is reviewing the air defence forces required for the next ten to fifteen years. Long term development of facilities for forward operational deployments will be included. Facilities outside Australia will be taken into account but their permanent availability will not be assumed.

45. A most difficult non-nuclear problem will continue to be low level attack whether from land-based bombers or ship-based aircraft, and also surface-to-surface missile attack. Developments overseas, including over-the-horizon detection and airborne early warning, show promise of progress. Such developments are being actively watched by the Defence Group of Departments who have access to the experience gained by Australian scientists in these matters.

46. The Mirage aircraft will probably be effective throughout the 1970s. By the latter part of the decade wastage will reduce the number below four squadrons. The Army's anti-air artillery is ageing. Replacements of these aircraft and guns and other associated equipments are on the list for decision at the right time.

47. Expenditure on our air defence and air strike/reconnaissance capability is this year of the order of $115m.

48. Decisions will be required on how much fire power and mobility we need in our land forces. Armour, artillery, some helicopters, and tactical transport will all reach the end of useful life in the 1970s. The Centurion tanks entered service between 1951 and 1955. The 105mm gun entered service in the late 1950s and early 1960s having been introduced into the United States Army much earlier. Evaluation of possible replacements is in hand.

49. The medium and long range airlift capability, organic to the Australian Services, is provided by the 24 C130 aircraft of the RAAF. Assuming maximum effort, these aircraft could, in about eight to ten days, transport a lightly equipped Army battalion, with supporting elements, equipment, vehicles and stores sufficient for one month, from the Sydney area to airfield destinations within a 2,000nm radius of Sydney. This radius encompasses all of Northern and North West Australia and Papua New Guinea.

50. Civil air charters could assist, if necessary, in the movement and subsequent maintenance of the deployed force. The Caribou and Iroquois aircraft of the RAAF could provide adequate transport support for the uplifted ground force in the
immediate area of operations. The twelve C130A Hercules transport aircraft will go out of service in the late 1970s.

51. Logistic support has to include an appropriate mix of sea and air lift and the development of the infrastructure for the flow of men and material. Long-range, heavy-lift capability is needed. HMAS Sydney has to be paid off in the not distant future. Additions to capacity will be the planned logistic cargo ship, the eight landing craft (heavy) under construction, and the potential contribution of civilian carriers, particularly the charter companies.

52. While considering whether to replace what we have now when it loses effectiveness we must look also at the need for capabilities oriented to particular environments or tasks where previously no capabilities existed or they were insufficient. Aircraft for strike reconnaissance and for aerial refuelling are an example. These questions—necessarily involving the further question of whether desirable capabilities can be funded—are under study in the Department of Defence.

3. Adjustment to meet the future need

53. Opportunity to give greater weight to long term strategic considerations in the shaping of our forces has until recently been restricted by the immediate demands of our combat deployment in Vietnam. That opportunity is now restored.

54. Necessarily strategic projections are fallible and they must remain under regular review. Nevertheless, they constitute valuable guides to the trends in the world. Because they help us look ahead and to allocate defence resources over the long term they open up opportunities for economies.

55. We live in an environment now more uncertain than before because of the interaction of great power policies and objectives. Insurgent problems seem likely to continue. They exist in at least two countries of South East Asia with which we have defence relationships. The war in Indo-China seems likely to go on, though perhaps at a lower level of intensity. These are, however, situations which are now, or expected to be, within the competence of local forces or, as in Vietnam, are tending increasingly to be so. Recognising the importance of localising these challenges and of offering a response which combines military and civil contributions, the local governments are increasingly meeting such situations with their own combat forces and through their other national programmes. The military assistance given by friendly countries over several years—including, to an extent, Australia—has helped achieve this situation. While assessments thus suggest no immediate situations creating a high probability of combat involvement of Australian forces, circumstances could change quickly because of the latent forces of instability in South East Asia earlier described. There are contingencies which could require operational deployments, which need accordingly to be covered in our planning. Requirements for credibility and to enable Australia to have some influence on the deterrence of conflict in our environment should find a place in our defence planning.

