



**LEADER OF THE OPPOSITION**  
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**\*\*CHECK AGAINST DELIVERY\*\***

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**ADDRESS TO THE LOWY INSTITUTE,  
SYDNEY**

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**National Security Fundamentals**

As we meet today, in numerous places around the world, members of Australia's armed forces are undertaking the tasks they have performed for decades: fighting alongside our allies, keeping the peace between local warlords, upholding the universal decencies and advancing Australia's national interests. This is the tradition that we will formally commemorate on Sunday. It is a hard but necessary job. Our readiness to support our military personnel in their sacrifice marks us out as a serious country that does not shirk the difficult decisions on which the future of the world so often turns.

The most sombre discussion that I have ever participated in was the Howard Cabinet's deliberations about the invasion of Iraq. Putting people's lives on the line is about the most grievous matter a government can consider because, inevitably, the charge will be made that it's others who must pay the price of the government's principles.

Still, I never doubted that it was the right decision. Saddam Hussein was a monster who had waged aggressive war against his neighbours, practised genocide against his own people, sponsored terrorism against Israel and defied numerous binding resolutions of the United Nations Security Council. As well, it was then thought, he was arming himself with nuclear and biological weapons to unleash against his enemies. If the use of force could ever be justified, other than in immediate self-defence, this was surely such a case. For me, it was not the fact of our involvement but its scale that was the issue. Australia's participation, though potent, was proportionately far smaller than, for instance, in the 1917 campaign to drive the Turks from Palestine or the 1941 campaign to drive the Italians from North Africa.

It would have been better had there been a further UN resolution, more countries involved, more surely based intelligence about weapons of mass destruction and, above all, a less unpytting subsequent civil war. Even so, the emergence of a pluralist and relatively liberal Iraq, should it be sustained, would be a truly historic breakthrough with beneficial consequences right around the world. It would reflect well on the common interests and fundamental decency of the Iraqi people and also on the judgment and commitment of the countries whose sacrifices had brought about this demonstration that democratic pluralism can emerge in the least promising circumstances.

There were a number of occasions when the former Government decisively intervened in the affairs of other countries. There was the military commitment to the Solomon Islands when they were on the verge of anarchy. There was the more locally contested and less sustained civil commitment to Papua New Guinea to

strengthen the governance of our nearest neighbour. There was the massive aid and relief effort to Indonesia in the wake of the East Asian tsunami. All of these were evidence of Australia's determination to be a force for good in the wider world and resolve not to leave to others the high task of working for the betterment of mankind wherever we could lend a helping hand.

Above all, there was our contribution to the liberation of East Timor. At one level, this was justice for a people yearning to be free. At another, it was the repayment of a historic debt to those who had rescued and harboured Australians during World War Two. Australia encouraged Indonesia to hold a plebiscite on independence, worked furiously to secure Indonesian consent and UN authorisation for a multi-national intervention to stop the subsequent violence and led the force which secured for the fledgling nation at least a shaky peace.

The 1999 task force deployed to East Timor was tiny compared to the five divisions of the First Australian Imperial Force sent to Europe or the four divisions of the Second AIF to North Africa and Malaya. Still, it was the first international military campaign which Australia instigated and led. It was the first time that Australia had initiated a stand for right rather than simply participated in campaigns that other countries had led. After some hesitation, America lent its diplomatic weight and logistical support while Britain unquestioningly put a battalion under Australian command. It was the first serious sign that we would no longer leave primarily to others the task of upholding what Australians regard as universal values at least in our own region.

The former Government's extensive overseas commitments, both military and civil, reflected its understanding that Australia's security depended as much on the prevalence of its values as on the extensiveness of its dealings. The best protection, for instance, against Islamist terrorism, is the widest possible appreciation of individuals' right to religious, political and economic freedom. The best protection, for instance, against great power bullying, is the widest possible appreciation that might is not necessarily right. In the long term, Australia's freedom and prosperity rides on ethical principles which it is our national imperative to sustain and advance. At a national, no less than at an individual level, the world's welfare is best promoted by the widest possible acceptance of the principle that we should act towards others as we'd have them act towards us.

