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THE DEFENCE OF AUSTRALIA: A BLUEPRINT FOR THE NEXT GOVERNMENT

PAPER 1: National Security and Australia's Northern Defence

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The Defence of Australia: A blueprint for the next government
PAPER 1: National Security and Australia's Northern Defence

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Overview

The Defence of Australia: A blueprint for the next government.

Australia is facing its most challenging security environment since the Second World War.

Defence planners and political leaders of both major parties agree that Australia no longer has the luxury of the once operative ten-year warning time before we need to be ready for a major conflict in our region.

Yet we are unprepared for such a crisis. For at least the past decade governments of all persuasions have struggled to translate changing perceptions into decisions and action. It is time for a reboot built on a sense of urgency. The lead up to the 2025 Federal Election is an opportunity for the Australian public, the defence community, and elected representatives, to drive that change.

To aid this process the Institute of Public Affairs, an organisation dedicated to securing the freedom, security and prosperity of Australia, is partnering with Strategic Analysis Australia to produce a blueprint for what the next Australian government needs to do to ensure that Australia can help deter a major conflict in our region and/or defend our national sovereignty if deterrence fails. In a six part series to be completed before the end of 2024, the main components of the blueprint will be mapped out:

1. National Security and Australia's Northern Defence
2. Supporting and Equipping the ADF
3. Acquisitions and the Australian Defence Industry
4. Energy and Critical Infrastructure Security
5. Funding National Security
6. Northern Australia and What is Required

Strategic Analysis Australia is an independent strategic consultancy with decades of combined experience at the highest levels of defence and national security policy and implementation in Australia. This collaboration between the IPA and SAA will produce recommendations that are practical, achievable, and about which decisions can and should be made in the next term of government. The focus is on dealing with the challenges we face right now. Long-term planning is always needed, but in the window of vulnerability Australia is in, long-term capabilities might not materialise in time.

This series intends not only to inform defence policy makers and all Australians of the immense security challenges we face but, just as importantly, to demonstrate that something can be done about them if we start with a bias towards action, and act with resolve.

Foreword

It is imperative that whoever holds the reins of government after the next election hits the ground running with a plan to upgrade our military preparedness to necessary levels, increase defence funding immediately to the level needed so capacity matches requirements, and invest in the ADF in terms of people, materiel, and infrastructure.

The Institute of Public Affairs recognised this need and is working in collaboration with Strategic Analysis Australia to create a blueprint for delivering exactly that.

Civilian leadership is imperative at a time when the defence and military leadership of the country—whatever its intentions and capabilities—appears increasingly mired in the Canberra diseases of bureaucratisation, centralisation, and avoidance of difficult decisions. The search for a 'whole of government' approach to national security, however laudable, appears to be resulting in the perverse outcome of overwhelming the defence establishment with extraneous government-imposed priorities. This will have a cost, as the one thing a military force needs is a relentless focus on potential threats and the resources necessary to deter or repel them.

It may also be the case that the aspiration of diplomats to avoid the need for conflict through adroit diplomacy has obscured the need also to ensure one's nation has the military means to raise the cost to potential adversaries of potential conflict. Aligned with this classic diplomat's view is that of the more or less naïve members of the business community that the business of trade and mutual profit, 'doux commerce' (sweet commerce, per Montaigne), will inevitably smooth out issues between trading partners, so long as trade is unimpeded. Neither argument stands the test of reality.

If anything, the so-called 'decoupling' and the resurgence of energy security as an issue should be causing Australia to look again at the challenges of maintaining its prosperity and its economic base, and in turn being better able to bolster the foundations of its national security.[1]

Over the past decade we at the Institute of Public Affairs have watched how the changing behaviours and ambitions of the leadership of the People's Republic of China have impacted perception within Australia. The steadfast rejection of the PRC's '14 points' by the Turnbull government was an inflexion point for these changed perceptions.

We have resolutely rejected the arguments that changing Australian perceptions were more or less random expressions of 'Sinophobia' or a 'cold war mentality', which are in any event suspect for being talking points of paid apologists for the government of China. In articles we published like *It Was China Built The Wall* (2021) we traced the changed strategic objectives of China to internal factors, particularly the accession to supreme leadership of Xi Jinping in 2014.[2]

As tracked by opinion polls by the Lowy Institute, for instance, the Australian public now has a more balanced perception of the strategic challenge of China, and its influence on the world.

It is now also acknowledged that there is a much greater probability of a conflict involving China and our allies and friends within a very short number of years, and consequently a matching increased probability of conflict involving Australia.

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1 Scott Hargreaves (2023) 'Australia's Rightful Place', *IPA Review* 75 (1).

2 Paul Monk (2021), 'It Was China Built The Wall', *IPA Review* 73 (4).

What has not occurred, however, is the translation of these changed perceptions into consequent and necessary changes to our defence posture. In particular, we are insufficiently focussed on how we would defend northern Australia, our islands, sovereign waters, and maritime approaches. As this first paper prepared by the team at Strategic Analysis Australia makes clear, the current government has, apart from long term commitments to AUKUS, made few if any decisions with impact that will be seen in the near term. The absence of funding is the necessary proof.