56. These considerations suggest that an opportunity exists for Australia to move progressively in the 1970s and 1980s towards a more independent and improving orientation of that capability would be towards having equipment, trained men and

Australian logistic facilities at hand, which are particularly suitable to meet conditions in an ocean and archipelago environment.

57. The need for immediate change in our Services should not be exaggerated. The present Australian force structure seems to require some adjustment to some of its internal ratios rather than to its dimensions although steady expansion commensurate with resources is called for. Strategic considerations do not require these adjustments to be precipitate and thus expensive and wasteful. In many instances it would be possible for them to be integrated with the replacement of equipment already nearing the end of its life. The balance between capabilities in being, those in reserve, those sustained on a limited 'State of the Art' basis, and those whose acquisition may be deferred, will need continuing review with an eye to changes in technology, and in operational concepts and to the strategic uncertainties of the longer term. The balance between land oriented capabilities and maritime oriented capabilities may have to be progressively adjusted. The acquisition of the equipment that these reviews show to be desirable will depend on resources. Not all claims will be satisfied.

58. The balance between essentially defensive capabilities and weapons of attack also requires review. Considerations of credibility and of long term deterrence suggest modification in favour of the latter. But we should not deprive ourselves of the defensive capabilities that analysis shows to be necessary or of a base of experienced men for later expansion in time of need.

59. Australia has leaned in the past on allied co-operation in respect of transport, refined support, satellite, artillery, air strike and sea control. Already some such support has become less readily available and, in any case, we must consider with the NATO alliance the substitution by Australian capabilities is desirable. Greater self-sufficiency will be needed if we are to ease the practical burden of military support falling on our allies. It would make new demands on our logistic and infrastructural capabilities, and the relevant manpower and equipment would need to be expanded. In relation to combat capabilities, moves towards greater self-reliance would also have important effects.

60. Without prejudice to the foreseeable requirements for ground force deployments, there is scope for improving Australia's practical option to deploy, preferably in a co-operative and certainly in a defensive context, independent naval and air strength into the ocean and archipelago environs of the continent. For reasons outlined above it is assumed that wherever possible we would co-ordinate our planning and our activities with well disposed neighbours. Out of that co-ordination or independent of it, particular — requirements for the employment of our military resources will no doubt continue to arise. We must be able to satisfy our requirements with a flexibility suited to circumstances, which could vary considerably. Our need is thus to be able to deploy our forces in the time, in the strength and in whatever place a threat to our interests—whether independent or shared—is best countered by such means.

61. Problems of resources alone emphasise the need for a continuing review of both manpower and supporting services and facilities in all three Services. Service training philosophies and their consequential effects on posting policies and family welfare will need examination; as will also the opportunities open to the specialist in the Services. Some redistribution of Service manpower among functions may accord with the strategic prospect of the 1970s and the call for greater self-reliance in the directions
described. At the same time the basis for keeping up a high level of professional expertise in all the Services needs to be sustained.

62. Australia's obligations in Papua New Guinea and other contingent requirements for support of our friends suggest that the general trend for our ground forces should be towards maintaining a regular force, versatile and highly trained, mobile, taking full advantage of military skills and technology to compensate as much as practicable for limitations of manpower; and supported by reserve forces with the potential for expansion should the situation require. For full effectiveness units deployed will need to be familiar with tropical conditions and capable of conducting military civic action activities. Expertise in jungle warfare will need to be maintained and the necessary logistic backup, communications facilities and transport support must be available.

63. The defence preparedness of Australian industry would appear to involve not only special facilities in the research and development laboratories and production factories operated by the Department of Supply (see Chapter VI below) but relates also to the capacity of the general industrial base of the country. The maintenance and development of industrial defence preparedness requires continuing attention, particularly in the light of the increasing complexity of defence equipment; rapid developments in technologies; and changes in production techniques.

64. The Department of Supply is continuously engaged in examination of the capacity of industry in relation to the demands that could be placed on it in an emergency situation. The judgement on the level of capacity to be maintained through the long term is a difficult one.