Australia's participation in an international community of values is no less important than our involvement in trade deals and security alliances. Indeed, trade and security arrangements are so much easier to sustain when they are based on a common understanding of how the world should work. This is why our most important international partners are likely to be the countries with which we share an outlook rather than those with which we share merely the neighbourhood or mercantile self-interest. Of course, like-minded neighbours and near-neighbours with whom we have strong trade and security relationships are naturally the best friends of all.

Australia's external policies should be based on a rigorous analysis of our national interest and the challenges to it. That analysis, though, needs a values dimension as well as the more standard economic and security considerations. Judgements about where those interests lie must stem from perceptions of the wider world and Australia's place in it. With whom and over what can we make common cause; who are Australia's real friends and how can we have more of them; what are the real threats to our security and prosperity and how can they be minimised?

Islamist terrorism remains a deadly threat not only to the West but also to India, Russia, China and moderate Muslim states. Nuclear proliferation is a harrowing further consideration, especially in relation to Iran, whose leadership has threatened 'to wipe Israel off the map'; North Korea, which has conducted two nuclear tests and is indiscriminately exporting nuclear know-how; and Pakistan a nuclear power at risk of becoming a failed state dominated by Islamists.

Unregulated and increasingly voluminous people movements will test border security and immigration policies around the world – especially for the magnet countries of the West and transit countries like

Indonesia. As well, there's the need to create and manage a sustainable environment in which deforestation is reduced and greater energy and food security is achieved.

Still, there are grounds for guarded optimism. Despite setbacks, democracy largely continues to consolidate in the former Soviet bloc, Latin America and most of Asia. Current economic problems notwithstanding, for the foreseeable future the United States is likely to remain the pre-eminent power internationally, including in the Asia-Pacific region, and an immense force for good in the wider world. The greater economic strength of the Asia Pacific should mean more economic opportunities for Australia. Despite the now dissipating international financial crisis, globalised technological progress continues and our trading partners are recovering.

So given these global trends and challenges, where do Australia's interests lie?

Australia's interests lie wherever there is an economic opportunity to be taken, a citizen to be protected or a value to be upheld. They always have. They always will. The task of the Australian government remains what it has always been: to expand our prosperity, to enhance our security, to promote our way of life and to manage the tensions between these objectives. Australian interests are not synonymous with Australian territory or confined to our region. Asserting them requires a global web of political and economic relationships. Wherever Australian businesses can legitimately be helped, citizens are at risk, or values can be advanced the Australian government should be alert for opportunities to help as well as to the unintended consequences of well-intentioned actions.

Australia's economic strength and technological sophistication gives us more influence than most countries of our size and the potential to play a significant role in our own region and beyond. The universal resonance of Western values gives Australia both an opportunity and a responsibility to exercise influence as the key Western country in the Asia-Pacific region.

The Howard Government understood that the Anglosphere was the heart of the Western alliance and sensed Australia's responsibilities and potential standing as a participant in it. Over the past decade our military involvement in Afghanistan and Iraq has deepened our alliance with the US, revitalised our military and broader security links with Britain and reinforced our significance in the region and the wider world. The Howard Government did not focus on traditional alliances alone but built on the authority they gave us to develop strong strategic ties with other key powers that share our democratic values, including Japan, India and Indonesia.

The Howard Government appreciated that Australia's national interest could not be pursued oblivious to the big issues of the wider world. It understood, as I'm sure the Rudd Government does too, that Australia has a clear interest in advancing freedom and decency and in eradicating poverty. One country can hardly transform the planet but, especially in our immediate region, we have a particular obligation to conduct our national security policies consistently with our values. Australia's recent work in East Timor not only exemplifies this approach but also illustrates how perceptions of our international role have changed. This would have been a mission inconceivable in the period from Whitlam to Keating, when we were much more equivocal about standing up for our values on the global stage.

Australia's big overseas military deployments of the past decade have reflected our national interests and our national values. It is in Australia's interest to be a reliable military ally. It's in our national character not to let down our friends when they need help.

It was in Australia's clear security interest to help the US to evict al Qaeda from Afghanistan where some of the terrorists who later killed 88 Australians in Bali had trained. Australia retains a clear interest in denying to terrorists the use of Afghanistan as a secure base. It's easy now to deride the failure to find weapons of mass destruction in Iraq but all the main intelligence agencies – the French and the Russians no less than the Americans and Israelis – thought that Saddam had them and his statements and behaviour reinforced that

conclusion. No less an authority than the former Shadow Minister for Foreign Affairs, Kevin Rudd, thought that Saddam possessed them.

