



Australia's 2023 Defence Strategic Review

On 24 April 2023, the Australian government under Prime Minister Anthony Albanese unveiled the public version of the Defence Strategic Review (DSR). Deputy Prime Minister and Minister for Defence Richard Marles hailed the document as 'the most important shift in Australia's defence posture in decades'. The DSR indeed calls for new efforts to refocus the armed forces on the significant military challenge posed by China, within the context of ever closer Australia-US strategic and defence ties.

The review is refreshing in its judgment that the Australian Defence Force (ADF) is currently 'not fit for purpose' and that a faster schedule for force generation, including procurement, is needed. Echoing current debates in European NATO member countries, it emphasises that the defence system 'needs to abandon its pursuit of the perfect solution or process and focus on delivering timely and relevant capability'. That said, the DSR is less revolutionary than public debate suggests and confirms many earlier ambitions and plans, including broadly adhering to the policy course set by the previous government's 2020 Defence Strategic Update. Moreover, the review is vague on some key 'enablers' of this strategy – in particular, money and people.

From 2020 to 2023

Each new Australian government has traditionally sought to put its stamp on the country's defence policy, including through the delivery of a new defence update or white paper. The Albanese government is no different, with an increased need for updates given the expensive future military commitments that have recently been made. The previous government left office in 2022 with announced but unfunded defence-spending commitments for the next decade in excess of AUD\$42 billion (US\$28bn), a point of departure mentioned in the DSR. The document does not point out, however, that the Albanese government's recent decision to invest between AUD\$268bn and AUD\$368bn (US\$177–243bn) over the next three decades to acquire conventionally armed nuclear-powered submarines (SSNs), which Canberra agreed to do in principle in September 2021, will not only require major future financial injections but will also impose significant opportunity costs for the rest of the ADF; for the army's

future land-warfare capability in particular, but also potentially resulting in cuts to the Australian navy's surface-force structure.

The document notes Australia's strategic environment has been deteriorating and codifies publicly what the Australian strategic community has internally been acknowledging for several years: that the ADF is now primarily driven by preparations to fight a potential war against China alongside its alliance partner, the United States. It bluntly states that China's military build-up is not only 'the largest and most ambitious of any country since the end of the Second World War' but also without 'transparency or reassurance to the Indo-Pacific region of China's strategic intent'.

The DSR is more candid about Australian threat perceptions than recent defence white papers or the 2020 Defence Strategic Update. The latter also identified the need for Australia to acquire more potent and sustainable military capabilities, although without the same clarity vis-à-vis China. This aligns with the promise made by Marles at the 2022 IISS Shangri-La Dialogue to make transparency a theme of his term in office.

The DSR states that the 'ADF needs a much more focused force structure based on net assessment, a strategy of denial, the risks inherent in the different levels of conflict, and realistic scenarios agreed to by the Government'. This statement recognises the fact that major conflict in the Indo-Pacific is now a serious possibility and that China's military build-up has advanced to a level where a defence strategy based on denying the military objectives of the People's Liberation Army (PLA) must become a fundamental organising principle for the ADF.

To that end, the review calls for a transition from a 'balanced force' to a 'focused force', which it defines as a force 'designed to address the nation's most significant military risks'. In other words, 'threat-based planning' – that is, planning with the PLA in mind – will drive the ADF's future design, just as the US has identified China as the 'pacing threat' for its own military-capability development. The DSR also confirms that the ADF will further strengthen its defence alliance with the US through 'increased bilateral military planning' and other means, which will indeed be necessary given the

plan announced in March by Canberra, London and Washington for implementing the submarine-related components of the AUKUS security partnership. The Australia-US alliance is likely to become even more operationally and regionally focused in the years ahead, given that the goal in both Canberra and Washington is to deter, and be prepared to fight, China's armed forces.

Canberra described a 'strategy of denial' in the DSR – that is, the strategy to prevent an adversary from projecting military capabilities within a given area or to restrict related adversary movements – along with the goal of acquiring new undersea warfare capabilities (both inhabited and uninhabited), a long-range missile strike capability and an integrated air- and missile-defence system. These, together with the call for armed autonomous weapon systems, increased war stocks and improved logistics were all key points made in the 2020 Defence Strategic Update. In terms of geographical priority, both of these documents stated that Australia's 'primary area of military interest' should be the 'immediate region encompassing the north-eastern Indian Ocean through maritime Southeast Asia into the Pacific, including our northern approaches'.