65. There is a need to develop the capacity of the Forces to support enhanced programmes of training for members of the defence forces of allies and regional friends, and other forms of defence aid. Capacity will need to be expanded at various military training establishments and installations. In addition the long term development of military infrastructure of base communications and support facilities in Australia should be continued, to serve the forces of Australia and its allies. There are likely to be increased demands, including the requirements of allied forces, on Australian base facilities in the West, the North, and North-east of the Continent. There will be scope for co-operation with the development of the civil infrastructure.

66. Broad guidelines can thus be suggested, but critical problems of analysis and judgement remain. Unforeseeable changes in military technology promoted by the competing efforts of the super powers add to the problem. Strategic and political uncertainties as to the future inter-relationships among both the great and the small powers of Asia aggravate them. The answers to strategic and military problems are rarely simple and never single. The judgements which are required will often be reconciliations.

4. Papua New Guinea's Defence Force

67. The Services' establishment in Papua New Guinea is part of the Australian Defence Force and comprises the PNG Division of the RAN, the Army element and a small RAAF detachment. The RAN force consists of five patrol boats based at Manus and a strength of 425, of whom 252 are indigines, 30 of the latter being officers and petty officers trained or in training. The main Army element, comprising the units permanently in PNG, consists of training, logistic and communications units and the Pacific Islands Regiment (PIR)—with a current total strength of 3,280. The support units account for 1,749 and the two battalions of the PIR for 1,531. Thirty-six indigenous officers have been commissioned and approximately 40 are in training. There are 417 indigenous NCOs. The RAAF element operates a detachment of three Caribou aircraft.

68. In February, 1972, a Joint Force Headquarters was established for efficiency of operational control and to provide the basis for future assumption by the indigenous government of control of its own defence force. Recruitment of local personnel to replace Australian is being accelerated.

69. Several important matters require to be weighed during preparations for independence and during the time in which the Defence Forces of Papua New Guinea remain under Australian control. Studies have been initiated by the Department of Defence in consultation with the Department of External Territories as a basis for future consideration in Australia and in Papua New Guinea. Matters under study include the future composition and equipment of the Papua New Guinea Defence Force at the time of handover of Australian control at independence, the extent to which the Defence Force may be used to support the civil power, and the interrelationship of its role and size with those of the Police.

5. Contribution of the Services to the Community

70. The Australian Services contribute to the community in peace as well as in war. Whether in Australia or our surrounding waters, our servicemen co-operate with civil authorities in search and rescue operations, in fighting bushfires, in assisting in flood and storm, in transporting the seriously injured, in emergency relief, and in civil defence. The community expects and accepts this kind of assistance without always appreciating the organisation, effort and cost involved. The Services make an important contribution in the areas of survey and mapping by geographic and oceanographic research. They will contribute to the newly formed Coastal Surveillance Service.

71. The Services also contribute to national development in less direct ways. Because of the technological sophistication of modern weapons systems, each Service produces from its training establishments men and women with technical and other skills of a high order. After completion of their service, these people return to the civilian community where their skills contribute to the nation's productivity.

72. Research and development leading to new knowledge, techniques, standards and designs is carried out by the laboratories of the Department of Supply and by the Services themselves. Australia's total research and development effort is greatly assisted by our close association with the defence scientific services of friendly nations. While the emphasis of this effort is on applications to defence requirements, there is often a flow-on to civilian industry. The facilities at Salisbury and Woomera for the joint Australia/UK Range have attracted industrial support. Civil research has benefited by use of defence research facilities and industry has had a transfer of technological capability from the Defence laboratories.
CHAPTER VI: SUPPORT OF THE SERVICES AND ORGANISATION MATTERS

1. Manpower: Servicemen and Servicewomen of the 1970s

1. Since World War II professionalism has developed in all three Services. There is a general desire among servicemen that the standing of the profession of arms be recognised. In parallel with community trends, there has been a general movement towards higher educational and skill qualifications at all levels of Service training. In recognition of the need for tertiary qualifications in modern defence forces, our Service Academies are affiliated with universities. In addition, with the increasing sophistication of weapons and management, a post graduate programme of continuing education in both military and certain academic fields is also necessary for Service officers.

