

Fresh ideas for future challenges:

National security policy under a Labor government

Kevin Rudd

The first and fundamental responsibility of any Australian government is to provide for the security and safety of the Australian people, the defence of our country and the protection of our interests abroad. Maintenance of national security is sacrosanct, whether it is defending the continent, maintaining stability in our immediate neighbourhood or protecting our interests in the wider region and beyond.

Australia now confronts a more complex threat environment than at any time in our history. Those that wish us harm are no respecters of borders. Labor believes Australia must have a national security policy that is capable of flexibly responding to the multiplicity of challenges we will face in the future. It follows, therefore, that our defence policy must have defence capabilities able to meet a wide range of challenges with parallel flexibility.

One thing is certain in today's security policy environment and that is uncertainty itself. But amidst the uncertainties of our strategic environment, there are certain fundamental principles that should be restated.

- First, we are committed to the forward outlays of the current government and have supported every increase. We are driven not by savings, but by value for money. A strong defence force requires strong funding. The Government is currently spending around \$22 billion annually on our defence needs and we can't afford to waste a cent. Labor is committed to maintaining defence spending, including a minimum annual 3 per cent real growth, but Labor is equally committed to ensuring scarce defence dollars are spent more effectively.
- Second, we understand we are a nation that needs friends and allies. Our alliance with the United States remains central. We understand our friends and allies will not always see things as we do. But they remain central to our ability to advance our security policy interests.
- Third, Australia needs a stable, global, multilateral order because this enhances our wider security and economic interests.
- Fourth, we recognise that our forces must be structured to enable us to provide for our own defence. But they also need to be structured to operate further afield in partnership with our friends, allies and, when appropriate, in support of UN multilateral peacekeeping operations.
- Fifth, any rational defence planning for Australia's future force structure also needs to be mindful of relative regional

capabilities. In technology, equipment and personnel we must continue to have the edge. Without that, we cannot assure ourselves of our primary obligations.

Defending our country

On the defence of our own country, Labor holds firm to the principle of defence self reliance. We believe – Labor has always believed – that the people of Australia should be willing and able to defend our own country. Defending Australia remains the bedrock of Labor defence policy.

In the present environment, the threat of attack by any substantial military force is remote. But we must be able to meet any such contingency and to defeat any such force. Australia's sea-air-land approaches therefore remain a central strategic imperative. However, this is the starting point – not the end point.

The immediate region

Dominating our immediate strategic geography is not enough. In this new century, we need to do more than just defend the continent. We need armed forces that can project power into the immediate region when necessary. The national interest demands we work with our neighbours and friends to foster a positive security environment in Australia's neighbourhood. Our immediate neighbourhood is characterised by many fragile and unstable states, economic under-development and frequent breakdowns in law and order. In pursuit of regional stability and prosperity, Australia must be prepared to participate in coalitions of allies and friends to secure our regional interests.

Beyond the immediate region

Who would have thought in 1999, in the midst of our humanitarian intervention in East Timor, that two years later the ADF would also be fighting in Afghanistan? Globalisation is changing Australia's defence reality. Globalisation gives potential enemies – even small non-state actors – the ability to reach from far beyond our region to threaten Australia's interests.

While there will be a variety of avenues open to us to meet these threats – including intelligence, counter-terrorism, international law enforcement, non-proliferation measures

and more effective middle power diplomacy – the changing nature of the threat environment requires us to have greater defence policy dexterity. We therefore need a defence capability that is able to deploy beyond the arc of instability in partnership with friends and allies, either bilaterally or multilaterally. Of course the core constraint in doing all of this is the size of the defence budget, the size of the ADF and our capacity to deploy our defence assets with dexterity.

Australia-US alliance

Australia's alliance with the United States has long been a central pillar in Labor's foreign and defence policy. The history of the alliance is a history of bipartisanship. It has survived and prospered through twelve American presidents and thirteen Australian Prime Ministers – Democrat and Republican, Labor and Liberal. It has stood the test of time.