In neither intervention was Australia seeking to “export democracy” although the removal of abhorrent regimes necessitated the establishment of freer and fairer societies. The enthusiastic participation of Afghans and Iraqis in great numbers in multi-party elections, despite lethal intimidation, suggests that the desire for freedom and democracy is not a mere Western conceit. Australians should be proud of the part we have played in achieving this and grateful to the United States for its preparedness to take risks in a good cause. It is easy to question the United States’ tactics and sometimes its judgment but almost never its good intentions. It is not Australia’s role to be an unquestioning ally. Still, America’s habitual critics should more often consider to which other country or body they would rather entrust a solution to the world’s troubles. Were Australia to be directly threatened, America would primarily consider its own national interest rather than ours. We could never take American help for granted. Still, the stronger an ally we are in Americans’ struggles the more sure an ally they should be in ours. Alliance considerations are not the most important reason for Australia’s military commitment to Afghanistan but they’re not insignificant either. Quite apart from the fact that America’s values are invariably ours and that America’s interests are mostly ours too, there’s the mutual obligation dimension that any friendship involves.

Australia’s service personnel have performed magnificently in Afghanistan. Our special forces in particular have enhanced their reputation as amongst the world’s best. We mourn the eleven young Australians who have lost their lives there and call to mind the more than 90 who have been wounded in the line of duty and their loved ones. We best honour these soldiers and ensure that their sacrifices will not be in vain by securing the victory for which they fought.

It was my privilege in Darwin recently to meet some of the officers and men of the First Brigade. Some of them were preparing for deployment overseas. Many had been on several overseas deployments including to Iraq and Afghanistan. The modern Australian soldier is a teacher, technician and envoy as well as a warrior. The most up-to-date professionalism has supplemented the traditional Anzac spirit. It was also my privilege to meet a crew engaged in patrolling our northern waters. Dealing compassionately yet firmly with the range of people seeking entry to Australia demands a modern version of chivalry which our service personnel seem amply to possess. We expect a great deal of them and they have a right to know that the Australian people are fully behind them.

It’s fitting that the Rudd Government has maintained its predecessor’s military commitment to Afghanistan and even slightly increased troop numbers following the withdrawal of most Australian forces from Iraq. It was, after all, Mr Rudd and his political colleagues who described Afghanistan as the central front in the war against terror. The extent of our commitment to Afghanistan is once more in question now that the Dutch, who currently take the lead in Oruzgan province, are preparing to withdraw their 1,900 troops, as well as their F16s fighter-bombers, helicopters, tanks and hospital later this year.

The Rudd Government has said that it is unwilling and unable to take command in the province and to increase our commitment even to approach the current Dutch contribution. It would be a poor reflection on our defence capabilities and value as an ally if we are truly unable to help. Certainly, General Jim Molan, the Australian former chief of operations for the multinational force in Iraq, says that we could and should take the lead in Oruzgan province.

It’s no secret that the Americans would like additional Australian forces in Afghanistan and have refrained from making a formal request only because they have been told that it would be unwelcome. The Government should explain why it’s apparently right that NATO countries should commit more troops but not Australia. Putting more troops at risk is not a decision that any Australian government should lightly make but the near certainty of higher casualties has to be weighed against the consequences of failing to shoulder extra responsibilities and the ramifications of any collective loss of nerve by Western powers. How fair is it to leave Australia’s security so much in the hands of other countries’ soldiers or to expect America and Britain to do nearly all the free world’s heavy lifting? If satisfied that the role made strategic sense and

was compatible with our other military commitments, a Coalition government would be prepared to consider doing more.

Should it be made, a commitment to do more in Afghanistan would be one sign that Australia is entirely serious about its overseas responsibilities. It would build on the reputation Australia established during the Howard years as a power that well and truly “punched to its weight”. This was especially obvious in Asia where the Howard Government achieved an intimacy and regional access that Paul Keating could only have dreamed of against his prediction that Asian countries wouldn’t deal with John Howard.