2. A large number of other ranks employ special technical, trade and other skills. Over 400 employment categories in the Services require specialised training. Of these categories, some 80 per cent involve training of a kind that has counterparts in the civil community, ranging from the automotive, radio, electronic, engineering and other trades, to the highly sophisticated aerospace technologies. Considerably more than half of the personnel in the Forces have been trained in these various categories.

3. Attraction and retention of skilled and otherwise suitable personnel against competition from civilian employers in a growing economy has been difficult for the Services, and for a period that competition resulted in resignations, and failure to re-engage at the end of fixed periods of enlistment, which were reaching undesirably high levels.

4. In 1970 the Government appointed the Committee of Inquiry under the Honourable Mr Justice John R. Kerr, C.M.G., to review the principles and concepts of military pay, to recommend salary rates appropriate to the calling, and to inquire into the nature and incidence of the inherent demands and exigencies of Service life as they affect all ranks, for the purposes of alleviating these where possible, or providing adequate remuneration in compensation.

5. The Committee has presented six Reports incorporating many proposals for reforms, all of which have been accepted. These reforms included new principles for determining the emoluments of servicemen and servicewomen; adjustments in pay rates for both officers and other ranks; and more liberal conditions for removals, compensations for disturbance, and for payment of allowances in respect of temporary accommodation, and the education of dependent children. Their adoption should do much towards improving recruitment and retention of personnel.

6. The Committee recognised the existence of an Armed Forces industry involving professional and sub-professional members, and also non-professional groups functioning at several levels of skill. The Committee is now examining whether any special compensation is required over and above salary to compensate for special exigencies of Service life. The reform of the complicated method of expressing Service pay which includes a multiplicity of different allowances and some tax concessions is also being examined.

7. The Kerr Committee has confirmed the view that certain conditions of service, and their impact upon family life, affect the willingness of members to remain in the Armed Forces. It is clear that disruptions to family life and the education of children by frequent posting from one locality to another, the standards of accommodation, retirement benefits and the problem of establishing a home at the end of service life, are all factors that count in a serviceman's decision whether he will continue to serve.

8. There has already been a considerable improvement in Service pay and conditions. Acceptance of the Kerr Committee recommendations, and other pay increases approved in 1970-71, involved additional expenditure at the rate of $45m per annum; and subsequent increases approved in 1971-72 will cost a further $47m per annum, making a total increase of $92m per annum.

9. While much has been done, more remains to be done. Several matters are now under detailed examination: the Defence Forces Retirements Benefits Scheme by a Parliamentary Select Committee; the effects on the education of children of servicemen resulting from postings; the adequacy of disturbance allowance and the existing education allowance scheme; the question of assistance to servicemen in establishing their own homes; evaluation and work value measurement of the duties and responsibilities of officers and other ranks; the future machinery for the assessment and determination of Service pay and conditions of service.

10. As stated by the Kerr Committee, members of the Armed Forces are employees of the Crown. The aim is to ensure that, as Crown employees, they receive their proper status in the community, and that this is reflected in their emoluments and conditions of service. It is intended that Citizen Forces receive commensurate benefits.

2. Defence Facilities

11. The Services need not only men but support. Fixed installations, barracks and training areas are required. When World War II ended the living and working accommodation, storehouses and other Service facilities were largely temporary structures, unsatisfactory for the permanent defence forces. Much has been achieved since but the Service numbers have grown, as has the complexity of equipment, and much construction work remains to be done.