Instigated by Labor's John Curtin and Roosevelt, a Democrat, in the darkest days of 1941, it was consummated by the Liberals' Menzies and Truman, another Democrat, in the ANZUS Treaty of 1951. It is an alliance valued equally by Labor and the conservatives. – despite the periodic, juvenile and increasingly hysterical protestations of our political opponents. The alliance has lasted because our common friendship is real, our common values are real and we share significant and continuing common interests. We are, of course, two very different countries and we have very different national stories. But we are among the oldest democracies in the world, and that counts.

For Labor, the US alliance sits squarely in the centre of our strategic vision. Intelligence sharing, access to advanced technologies, systems and equipment, together with combined military exercises and training, all enhance Australia's national security. The alliance also affords Australia a significant opportunity to influence US strategic thinking – the question being whether we use that influence wisely and most particularly within our region.

We believe, however, that Australia's alliance with the United States is strong enough – close enough – to withstand disagreements from time to time. Vietnam was one, Iraq is one and there may be disagreements in the future. But these are the exceptions rather than the rule.

Let me state unequivocally that America remains an overwhelming force for good in the world. Let me state equally unequivocally that America remains an overwhelming force for strategic stability in our region. These are among the reasons why the US alliance remains fundamental for the future – but for us, an alliance has never meant automatic compliance, nor will it ever mean automatic compliance.

New defence white paper

The 2000 Defence White Paper lists as our permanent interests the stability of our immediate neighbourhood; the security of Southeast Asia; a sustainable strategic balance among the great powers of Asia; and the maintenance of a strong global order underpinned by the authority of the United Nations and the stabilising power and influence of the United States.

While much of this remains true, it was seven years ago – which means it was before 9/11, Bali, Afghanistan, Iraq, Solomon Islands and recent renewed implosions in East

Timor. Our strategic circumstances have changed and it is time for a re-evaluation. The current government appears to have forgotten that a defence doctrine must be constantly refined to remain coherent and relevant.

Coherence, however, has been surrendered by a Government whose approach has been to meddle not to manage. Defence policy should be more than an annotated list of current military engagements. Defence policy should be about long-term planning mechanisms. Labor will commission a new Defence White Paper to ensure that our expenditures produce the force structure we need for the future. A core feature of a new Defence White Paper must be Australia's rapidly and radically deteriorating strategic circumstances in the South West Pacific.

A further feature of the White Paper must be the long-term trajectory of militant Islamism. A third feature will be the implications of unrestrained WMD proliferation across the wider Asia-Pacific region. These represent some of the core challenges to our changing strategic environment for the next twenty years.

Terrorism, Iraq and Afghanistan

Australia's participation in the war in Iraq represents the single greatest failure of national security policy since Vietnam. Most importantly, Iraq has diverted Australia's limited military resources from the military action against Osama bin Laden and the Taliban in Afghanistan. The total cost of operations in and around Iraq now stands at around \$A2 billion. The impact on the ADF and Defence budget priorities has been significant.

The ADF, as always, has professionally executed the policy decisions of the government of the day. You don't need me – or any other politician – to tell you that in Iraq and in many other places around the world the ADF has earned a reputation for being, pound for pound, one of the best military forces in the world.

Despite the professionalism of the ADF, the prosecution of the Iraq war has failed all key objectives set for it by the Howard Government. It was intended to eliminate Iraqi WMD. There were none left at the time of the invasion. It was intended to reduce the terrorist threat but it has increased it. It was supposed to become a harbinger of Middle Eastern democracy but it has not. It was supposed to liberate an oppressed people. Now there are 75,000 Iraqi civilians lying dead and, according to the British medical journal *The Lancet*, up to 600,000 dead. According to the UN High Commission for Refugees, more than 2 million Iraqis have fled to neighbouring countries – and another 1 million have been internally displaced through the sectarian violence and civil war that has been unleashed.

Having failed to realise any of the four objectives that the government formally set for this war in the beginning, we then had the recent spectacle of the Defence Minister inventing – or was it confessing – a new reason for our military engagement in Iraq, oil. Although that stated reason for the Iraq war lasted for a considerably shorter period of time than the other stated reasons – less than 24 hours.

