

Australia's Election, the U.S. Alliance & the Pivot

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Secretary Hagel didn't make it as far south as **Australia** on his recent trip to the Asia-Pacific, but when he does get to Australia there'll be a new government and defense minister to greet him.

Federal elections in Australia last weekend saw a new conservative government elected under the leadership of Prime Minister Tony Abbott. This new government will not bring significant change to the trajectory of the U.S.-Australia alliance. Australia's new leader speaks fondly of Australia and America's shared values, history, and interests. He also refers frequently to the importance of the "Anglosphere" in global security – Australia, Canada, New Zealand, the **United Kingdom**, and the **United States**.

But Australia's government now faces some difficult choices on defense policy that will determine what sort of role America's southern ally will play in the rebalance to the Asia-Pacific.

Early next week, Senator David Johnston is expected to be sworn in as Australia's defense minister. Johnston has been working defense issues for the past five years both as lead inquisitor for the Senate Foreign Affairs, Defense, and Trade Committee and the parliamentary opposition's lead spokesman on defense issues. He brings to the portfolio a deep technical knowledge of defense procurement and sustainment developed by forensically examining the structural problems in Australia's navy while in opposition.

Johnston has promised to appoint a panel to conduct a long overdue first principles review of Australia's sprawling defense bureaucracy (Australia's bloated defense department has enough HQ office space in Canberra alone to fill half the Pentagon, despite being 3% the

size of the U.S. military). More importantly, he has promised to revisit Australia's military strategy and defense policy by commissioning a new Defense White Paper (a process similar to the U.S. Quadrennial Review), which will report within 18 months.

Johnston's first priority in office will be to fix Australia's navy, which is in the midst of rebuilding its engineering capacity after a series of embarrassing incidents in which ships were found to be well below expected readiness levels.



Senator David Johnston is expected to become Australia's new defense minister next week.

The Royal Australian Navy is also modernizing many of its platforms and introducing major new maritime capabilities. Next year Australia will take delivery of the first of two amphibious assault ships. Soon after it will start operating Aegis-enabled Air Warfare Destroyers.

But the most pressing naval issue Johnston will be looking to address is the Navy's beleaguered submarine fleet. Sustainment issues plague Australia's current fleet of six large diesel submarines. A project intended to double the size of the fleet with a new and larger submarine build has been stalled for the past five years. Senator Johnston has deep links with the submarine community – its main base is in his hometown in Western Australia. The decision on which future submarine Australia should build will occupy much of the Defense Minister's thinking. Senator Johnston also sees Australia's submarine fleet as a crucial contribution to the U.S. alliance, particularly as an anti-submarine warfare capability in the waters where the Indian and Pacific Oceans meet.

The other important contribution Johnston sees Australia making in the U.S. rebalance to Asia is the provision of intelligence, particularly for maritime security. Johnston cites the need to increase broad area maritime surveillance in the waters to Australia's northwest. He sees a need to protect the more than \$500bn of current and planned energy infrastructure investments on Australia's North West coast, as well as monitor the area for the unauthorized arrival of people smuggling boats into Australian waters. Australia's new government will be enthusiastic to cooperate with the U.S. on the development of shared maritime ISR systems, possibly including those deployed from Australia's Cocos Islands.

Though many future initiatives to enhance U.S. force posture in Australia have been discussed, Johnston will take a cautious approach to facilitating a greater strategic footprint for the U.S. military in Australia. This is chiefly because of the problematic state of defense funding in Australia. Symptomatic of this, the pace of Marine force rotations through Darwin and U.S. Air Force access to Australia's northern airfields has been slowed because of Australian reluctance to fund upgrades to defense infrastructure.

Australia currently spends 1.6% of GDP on defense, down from an average of 1.9% during the last decade. This decrease resulted from decisions by the last government to reduce the defense budget in order to fund expensive new social programs. Both sides of politics now agree that defense spending needs to be closer to 2% of GDP in order to sustain the current Australian Defense Force and modernize it over the next two decades. During the election, now Prime Minister Tony Abbott committed to lifting defense spending to the 2% target by the end of this decade. This funding trajectory looks extremely unrealistic – rising health costs for an aging population alone are projected to account for an additional 2% of GDP by the end of the decade.

Thus while the new government has every aspiration of modernizing the Australian Defense Force and sharing the burden of security in the Asia-Pacific, budgetary reality is yet to bite. It will be much more difficult for Australia to be an active player in Asian security than its new government imagines. Much like the U.S., Australian defense policy may require tough choices between modernization and readiness.

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