The qualifications and credibility of the key personnel at SAA are without peer. Peter Jennings AO PSM, in particular, has done much of the heavy lifting on educating governments and Australians generally about our national security and defence challenges over nearly two decades.

The IPA has a broader remit, as a research organisation whose objectives are:

- To further the individual, social, political, and economic freedoms of the Australian people; and
- To maintain and enhance the Australian way of life for the next generation.

The IPA was founded in 1943, in the midst of war. Its founders committed themselves to supporting the government in fighting and winning that war, but were also looking ahead to ensure the continued freedom and prosperity of the people of Australia in the post-war period.

When the international environment is relatively benign the focus to achieve our objectives will be on domestic policy matters, on our legislative environment and our economic challenges. But in more difficult international times we need also a renewed focus on national security, and so more attention and resources are now being put towards that end.

As an organisation with a broader remit, we also have the opportunity to take a wider perspective; not just enumerating our defence requirements, but identifying the fiscal challenges of funding them.

Through our energy research, we have identified the linkages between energy and national security.[3]

The IPA is not just identifying the opportunity to call upon and develop our domestic defence and related industries; we are also identifying the barriers to that development arising from red tape, cumbersome procurement processes, and bureaucratic inertia. Indeed, from the starting point that the private sector has a demonstrated capacity to innovate and deliver at a much faster rate than governments, we see it playing a vital role. Further papers in this series will explore how.

We at the IPA also have an interest in our way of life, our culture, and how that is expressed through our education system. We found it confronting that when, in the wake of the Russian invasion of Ukraine, we surveyed Australians to find out whether they would stay and fight should Australia be put in the same situation as Ukraine. Less than half (46 per cent) said they would stay and fight. Of the remainder, 28 per cent said they would leave the country and 26 per cent were unsure.[4]

In colloquial terms we would say that Australia is a great country and one worth fighting for. In the more precise language of national security, we would say that if we take the right decisions right now, then we can make the investments in deterrence to avoid the need to fight any time soon. That is a theme which IPA Director of Law and Policy, John Storey, expands upon in *War and the Arc of History*, an appendix to this report.

We would welcome feedback and questions on this report, which can be sent in the first instance to John Storey at jstorey@ipa.org.au. Please also indicate to John if you would like to go on a mailing list to be notified of future works in the Blueprint series.

Scott Hargreaves

Executive Director
Institute of Public Affairs, Melbourne
July 2024

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3 Stephen Wilson, *Energy Security Is National Security – A Framework For Better Energy Outcomes In Australia* (2023 IPA Research Paper).

4 Daniel Wild, 'Poll: Young Australians Too Ashamed To Fight' (IPA Media Release, 2022).

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Executive summary

This paper sets out the big strategic challenges which are transforming Australia's defence and security needs. Whichever party is in power after the next federal election, we must quickly strengthen the Australian Defence Force (ADF) and build key international alliances to counter our worsening national security outlook.

We review key themes which have defined our national approach to defence since Federation. These include a strong instinct to define national security as part of a larger commitment to global and regional stability; a preference for powerful allies and an ability to work with trusted partners. We have always maintained small but relatively capable military forces but have tended to seek security on the cheap, falling back on our alliance with the US. Arguably Australia is strategically naïve. We can't afford to let ourselves be surprised by the next major conflict.

Our paper traces how Australia's defence policy thinking has developed over the last few decades, arriving at a point where China dominates today's thinking. We assess that the risk of a conflict in the Asia-Pacific emerging in the second half of the 2020s is alarmingly increasing. As such it is concerning that successive governments have failed in efforts to rapidly strengthen our defence capabilities. In 2024 Defence has a puzzling planning focus on building the ADF for the later 2030s at the price of weakening the current force.

This series of publications of which this paper is the first, will look in more detail about what needs to be done to strengthen Australia's defence. Here we present six recommendations designed to strengthen key relationships; build deterrence and strike capability and, crucially get preparations underway to build infrastructure and a greater Defence presence in Australia's north.

RECOMMENDATION 1: The government should seek to acquire the B-21 Raider stealth bomber as an additional element to AUKUS, also offering to host a US B-21 contingent in Australia. This is to strengthen deterrence in the 2020s and manage the risk of delays in the AUKUS submarine.

RECOMMENDATION 2: Expand between 2025 and 2028 the US Marine Corps rotational presence in northern Australia to around 16,000 – a Marine Expeditionary Brigade – working with the Australian Army's developing littoral warfare capability.

RECOMMENDATION 3: Bring Japan as close as possible into ANZUS cooperation and invite the Self-Defence Force to permanently join rotational deployments with the Australian and US military units in northern Australia.

RECOMMENDATION 4: Develop a stronger defence and intelligence relationship with India, recognising the country's long-term strengths and trajectory.

RECOMMENDATION 5: Build a Pacific Response Force with the Pacific Island countries focused on humanitarian assistance, disaster relief and building PIC community resilience.

RECOMMENDATION 6: Establish permanent links, a stronger ADF presence and supporting infrastructure in the top end, the Cocos and Christmas Islands and Norfolk Island.