There is of course one further strategic consequence of this government's Iraq war debacle and that is the empowerment of Iran. Unfortunately, that does have long-term implications for oil security from the wider Middle East. After two and a half thousand years it takes genuine strategic policy talent

to succeed in rehabilitating the Persian Empire. Iran is now casting a longer shadow over the Persian Gulf and the wider Middle East. Iran's influence in Iraq itself through the Shia majority adds to the overall picture of strategic destabilisation. This emboldened Iran (a state which has long supported terrorist organisations like Hezbollah and Hamas) continues with its nuclear activities.

For these reasons, the Iraq debacle hangs around the head of the Howard Government as a comprehensive failure of national security policy – and the Australian public know it. Should we form the next government of Australia we will inherit this problem. We have already indicated our intention to negotiate a staged withdrawal of Australian combat forces from Southern Iraq – which we would negotiate with the US and Iraqi administrations as a matter of priority.

We will allow our combat forces to remain in Southern Iraq for the completion of their current rotation. We will then provide one further six-month rotation, in consultation with the Americans and the Iraqis, so that there can be appropriate time for any necessary adjustments on the ground.

We will provide other forms of security, economic and humanitarian assistance to Iraq as outlined in our previous policy statements. These policies are in line with the Baker-Hamilton report recommendations which we have long argued represent a credible way forward for us all on Iraq.

We will maintain our continuing commitment to the deployment of Australian forces in Afghanistan where the military destruction of Osama Bin Laden, Al Qa'eda and the Taliban. Those who perpetrated the barbaric attacks on 11 September 2001 against our American ally remain our core business.

Asia-Pacific region

Within the Asia-Pacific region, over the next 20 years Australia faces a great transformation as a result of the rise of China and the rise of India. China's nuclear and conventional force modernisation program will present new challenges for the future. Uncertainties over the Taiwan Straits continue and cool heads will need to prevail between now and the Beijing Olympics and beyond.

Despite recent progress with Pyongyang (as a product of highly effective American diplomacy), the Korean Peninsula remains divided and to this day remains nuclear. The relationship between India and Pakistan remains brittle – and both are nuclear weapons states. It should be of concern to Australia's long-term defence planners that all three of these unresolved territorial disputes within our wider region involve states possessing nuclear weapons.

In South East Asia the rise of militant Islamism and associated terrorist organisations remains of deep concern. These concerns are not restricted to the Indonesian archipelago. Similar problems have emerged in the Philippines, Southern Thailand and elsewhere.

Beyond these long-term security policy drivers across our wider region, our future national security policy will need to be sufficiently nimble to deal with the full array of human security challenges as well – people smuggling, money laundering, drug trafficking as well as communicable diseases such as Avian Influenza.

Our strategic interests in the wider Asia-Pacific region should therefore continue to inform the long-term capability set of the ADF.



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Arc of Instability

Then we come to the arc of instability itself from East Timor to our north across Melanesia including Solomon Islands, Fiji and Tonga to our east. The trajectory of Australian strategic interests across the arc has deteriorated sharply over the last decade. Australia is not uniquely responsible for this deterioration. Many other forces have been at work as well. But Australian policy has often compounded rather than ameliorated the drift.

Our defence and foreign policy planners need to be absolutely clear about the long-term costs to Australia if this deterioration continues.

- If more Pacific-Island states become failed states, the cost to the Australian taxpayer of emergency police or military interventions will become massive. Remember the projected cost of the intervention in Solomon Islands alone is \$A1 billion dollars and that is for a country with a population of only half a million.
- Second, the cost to the Australian taxpayer of emergency humanitarian assistance in the event of a collapse in food and medical supplies would also be massive.
- Third, increasing ethnic and political violence (combined with economic collapse) would produce a wave of refugees to Australia as a country of first asylum.
- Fourth, the explosion of the HIV-AIDS pandemic in PNG presents a growing risk to the public health of Australian communities in the Torres Strait and Northern Australia;
- Fifth, the fragile nature of Australia's diplomatic relationships with many Pacific-Island countries is creating an unprecedented strategic opportunity for other non-regional states to occupy the vacuum and to displace Australian interests further.

In the period ahead, I am particularly concerned about political and security scenarios for East Timor, Solomon Islands and Fiji. Fiji is of major concern given unresolved political tensions, the disposition of the police and the armed forces, and the relative density of the urban population.