Defence-capability decisions

The DSR takes a measured approach to force structure and procurement. It calls for few specific changes beyond those concerning the land forces which had been long expected. The government has accepted the review's recommendation to reduce the number of new infantry fighting vehicles from 450 to 129 and to cancel the project to acquire self-propelled howitzers in exchange for a greater emphasis on littoral manoeuvre and long-range fires. There has long been a need to underpin the army's nascent amphibious force and the DSR is finally addressing this shortfall.

The longest capability shadow hanging over the DSR, however, is the AUKUS commitment to build SSNs. This will transform Australia's overall capability – especially the Royal Australian Navy's – for what Marles has termed 'impactful projection'. There are many issues still to resolve in order to deliver on the SSN plan, and these will continue to impose themselves on the overall

capability investment and trade-off calculations across the armed forces in the coming decades. Relatedly, the DSR recommended that the government direct an independent analysis of the surface-fleet plan, to be delivered in the third quarter of 2023, including its future role and the balance between the surface and submarine force. William H. Hilarides, a retired US vice admiral, has since agreed to lead the effort.

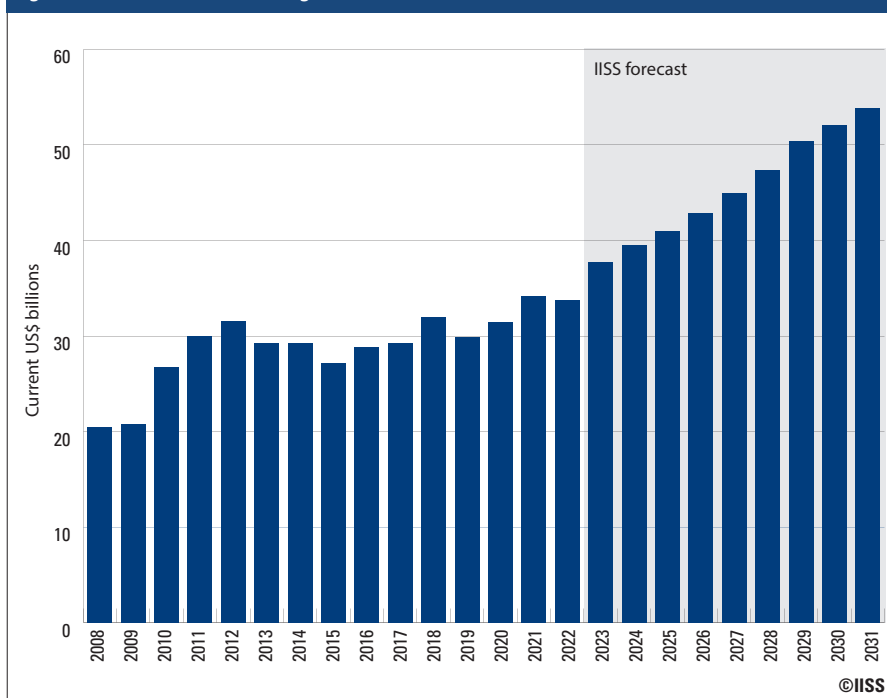
The DSR does not address a related contradiction and leaves some important issues unresolved. It advocates continuous shipbuilding, including of both 'Tier 1' and 'Tier 2' ships; acquiring high-end capabilities, including air defence; and increasing lethality across the fleet and a larger number of platforms. It will be a challenge to deliver these items simultaneously. Inevitably, speculation has turned to the prospects for the controversial new *Hunter*-class frigate programme. The navy selected the *Hunter*-class design because of its high-end capabilities in the areas of undersea and anti-submarine warfare, priority areas that the DSR emphasises. Nevertheless, the planned number of ships may be reduced, or the navy may seek to boost the strike capacity of later ships. Equally, the limited combat capability of the *Arafura*-class offshore patrol vessels has also been the subject of critical public debate. Much is still to be determined about the future role and potential capabilities of the navy's *Canberra*-class large-deck amphibious ships, about the future of its ambitions to conduct full-scale task-group operations, given the potential vulnerabilities of such formations, and how to increase integration with the army in its enhanced littoral-manoeuvre role.