In Howard’s well-known observation, there turned out to be no need for us to choose between our geography and our history. Diplomatic advances in our neighbourhood were achieved while deepening our relationship with the US and generally improving relationships further afield. Indeed, Howard conclusively demonstrated that a strong alliance with the United States was an asset rather than a liability in our relations with Asia. Those key relationships have not noticeably strengthened despite the change to a prime minister who can speak to the Chinese in their own language.

Japan has been a steadfast friend of Australia and our most important regional partner at least since the Menzies Government negotiated the trade treaty in the 1950s. A fellow democracy and ally of the United States, Japan has traditionally been given high priority by Australian prime ministers travelling overseas early in their term. In his first overseas visit, Mr Rudd included China but excluded Japan. Many in Japan concluded that we had somehow downgraded the relationship, especially since the Rudd Government unilaterally abolished the Quadrilateral Security Dialogue with the US, Japan and India, seemingly to accommodate Chinese objections. Most recently, the Rudd Government re-announced without warning on the eve of the arrival in Australia of foreign minister Okada that it would be taking Japan to the International Court of Justice over whaling. While we would all like whaling to stop, the Government has managed to gratuitously antagonise a friend.

Notwithstanding the Prime Minister’s assertion about a new strategic relationship, the abolition of the Quadrilateral Security Dialogue alienated India as well as Japan. There will be no breakthroughs while the Government maintains its ban on uranium exports. This stance clearly has far more to do with ALP internal politics than with New Delhi’s failure to sign the Nuclear Non-Proliferation Treaty. The Government has refused to budge despite the opposition to the current policy of Labor’s longest-serving foreign minister, Gareth Evans and despite the fact that greater Indian access to civilian nuclear technology would help to reduce its greenhouse gas emissions. The Obama Government in America has accepted that India could not sign the NPT (because it possesses nuclear weapons) but has nonetheless approved uranium sales because of India’s flawless record in not proliferating nuclear technology. As previously announced by Julie Bishop, subject to suitable safeguards, a Coalition government would follow the Obama policy.

The Howard Government engineered big improvements in the relationship with Indonesia after the East Timor complications of 1999. The 2002 Bali Process helped to deal with irregular immigration. Australia and Indonesia signed a new security co-operation treaty in 2006. Jakarta supported Australian membership of the annual East Asia Summit. Subsequent to the former Government’s decisive steps to stop people-smuggling, Australian-Indonesian relations were barely disturbed by this issue. The resumption of people-smuggling has predictably generated strains, especially during the ‘Oceanic Viking’ saga. As well, Indonesia has been noticeably unenthusiastic about Mr Rudd’s aggressive championing of his concept of an Asia-Pacific Community. A government that claims to be attuned to Asia should surely have consulted in advance about an initiative which the Indonesian foreign minister has described as ‘not in synergy with what we have’. A Coalition government would work co-operatively to make existing regional bodies work better rather than creating a new one.

Clearly, the economic development of China is one of the defining characteristics of our era. China recently overtook Japan as Australia’s number one export market as well as being our biggest source of imports and biggest overall trading partner. The Howard Government showed that it was possible to have a strong relationship with China while managing differences over sensitive issues like ministerial contact with the

Dalai Lama and Taiwan. As the previous Government put it, the guiding principles of managing the relationship were 'shared interests and mutual respect'. By contrast, the current Government's approach has been inconsistent at best. Last year at a conference in London, the Prime Minister ostentatiously refused to be seated next to a Chinese diplomat he knew well. The 2009 Defence White Paper suggested that Australia is on a collision course with China. On the other hand, the Government seems to have made secret deals with China not to meet the Dalai Lama and to have dropped the long-established practice of annual ministerial visits to Taiwan to pursue economic interests.

These concessions, though, don't seem to have won much reciprocity from Beijing. In the Stern Hu trial, for instance, Chinese authorities ignored the consular agreement that our officials should have access to the trials of Australians. In part, show trial; in part, star chamber exercise, it's left doubts about what the Chinese Government considers to be commercial secrets and shaken the confidence of businesses dealing with China. Although there can be miscarriages of justice in any system, it's hard to avoid a sense that Hu's treatment owed as more to considerations of state than to any personal fault.