That is a core reason why I have already indicated Labor's proposal for a Pacific Partnership for Development and Security – to be funded long-term through our commitment to raise our global overseas development assistance from 0.35 per cent of Gross National Income in 2010/2011 to 0.5 per cent by 2015/2016.

This is a large, long-term commitment, but one designed to rebuild the economic and social infrastructure of Melanesia in particular – because unless we do so, we will be permanently plagued by the need to engage in one-off security interventions.

Nonetheless, we must be equally prepared to engage in such interventions in the future. For these reasons, the future ADF will also need a force structure capable of anticipating and responding to multiple and possibly simultaneous security contingencies – both man-made and natural.

If this country finds itself incapable of acting independently (or in partnership with our close friend and ally New Zealand whose efforts in the South Pacific in partnership with ourselves often goes unreported) then there is a long-term danger that the Island states will increasingly turn elsewhere. That is not in Australia's long-term strategic interests – especially given the importance of our maritime approaches.

Overstretched defence force

The ADF has been badly stretched by the demands that have been made on them by the current Government, without adequate thought about how the Services, and the Army especially, can be adapted to the new and very demanding requirements of expeditionary stabilisation operations.

While they are not at the point of snapping, the geographical scope, the tempo and scale of their current commitments have put the ADF under increased operational pressure. ASPI's Dr Mark Thompson notes that this is compounded by pre-existing problems of personnel shortages and equipment deficiencies.

Under the current government, capability development decisions have been characterised by a lack of coherence, an absence of definitive priorities in ADF strategic guidance and political interference in the capability acquisition process. The Shadow Defence Minister, Joel Fitzgibbon, estimates that at least \$A13 billion worth of recent and current projects have either gone over budget, have been funded but not developed, or now hang in limbo.

This has put at risk the development of capabilities such as cyber warfare, information operations and the ongoing development of network-centric warfare. The problems in our defence capability planning are expressed vividly – and deplorably – in several defence procurements which have experienced cost overruns, unreasonable delays, and most alarmingly, performance shortfalls.

Take the Seasprite helicopters. These were ordered in 1997 and scheduled for delivery in 2000, for around \$A667 million. More than \$A1 billion dollars later, Australia's 11 Seasprite helicopters – with airframes that were in service during the Vietnam War – are still not fully operational and the entire project may now be scrapped. If they are scrapped, an extra \$A1.5 billion and additional time will be required to augment the capability of our Anzac frigates.

It never easy to find this kind of money and it will be so much harder now that the Government has made its impromptu \$A6 billion Super Hornet decision.

The Guided Missile Frigate (FFG) upgrade is a second case in point. The upgrade of these frigates and the integration of their new command and control systems have now been delayed for more than 40 months. The Navy still does not have an operational, upgraded FFG and the target date has been tentatively set at 2008.

Then there is the significant project delivery problems with the 22 Tiger Armed Reconnaissance Helicopters (ARH).

The sheer scale of the problems in the Howard Government's defence budget is staggering. Last budget, the Australian Strategic Policy Institute estimated capital slippage of \$A1.1 billion over the forward estimates. The practical effect is that the government has not delivered to our troops the capabilities promised to them in previous budgets.

The Defence Material Organisation has admitted that 58 out of 204 current projects are late. That's about 30 per cent. Of the delayed projects 28 are over 6 months late. Over the last 6 years, \$A13 billion worth of projects have either been late, suffered cost blowouts or have been scrapped.

In summary, almost one quarter of the annual Defence procurement budget is not performing. In short, the current government has thrown an impressive amount of money at Australia's defence force but an extraordinary amount of it

has failed to reach the target. In Defence, as in any other form of expenditure, a dollar can only be spent once.

The more serious risk is that in all the waste, mismanagement and ad hoc decision making, the government is foregoing the opportunity to build a balanced force structure on which the ADF and the Australian public can depend into the future. Efficiency in Defence is not just a matter of fiscal rectitude. It is a strategic necessity. Australia can only support the kinds of forces we will need over coming decades if we spend every dollar as wisely as possible. It is strategically reckless to do otherwise.