12. A number of major projects are planned for construction in the short or intermediate terms. Those already approved include the further development of the Jungle Warfare Training Centre at Camungra (Qld) and the RAASC Centre at Puckapunyal (Vic.) for the Army. For the Navy further accommodation improvements have been approved and the construction of the Naval Support Facility (HMAS Stirling) at Cockburn Sound (W.A.) is scheduled for completion at the end of 1975. The latter project will involve an expenditure approaching $50m and will include wharves, workshops, an armament depot and jetty and personnel accommodation. These facilities will be sufficient to support four destroyers and three submarines. The provision of permanent facilities for the RAAF School of Radio at Laverton (Vic.) will be commenced shortly. In the case of defence industrial capability under the Department of Supply, new capacity is being provided for the manufacture of high explosives, propellant and ammunition; laboratory capacity for research and
development into explosives is being increased; new storage accommodation is being provided and defence plant in both Government establishments and private industry is being updated and extended to handle new production techniques.

13. Major proposals in the investigation or planning stage include the further development of Army task force bases, the provision of modern storage accommodation in Sydney for the Navy and improvements to shipbuilding and repair facilities at Garden Island (N.S.W.) and Williamstown (Vic.). The RAADF is planning major developments at operational bases at Amberley and Townsville (Qld) which take account of the needs of new equipment.

14. To be flexible and highly mobile, forces need equipped support bases from which to operate. Bases located at Cockburn Sound, Learmonth, Darwin and Townsville are most suitable, but others may have to be developed. Wherever practicable, operational infrastructure will need to be co-ordinated with developing civil resources in order that greater benefits may be derived from the money expended.

15. The nature and location of installations will be influenced by equipment and deployment priorities and are described in Chapter V. But decisions about the location of Service establishments frequently require reconciliation of conflicting objectives. The demands of defence must, on occasions, be overriding. In peacetime access to reasonable community facilities for the service man and his family is essential if we are to retain adequate numbers of qualified people. Locations having ample training and operational areas may lack these facilities. Also, some types of Service activity, e.g. Naval dockyards, require major industrial support to be found only in urban areas. The capital investment in some such establishments is very high and re-location, even if practicable, would be correspondingly expensive for the community at large. In the case of the use of Sydney Harbour as the base for the Australian Navy and its principal dockyard, the need for industrial support is compelling and needs sympathetic understanding by the community. Long term construction planning of Service establishments is further complicated by variable elements such as the future size and structure of both the permanent and citizen forces and strategic requirements.

16. Attention is being given to the environment and quality of accommodation in Service establishments. The scales and standards of married accommodation have lately been raised by the Government.

3. Rationalisation in the Services

17. Each Australian Service has, by and large, initiated its own bids for equipment, developed its order of battle and manpower establishment, controlled its employees and, under Defence Department scrutiny, managed the funds provided by Parliament.

18. It is sound to leave initiative with the men who have responsibility in their chosen Service. But it is self-evident that there must be co-ordinated direction based on critical analysis to ensure that the total Defence Force derives maximum capability from the smallest use of resources. The requirements for joint force operations and for mobile and technologically oriented forces require that this economy and effectiveness be sought on a Defence and joint Service rather than a single Service basis.

19. This rationalisation may be achieved either by evolutionary steps or by a full-scale restructuring of the responsibilities for policy formulation and execution. The former approach interferes less with a working organisation in which tradition plays an important role. Organisational change is of necessity a continuing process, and the evolutionary approach progressively improves efficiency in the use of money and manpower.

20. As an example, the RAADF is now doing the helicopter conversion training of RAN pilots, which is an extension of the basic flying training the RAADF does for all Service pilots, and the more advanced jet training it carries out for the RAN. The Army procures medical supplies and equipment for all Services, and this single managership concept for procurement is being extended. Standardisation of equipment common to the three Services holds the promise of reductions amounting to many millions of dollars in stock-holdings of the three Services by eliminating duplication and using computerised records.

21. In the area of military management, a major re-organisation of the Army has been announced involving a rationalisation of functions within Army Headquarters and a change to a functional organisation in which responsibilities are divided between field force, logistic and training commands.

22. The shape and management of future defence communication systems for the three Services are being studied in order to take advantage of technological advances. Indeed, without rationalisation, it is unlikely that modern communications systems for each of the Services could reasonably be afforded.