Inevitably, the Stern Hu trial has reinforced concerns about government-controlled Chinese companies investing in Australia. Australia needs and welcomes foreign investment. Questions arise, though, when state-owned companies with strategic as well as commercial objectives seek a controlling interest in key assets. The Foreign Investment Review Board in each case makes a judgment about what is in Australia's overall best interest. There probably shouldn't be a hard and fast rule here. Still, if the ownership by the Australian Government of key businesses would not normally be considered in the national interest, ownership by a foreign government would seem even more problematic.

Multilateral institutions and international organisations matter but it's important to put the most effort into the contexts where Australia can make the most difference. The Coalition supports multilateral institutions which serve a clear national purpose. For example, the G20 forum, which Peter Costello helped to formalise, has emerged as a more representative global body than the G8. The Coalition supports the existing regional Asia-Pacific bodies, the Commonwealth of Nations, which celebrated its fiftieth anniversary this year, and the various organisations of the United Nations including the World Trade Organisation.

On the other hand, it's hard to see much taxpayer value in the Rudd Government's anti-nuclear and Security Council membership campaigns. Over this year and next, the Government is spending \$9.2 million to promote nuclear disarmament, much of which will be spent on the International Commission on Nuclear Non-Proliferation and Disarmament which Mr Rudd set up in 2008. Of course, anything Gareth Evans and his fellow Commission members could do to prevent the emergence of a nuclear-armed Iran or North Korea would be welcome. That prospect, though, seems unlikely and, meanwhile, the Commission uses taxpayer dollars to promote the improbable notion of a world free of nuclear weapons. It's largely a replay of the Keating Government's futile Canberra Commission on the Elimination of Nuclear Weapons. A Coalition government would re-consider whether this body makes any useful contribution to Australia's non-proliferation objectives.

Similarly, it's worth recalling that the Howard Government considered and ultimately rejected the option to campaign for a non permanent seat on the UN Security Council. The massive diplomatic effort required would have diverted attention away from core foreign policy interests to more peripheral areas in order to secure votes – all for an uncertain purpose other than a nebulous sense of temporarily enhanced international status. There are strong grounds for suspecting that the Government's increased diplomatic activism in Africa and retreat from the once-bipartisan policy of opposing one-sided anti-Israel UN resolutions relate to the campaign to secure a Security Council seat in 2013-2014, at a cost to taxpayers of \$11 million.

Curiously, the Government's commitment to spend 0.5 per cent of our Gross National Income on overseas aid will be achieved by large increases in the forward estimates in 2011/12 and 2012/13 – which are the years leading up to the UN vote on our bid for a seat. Using the aid budget to help secure the necessary votes would mean spreading money through Africa and Latin America. These regions certainly need help but they

are the places where Europe, the US and Canada already focus their aid efforts. For reasons of impact and national interest, the Coalition believes that Australia's aid effort should focus on the Asia-Pacific region. A Coalition government would not proceed with the UN Security Council bid and would deploy the freed-up diplomatic capacity to advance our core interests. While the Coalition would match the Government's commitments on overseas aid, this effort should be refocused to the areas where we can make the most impact and into the activities that most effectively reduce poverty.

Clausewitz once said that diplomacy without arms was like an orchestra without instruments. Australia needs armed forces that are capable of supporting our interests around the globe. The defence of Australia does not start on our borders. Historically, the defence of Australia has required a prodigious military commitment in Europe. Currently, it requires significant military commitments in the Middle East, central and south-east Asia and the Pacific. The Howard Government's improvements to the structure and capacity of our defence forces have made these commitments more effective and easier to sustain.

Between 1996 and 2007, the annual defence budget increased from \$10.6 billion to \$22.0 billion. Over this period the armed forces' 'tooth-to-tail' ratio improved from 45.2 to 66.6 per cent. By next year, thanks to decisions taken by the Howard Government, Australia will have seven regular infantry battalions and a regular commando battalion – up from the four regular battalions the Army had been reduced to in 1996. Each battalion now also has greater strength, better equipment, improved mobility and more supporting firepower, including from M1 Abrams tanks and Javelin missiles.