As this year's ASPI budget brief points out: The current piecemeal cycle of investment, followed by bids for additional personnel and operating costs, is no substitute for coherent long-term planning. Not only does it fail to provide incentives for defence to deliver capability efficiently, but it robs the electorate of the ability to judge the opportunity cost of decisions.

For too long, the Howard Government has let the Department of Defence drift. The people who are let down by these failures are not governments and politicians, they are the people of Australia – first as taxpayers who deserve to have their dollars spent well and wisely, and secondly as citizens in whose interests the defence of the country is undertaken.

The foundation of good defence policy is careful alignment of strategic objectives, capability priorities and funding commitments, and stringent management. Upon assuming Government, Labor will conduct a comprehensive independent national audit of the defence budget to determine the true position of that budget – in particular the capital budget. In response to that audit we will do what is necessary and spend what is necessary to develop a strong, flexible and well equipped Australian Defence Force – to serve Australian interests over the next quarter century.

Force structure and capability planning

The foundation of good defence policy is careful alignment of strategic objectives, capability priorities and funding commitments, and stringent management.

Our army is too small to meet our future security policy requirements. We would struggle if one or more countries in the arc of instability were to require a substantial military commitment. In short, as we currently stand we need additional infantry battalions something now recognised by the Government. We also need to upgrade the army's cross-cultural and linguistic capabilities as they relate to the South West Pacific. Communication is critical to effectiveness.

At the same time, we need to keep building our air and naval forces. These are critical to defending ourselves against conventional threats, and maximising Australia's capacity to participate in coalition operations within the wider region.

We also need to attach priority to the development of our intelligence assets and our special forces. Given the terrorist threat to Australian citizens at home and abroad, these will become increasingly critical capabilities for Australia for the future. Given the intensity of the training involved in these highly specialised disciplines, we also need to be mindful of retention policies.

A feature of the Australian Defence Force's extraordinary operational performance has been the highly cohesive

nature of the joint operations between the three Services. Joint capabilities are the bedrock on which modern military operations are founded, and an area in which the ADF has excelled.

Personnel planning

Within the framework of our overall national security and defence policy, the Australian Defence Force - which gives effect to that policy – must remain the core. And the core of the ADF are our men and women in uniform. No matter how smart and capable our policy making, without the skill, courage and sacrifices of military personnel we cannot defend Australia.

The retention of our defence personnel is a critical challenge for whichever party forms the next government of Australia. The current government's performance on recruitment and retention has been poor. As the alternative government of Australia we must do better. The men and women of the ADF make Australians proud. That's why we must give them what they need to do their jobs and ease the difficult circumstances their families often must endure.

Office of National Security

Terrorism and the multifaceted nature of the security threats we will face in the future require a more integrated policy machinery than we have had hitherto in Australia. The lack of national security policy coordination at present maximises the chance that intelligence, national security policy advice, and integrated national security policy development will be flawed. For example, how can we best develop an integrated security policy response to the challenge of terrorism in Islamic South East Asia, which if it is to be effective, must involve military capabilities, police capabilities, diplomatic capabilities, integrated development assistance programs as well as linguistic, cross-cultural and interfaith capabilities?

Furthermore, how effectively are we currently coordinating our national response capabilities to terrorist incidents involving Australian citizens both within Australia and abroad? Is there appropriate national leadership of our various national counter-disaster capabilities to deal with large scale casualties? Or damage to critical economic or communications infrastructure? Do we have an integrated strategy to prevent the spread of international communicable diseases – or to deal with critical outbreaks if they occur?

In short, the part must relate to the whole if we are to respond coherently to the breadth, depth and density of the emerging security policy environment for Australia in the 21st Century. If elected to office, Labor will establish an Office of National Security. The Office will be under the Prime Minister's portfolio and will be headed by a National Security Advisor. Following a Labor Defence White Paper, we will write a more comprehensive National Security Statement that clearly articulates the strategic rationale and capability requirements for all our security, intelligence and related agencies. ♦

Kevin Rudd is the Leader of the Opposition. This article is based on his address to the Australian Strategic Policy Institute at Parliament House in Canberra on 08 August 2007.