23. Other areas under review are research and development, hospital and medical services, the legal services and certain technical and specialised training. Other studies are mentioned elsewhere.

24. Operational realities and the comprehensive nature of Defence functions point towards the future evolution of more closely integrated command systems and of complementary changes in departmental relations, while preserving the individual traditions and spirit of the Navy, Army and Air Force.

25. A plan for establishing a Joint Warfare Establishment in which personnel from the three Services can study all aspects of joint warfare is under examination by the Government.

4. Defence industry and Defence research and development

26. Modern forces rely heavily on industrial support to repair equipment, to modify it when overseas manufacturers introduce changes, to adapt it to local conditions and in many cases to design and build it. To increase our self-reliance, it has been policy to foster industrial support of defence within Australia. Substantial use is being made of the advice of experienced members of the industrial and commercial community.

27. To carry out in Australia all research, design, development and production of military equipment would be neither practicable nor wise. There would be penalties in cost, limitations imposed by technology, and substantial diversion of resources, especially when highly sophisticated units in small numbers were envisaged for acquisition. Even the major world powers are unable to achieve complete independence. Australia has the added handicap of relatively small scale production, particularly in respect of major equipments such as some forms of military aircraft.
28. The approach, and the choice of Australian equipment at a cost penalty over imported equipment, must be selective. There are a number of potential criteria, not all reconcilable, and judgements may differ as to how much weight to give each. Factors include the importance of the item to our operational capability, the likelihood of its being available throughout its Australian in-service life from overseas sources, the uniqueness of our requirement, the cost penalty for buying locally and the delivery capabilities for local industry. In addition, there is benefit to industry in the introduction of new technology. Australian defence industry cannot exist in isolation. It is indeed, although unusually sophisticated in technology, an integral part of the nation’s industry. In the defence aircraft industry a better equilibrium between the workload flowing into the industry and the resources of the industry is needed. We are investigating a rationalisation of the industry’s facilities and seeking to improve the long term planning of its workload.

29. Adoption of overseas designs for production in Australia has to be considered, but frequently has not provided the desired independence because of the need to import special components. Overseas designs rarely match Australian requirements entirely. Locally researched and developed equipment gives the benefits of its being tailored to the environment, and of complete support from design to production. Some such projects have achieved impressive overseas sales.

30. Basic research skills are fundamental to local design and development of our defence equipment. Local development means taking a risk: not all developments will be successful and some will be initiated and then abandoned.

31. Where the cost makes production in Australia uneconomic, opportunities should be sought for Australian industry to participate in a co-production or reciprocal purchasing arrangement with the overseas supplier. The extent to which these opportunities are converted to contracts will depend very largely on the enterprise and competitiveness of our industry. The Government has already negotiated with the United States and, to a lesser extent, the United Kingdom and other large suppliers of defence equipment, such opportunities for Australian industry.

32. We have a special interest in defence industrial co-operation with neighbouring countries. We have a special arrangement with New Zealand. The future may bring similar arrangements with our neighbours in South East Asia.

33. Whether purchased abroad or at home, the selection of defence equipment constantly involves a judgement of the requirement for technical sophistication that it ought to have. Competition in weapons technology among the great powers has led to great increases in complexity and effectiveness and in the cost both of buying and operating equipment. Because of these costs, quality and quantity sometimes become alternatives. For instance, the Mirage III0 fighter/ground attack aircraft cost less than $2m each; possible replacements could cost from over $3m to as much as $10m each, excluding supporting systems.

34. In effect, a balance must be struck. Too great an emphasis on numbers against unit effectiveness may leave us vulnerable to some enemy weapon systems. A very few but important units could however leave us equally vulnerable. Where a unit has a long life in service it may be necessary to adopt advanced technology as a hedge against the uncertainties of the future. A design that is adequate against today’s threats may be ineffective against enemy weapons whose developments are now foreseen. For instance, in selecting the type of destroyer for the Royal Australian Navy, the foreseen developments in maritime weapon systems have to be weighed. Sea-skimming missiles launched from submarines could introduce new dimensions into maritime warfare. Development in sensors could bring new tactics.