The Royal Australian Navy and Air Force have also benefited from Howard Government decisions to acquire 24 Super Hornet fighters, 14 new Armidale Class Patrol Boats and four C-17 long-range jet transports. A longer-term legacy will be three large air warfare destroyers plus two helicopter landing ships that will each be bigger in tonnage than Australia's last aircraft carrier, the 'Melbourne'.

An important consequence of the Howard Government's work with the armed forces was improved recruitment and, to a lesser extent, retention. In 2007, almost 9,000 young Australians joined the defence force which was the best result in 10 years and the second best in 30 years. The Defence Gap Year program was an innovative way to introduce young people to the possibility of a military career. A Coalition Government would re-energise this excellent program and ensure that there are at least 1,000 places made available to school leavers each year.

By contrast, the Rudd Government has talked about improving the capacity of our armed forces but shown little seriousness in delivering it. The 2009 Defence White Paper included a massive wish-list of acquisitions – 12 submarines, 20 frigates and 100 Joint Strike Fighter aircraft. The 144-page document contained just over one page of costings. Only after the Coalition raised the issue did the Government reluctantly disclose a total cost somewhere between \$245 billion and \$275 billion. The Government's own financial projections reveal a \$25 to \$40 billion black hole in major capital equipment costs even with an already reduced maximum of 72 Joint Strike Fighters.

The Coalition supports the case for new submarines to replace the current fleet. The Government, though, has yet to provide credible costings or a convincing rationale for 12 new boats especially since it seems to think that the three it insists are currently operational can meet immediate needs. In fact, it's likely that only one submarine is available at any particular time because of systemic maintenance problems and a chronic crew shortage. As well it seems that it's hard to sustain submarine operations beyond four to five days because of mechanical problems.

A further problem is the skewing of defence spending towards increases in the number of bureaucrats – forecast to grow by 3.5 per cent this financial year in contrast to a 1.1 per cent increase in the number of uniformed personnel. Apparently, there are now 19 senior defence department officials entitled to travel overseas first class with their spouses.

The Coalition will release a detailed defence policy nearer the election including fully costed plans to fund capital acquisitions. The Coalition aims to continue the Howard Government's practice of increasing defence spending by 3 per cent a year out to 2018. I can announce today, though, that one major acquisition, as soon as possible, would be three unmanned Global Hawk Surveillance Aircraft. In a day, a Global Hawk can keep under surveillance 40,000 square nautical miles. These aircraft would help to protect the vast oil and gas projects now progressing on the North West Shelf. Real time surveillance and their vast area of coverage should allow much earlier detection and interception of illegal boat arrivals. Improved intelligence would also make it easier to track and help boats in danger of sinking.

One way to help defence force retention would be to improve conditions for serving personnel and their families. The Rudd Government promised \$33 million to deliver a programme of free health care to the family members of ADF personnel but later cut this to \$12 million. The Coalition would restore proper funding to this programme.

The Government has also reneged on its commitment before the 2007 election to restore the value of military superannuation by rectifying indexation arrangements. The current budgetary situation makes it hard to commit right now to a fairer military pension system. Even so, it will be important to tackle this issue as soon as the budget is back in surplus.

As important as any element of national security, especially in the post 9/11 world, are anti-terrorist intelligence operations. Over the past decade, Australia has massively expanded its counter terrorism capacity through state and federal police, ASIO and ASIS. We have strengthened participation in intelligence sharing with our key allies. We have cooperated closely with our key regional partners, especially Indonesia. The hatred of extremists for our way of life remains as does their search for opportunities to do us harm. The fact that there have been no terrorist attacks in Australia and few involving Australians abroad testifies to our substantial success. In this vital area, the Rudd Government has continued to build on the good work of its predecessor.

Keeping the Australian people safe is the most basic task of government. It was my privilege to serve in an administration which left Australia economically, militarily and diplomatically stronger than perhaps it had ever been and to learn from a prime minister who was our most effective international statesman since Sir Robert Menzies. The former Government's policies and judgments are open to question as every government's are but Australia's current standing owes much to its work. The respect accorded to our current prime minister owes as much to our country's qualities as it does to his own. In large measure, Mr Rudd is welcome in the counsels of the world because our country has earned it. I am conscious of the responsibilities I carry, even as Australia's alternative prime minister, and of the debt that I owe to my predecessors whose fine example I will strive to follow.

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