

The following speakers have made their remarks available:

1. I will use the five minutes I have been given to make five points, one on policy making, three on what I'd like to see in the next Defence White Paper, and one relating to the review I did for the past government on Australia's Homeland and Border Security.
2. The first point is simply this: while defence and security policy are tightly focussed on Australia's national security interests, foreign policy naturally ranges much more widely to include not just aspects of national security but also a long agenda of other interests - international relationships, economic interests, the interests of Australians abroad, legal and reputational, matters and so on. It is crucially important that foreign policy and national security policy be closely in step, that one does not see itself existing separately from let alone above the other. It is important to get the balance right.
3. Foreign policy will be strengthened if its practitioners understand thoroughly the national security issues which shape their work,

but the reverse is also true - national security policy will be established on a more durable basis and strengthened if its practitioners understand that their issues don't stand alone and must be seen at times in wider foreign policy context.

4. To put it another way: Security at an international level is not ensured by military power or intelligence reach alone. It requires as well international norms of behaviour, legal regimes, the management for bilateral relationships and interests, and of course at the harder end alliances and working arrangements with countries of similar interest. It requires in other words the input of foreign policy practitioners – it was, remember, the foreign minister of the day, Percy Spender, who signed the ANZUS Treaty.

5. Turning to the points I would like to see in the Defence White Paper which the Government has foreshadowed for 2015, I've had my go at White Papers over the years, but we go on learning, and we reflect on our experience - and the world changes. And on the basis of that

experience and looking back on what has been said and not said, I do have several suggestions about approaches and issues that might be addressed. For reasons of time I will only address three now, though needless to say they are additional to the continuing need to clarify our capability priorities in some areas (for example, in the maritime domain, the relative priority to be given BMD capabilities and ASW capabilities) and the urgent need to make decisions about the naval ship-building and sustainment industry, including the future of ASC.

6. The first of these is the need to see Defence and the ADF and their capabilities in a wider sense than just a transactional one – the need, that is, to appreciate that our military credibility is a key part of Australia’s ‘strategic weight’, which serves much more than just our security interests. This is a concept that embraces several components of national capacity – the economy, population, education base, diplomatic presence and influence, quality of government, and so on.

7. Some countries understand this very well; in Australia, utilitarian as we are, we don't seem to fully appreciate it. Simply to calculate the needs of Defence in accordance with formulae about the numbers of personnel or the types of weapons or systems needed in this possible situation or that does not meet this need. The ADF needs to be 'Swiss Army knife'; but it also needs to be or at least be seen as a 'Bowie knife', the most formidable on the block.
8. My second point is that I'd like to see the next White Paper, and indeed the debate that should happen between now and then, get away from talking about Defence spending as percentage of GDP and move instead to consideration of Defence spending as a percentage of government outlays.
9. The Abbott Government's commitment to build the Defence Budget back to two per cent of GDP is welcome but, frankly, expressing spending in this way is not very meaningful.
10. There is no science that relates percentage of GDP to the needs of national security or

Defence capability. And more importantly, it is not a meaningful statement of commitment from a government. With due respect to the series of 'world's best Treasures' we have been privileged to have, Governments don't own or have much control over GDP - many factors affect it, some of them determined by government but many not, and of course as the GFC reminded us many of the factors that determine GDP are in fact exogenous. Even as a comparator the idea of percentage of GDP has limited value, because ways of measuring GDP change from time to time (we even change its name) and the ways it is measured vary from country to country.

11. So % of GDP does not measure a government's commitment to Defence or security or anything else. The only real measure of a government's commitment, of the choices it is making, is to consider expenditure as a percentage of government outlays. And on this the picture over the last five years has not been a pretty one. Defence's share of government outlays has shrunk from 5.8 percent to 4.9 percent. A recent Lowy Institute report cited the data on this and I'd refer you to it but, in

short, growing our spending on subsidised health care, developing the welfare state, etc (and we haven't even got to paid parental leave) is rated more important than Defence spending. So that's the point on which those concerned about Defence spending have to skewer the government.

12. The third thing I'd like to see in the White Paper is evidence that the government has taken seriously the need to get the back-end right – focussing not just on the new big-ticket platforms and weapon systems etc but also getting the enablers and the facilities right. Every generation of ships and aircraft and land vehicles is bigger and heavier than the last. Airfields and ports established forty years ago are unlikely to meet today's needs let alone tomorrow's.

13. These lessons were brought home to me when Allan Hawke and I did the 'Force Posture Review' in 2011-12. This work was done for a previous government which in the event paid lip-service to its importance; but I do hope it gets proper consideration and funding in the

next White paper – and that there is evidence that the Services themselves are not in denial about it.

14. Which brings me to my final point, on the domestic side of national security. When I did the H&BS review in 2008, I recommended a more coherent approach to domestic security – bringing our agencies together not, as I said, in one department, but rather in one community. This required protecting the qualities and the best of the cultures of the individual agencies, keeping them small and nimble and versatile and accountable – but giving them greater strategic direction, and above all knocking down any needless or outmoded legislative barriers, eroding the cultural barriers, and above all improving technological connectivity between them – to make sure they can communicate and are, and can sharing data bases. It would be timely I think to audit where this endeavour has got to – I suspect the need is still there.

(1,242 words)

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