35. On occasions there is a possibility of putting off one technological advance in order to take advantage of a later one. But it may be preferable to keep abreast of technological advances overseas to maintain a common capability with allies and to ensure that spares and other support from overseas are compatible. Modification of our F111-C will need to be kept in step with the USAF’s modification programme. Similarly, the adoption of a particular weapon, such as the Tartar missile carried on our guided missile destroyers, may make it desirable to keep pace with the modification in the country which is the principal user.

36. The foregoing has implications for the future defence research and development programme. It must accord with priorities in defence objectives. We need some research and development competence in all relevant fields of military science and technology. Preference is given to specially selected activities, and, for the rest, we rely heavily on our allies. Our special competence in the selected fields has encouraged our allies to collaborate in this way for mutual benefit.

5. The process of Defence programming

37. The claims of defence and other national objectives have to be weighed against the resources available. Before committing the Defence Vote, and defence manpower, by a weapons procurement decision, it is necessary to look ahead and ensure that the decision will not prevent expenditure later on a higher priority need which, for technological or other good reason, should not be decided upon firmly now. This is the nature of the Five Year Rolling Programme system which aggregates all the decisions seen to be needed over the next five years, and the total annual expenditures which previous decisions and the present force structure entail.

38. The financial aggregates have no significance except as a tool of management. The annual cycle of the system requires a submission to the Government in mid-year for approval of the Defence programme planned for the five years ahead, modifying previous plans as may be necessary for strategic, technological, or cost changes. Equipment and other decisions would, as far as possible, be announced in the context of the Budget estimates for expenditure in the ensuing year. Expenditure envisaged for the remaining years of the Defence programme should reflect general guidance received from the Government while remaining subject to review and subject always to the annual Parliamentary decision. As each year passes, the system ‘rolls’: a new year is added to the end of the programme, and the process of re-examination of planned expenditure recommences.

39. Currently, maximum Service requests put forward for examination include more than seventy proposals for new major equipment on which decision is sought in the period 1972-73 to 1976-77, although delivery in many cases would be much later.

40. It would be premature to try to define the cost of development of the force structure called for by the analysis of Australian defence requirements advanced in this Paper. During the first half of 1972 a Committee (composed of the Secretary, Department of Defence, the Chairman Chiefs of Staff Committee, and the Chiefs of Staff— together with the Secretary of the Department of Supply, the Chief Defence Scientist
and other participants as required) is progressively reviewing the claim on the resources likely to be available of the new equipment for whose ordering approvals have been suggested as necessary during the five years 1972-73 to 1976-77. The equipment proposals under study are closely related to the foreseeable end of life or growth in obsolescence of the equipment described in paragraph 29 et seq of Chapter V. Other large elements controlled by the Defence Group of Departments and needing to be analysed and programmed to produce the kind of forces suggested in this Paper are manpower and associated administration; maintenance stores and lesser capital equipments; defence works; research and development; repairs and maintenance; defence production capacity.

41. In view of developments in the strategic situation described, some restructuring of expenditure on items other than equipment may prove advisable. Pay of Service personnel and associated civilian personnel has been taking a large part of the Defence Vote. While the Services are not to be deprived of adequate manpower there is nevertheless a need in the future to spend very substantial sums on modern weapons systems and capital installations and facilities and on an appropriate level of research and development. The two objectives require reconciliation and it is difficult to see how this could be achieved without adjusting the requirements of both. Existing capabilities, including manpower, thus require to be regularly reviewed against the same rigorous criteria that are applied annually to decisions on the acquisitions of new or alternative capabilities. In 1972-73 expenditure on weapons systems will increase because of equipments already ordered and yet to be delivered and fully paid for, e.g. F111-C strike bombers, medium lift and light observation helicopters, Oberon submarines, the fast combat support ship and the refit of the Daring destroyers. After 1972-73, with new orders placed, expenditure on major weapons systems is expected to increase further.