In the air domain, the fact that the DSR emphatically rejected the B-21 *Raider* bomber as an option is striking, a decision no doubt made in part because of its high cost. Nevertheless, the proposed enhancements to the F-35A *Lightning II* force and the hardening of operating and support bases will be significant. The DSR advocates a pragmatic approach to developing a layered, integrated air- and missile-defence system in the near term, but does not discuss specific plans over the longer term nor for developing space and cyber capabilities. In short, it is telling that the DSR affirms that both more defence investment and capability trade-offs are needed, but that it also does not fully cost many of its recommendations. The way in which these calculations tally in the coming years will be critical to the real shape of the future force.

Regional engagements

The DSR commits Australia to strengthening defence engagement with Indo-Pacific partners, 'particularly in the Pacific and

Figure 1: Australia's defence budget, 2008–31



Source: IISS Military Balance+

Southeast Asia'. It thus recognises that Australia's defence efforts in isolation are unlikely to be sufficient for maintaining a favourable balance of power in the Indo-Pacific. Yet there is very little, in the public document at least, about how Canberra will realise its ambitions to establish a collective defence framework beyond the vague, variable geometry of 'expanding regional strategic multilateral, trilateral and bilateral partnerships'.

The DSR describes Southeast Asia as 'one of the key areas of strategic competition in the Indo-Pacific' and part of 'the primary area of military interest for Australia's National Defence'. The public version of the DSR does not disaggregate Southeast Asia into individual countries. This, presumably, was to avoid embarrassing Australia's preferred partners in a subregion that, with the possible exception of the Philippines under current President Ferdinand 'Bongbong' Marcos Jr, is reluctant to endorse counterbalancing initiatives against China, even expressly for the purpose of maintaining deterrence. It is worth pointing out that Australia's large neighbour, Indonesia, is not mentioned in the DSR, whereas India, Japan, the US and even the United Kingdom are all named as important security partners for Australia in the Indo-Pacific region.

One thorny challenge for realising the DSR's force-projection goal in Southeast Asia is therefore that doing more *in* the subregion does not necessarily mean doing more *with* the subregion. This could create strategic and operational hurdles during future contingencies in this region when the ADF would ideally like to be able to operate with and from some of these nations' territories.

Outlook

Unfunded strategies are bound to fail. The DSR recognises this problem, observing that 'difficult decisions and trade-offs to manage the Defence Budget over the immediate period' will be required, and the task for the Albanese government and its successors will be to find answers. Indeed, it appears that this challenge extends into the foreseeable future, given the limitations on Australia's overall budget and its investment priorities. The next federal budget, to be released on 9 May 2023, and the review of the defence-focused Integrated Investment Program, expected before the end of 2023, will offer new details about near-term defence-budget increases and how trade-offs will be made in terms of capability development.

The DSR does not discuss 'realistic scenarios' in which the ADF would join in a conflict other than to state that it must focus on developing anti-access/area-denial capabilities for operations in its primary area of strategic military interest. This implies that even in the case of a Taiwan contingency or a conflict in Northeast Asia involving Japan or South Korea, the preferred option for Australia would be to focus on rear-guard operations further afield from the main theatre of operations, albeit aiming to hold threats at greater range with the increased stand-off weapons capability advocated in the DSR. This is at odds with an ADF also seeking 'the capacity to engage in impactful projection', and indeed with at least part of the rationale for purchasing SSNs. Moreover, that planning assumption might well prove too optimistic, given that the US may expect more from the ADF as part of an allied response in the event of a full-scale Chinese invasion of Taiwan.

The DSR also says little about how the armed forces should address the critical personnel shortage, other than to recognise the challenge and call for a 'comprehensive strategic review' of the ADF Reserves and reserve service.

It is prudent to assume that the main emphasis of recruitment and retention over the coming years will be on building the workforce necessary to deliver the SSN-AUKUS, as the new vessels have been dubbed, as well as commissioning

at least three US *Virginia*-class SSNs in the interim. This suggests that the ADF will remain relatively small in numbers, which will limit its operations and sustainment regardless of the number or types of platforms in use.

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