CHAPTER VII: OBJECTIVES AND RESOURCES

1. The objective of any Australian Defence Policy is the best defence of Australian interests. This embraces more than defence of Australian territory alone or that of its present dependencies. Some of these defence interests, e.g. an acceptable equilibrium among the major powers in the North West Pacific, cannot be guaranteed by our military or any other efforts. But they will be the better secured if our military strength is, as indeed it is pledged to be, such as to give significant support to the United States in particular. Necessarily this implies a capability to project our strength beyond Australia's continental boundaries.

2. Other Australian interests lie closer to home and are more subject to our own influence. These include:
   - the security of our neighbours in South East Asia and the South West Pacific;
   - the security of our peacetime and wartime lines of communication through these areas;
   - the security of our offshore resources;
   - the security of the ocean areas generally from which direct threats to the security of Australia could be brought to bear in the longer term.

3. In these areas, and especially in the ocean and archipelago environment identified in this paper, there is a security role which Australia is well placed to accept. It is not a role which necessarily implies combat involvement or necessarily implies the protracted overseas deployment of combat forces. It is not a role which needs imply a narrowly self-interested or a diplomatically insensitive objective.

4. What can be achieved by Australia in Asia or elsewhere by military contributions must be judged realistically. As indicated elsewhere there are limits to what can be achieved in many situations by the application of military power. There is, however, an opportunity for Australia to co-operate in a defence context with its neighbours and its allies in the region to help strengthen their defence capabilities and their sense of security. Such activity would contribute positively to the security of Australia's strategic environs with a selectivity realistically related to our resources. Ability to do this and to undertake ourselves the continuing protection of Australia's expanding interests presupposes the existence of Australian forces organised, trained and equipped to be able to meet conditions in that external environment.

5. A discussion of circumstances in which the combat involvement of Australian forces would be appropriate would raise questions outside the scope of this Paper. It is, however, self-evident that the practical option to accept combat involvement in defence of Australian interests—independent or shared—will not be open to future Australian Governments if an adequate minimum of capabilities is not in existence in our forces. It is suggested in this Paper that that option ought to be sustained.

6. Contingencies under which a major combat burden would occur seem at present to be remote, and the full capabilities that would be required for this extreme contingency are not required to be in existence today. Given the maintenance of Australian defence capabilities at levels which are credible in our external environment, and assuming the co-operative policies suggested above, that situation is unlikely to change. It would
follow that no major change in the defence burden appears to be implied in our acceptance of the need for increasing self reliance in Australia's defence capabilities or if we shape our forces to meet the requirements suggested in paragraph 1 above.

7. There is equally no reason to expect that the burden of finding resources for defence will be eased. The enlargement of our self reliance may be spaced over a protracted period but costs of modern weapons systems are high, and the costs of manpower to keep them serviceable and to employ them are more significant today than before. These considerations justify vigorous and planned investigations of the effectiveness of activities within the Services and the Defence Group of Departments. Nevertheless there are inescapable cost commitments of a significant size in the pursuit of the broad objectives that have, in this Paper, been put forward as best serving Australia's defence interests in the 1970s and 1980s.

TRENDS IN DEFENCE EXPENDITURE

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<tbody>
<tr>
<td>Defence expenditure</td>
<td>$1,109.5m</td>
<td>$1,164.7m</td>
<td>$1,103.1m</td>
<td>$1,137.6m</td>
<td>$1,252.4m</td>
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<td>Defence expenditure as a percentage of GNP (at market prices)</td>
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<td>4.3%</td>
<td>3.7%</td>
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<td>Defence expenditure per head of Australian population</td>
<td>$92.5</td>
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<td>$88.3</td>
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<td>$96.6</td>
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<td>Defence expenditure as a percentage of total Commonwealth expenditure (including payments to the States)</td>
<td>18.0%</td>
<td>17.6%</td>
<td>15.5%</td>
<td>14.0%</td>
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Note: The calculations are based on published statistics by the Commonwealth Bureau of Census and Statistics for population, Commonwealth Expenditure and GNP.