1.1 National Security and Australia's Northern Defence

This paper is the first in a series of six looking at Australia's defence and security needs in an increasingly risky strategic environment. Our aim is to develop practical recommendations for government following the next federal election, which is likely to be in the first or second quarter of 2025.

A *National Defence Statement* released by the federal government on 17 April 2024 said that 'Australia faces the most complex and challenging strategic environment since the Second World War', with a planned $765 billion to be spent on Defence in the ten years to 2033-34.[1] During this time Australia will have settled design plans for a nuclear-powered submarine, will be building a new surface fleet for the Navy and changing in part the structure and roles of the Army. The costs are huge and the outcomes immensely consequential for national security.

Whichever party forms the next government, our worsening strategic outlook means that it is timely to take a fresh look at Australia's defence needs and the difficult decisions that future government will face on strategy, budgets, alliances and partners, on understanding the threats we face and how we position our forces to meet them.

This first paper in the series identifies enduring themes and approaches in Australian defence thinking since Federation. We look at how governments have described our strategic outlook since the Second World War and how the rise of China has changed everything in Defence planning in the last decade. We set out the challenges faced by the current government. Whichever party wins the next election, these problems will become more urgent. Finally, this study looks at the biggest strategic choices government faces involving AUKUS, the ANZUS alliance and our increasingly close partnership with Japan. We address key tasks in the Pacific and Indian Oceans and discuss how Australia should position its military in our north.

Future papers in this series will look at how the ADF is structured and supported and consider a range of alternate equipment choices. We will examine how Defence acquires equipment and consider Defence's needs from industry, here and overseas. Then, we will consider the broader issue of Australian critical infrastructure and what that means for an ADF which is highly reliant on drawing resources, including energy from Australia's national infrastructure and resource base. We will also ask how much the federal government should spend on Australia's defence.

In all this work our aim is to provide a list of clear and actionable policy choices—a blueprint for Defence reform with a focus on what can be reasonably started in a three-year parliamentary term.

1 Richard Marles, '2024 National Defence Strategy' (Media Release, 17 April 2024): https://www.minister.defence.gov.au/media-releases/2024-04-17/2024-national-defence-strategy.

1.2 Defending Australia

Over its relatively short life as a federation, Australia has shown a remarkable consistency in its approach to defence and security. In summing up the national approach to defence we suggest that five qualities keep appearing – three are positive, two less so. First, we define our security as being *engaged* in the world. Even before there was a federation Australian states had sent military contingents to the Sudan in 1898 and the Boer War in South Africa. The security of the British Empire was seen to be a central Australian security interest, a view that lasted through the First World War and at least up to the fall of Singapore and the collapse of British military power in the Far East in 1942.

After the Second World War Australia was closely engaged in building the United Nations and supporting the structures and habits of international cooperation which contemporary defence policy statements call the 'global rules-based order'. The challenge to our current strategic outlook is that our closest and most powerful allies no longer have a monopoly in setting that order.

Broadly our major political parties—those which typically form government—all support this approach of international engagement. In 2003 Labor chose not to support John Howard's decision to back the US and UK in the invasion of Iraq. But to many outside observers the remarkable thing about Australia is its willingness to identify direct security interests in far distant conflicts. The Defence of Australia is tied in our politics and policy thinking to the defence of a global order favouring democracy, free trade, and mutually beneficial engagement.

Strong *alliances* are the second defining feature of Australian defence thinking. First there was the Empire and then, from the 1940s until now, our partnership with the United States through the Second World War, Cold War, Korea, Vietnam, and the 'global war against terrorism' in the Middle East, has fundamentally shaped Australian defence thinking. Few countries, including many in NATO, achieve the level of close cooperation that exists in Australia's defence relationship with the US. As we shall see there are costs as well as benefits but every Australian government since John Curtin's has found the benefits of alliance with the US far outweigh the risks.

In the 2020s, as the global strategic outlook worsens, the first instinct of our governments is to build closer connections with like-minded countries. Establishing AUKUS with the US and UK, the Quad with India, Japan and the US, closer defence ties with Japan, even a 'special partnership' with NATO, shows this instinct to build practical defence and security ties with others. Not all countries think this way: New Zealand chose to walk away from ANZUS in 1984 because of Wellington's anti-nuclear posturing. But New Zealand can afford a lightly-armed policy of semi-neutrality: Australia stands between it and any likely threat. ANZUS opponents currently exist at the margins of Australian politics and it must be said that Labor has done a far better job than their Kiwi counterparts to keep alliance support bipartisan.

The third defining feature of Australia's approach to defence, at least in the post-war era, has been a commitment to keep a *small but relatively capable military force*. Australia is a second-order player in matters of global war and peace. We can do important things but lack the size and weight to effect big strategic change when acting alone. Only once in our history has Australian military might arguably shifted the strategic balance—that was in July 1918 when a combined all-arms Australian and United States force under the command of the then Lieutenant General Sir John Monash smashed through the German lines at Hamil on the Western Front. That was a critical turning point in the war, but then again it was American industrial weight not Monash's genius or Aussie toughness which ended that terrible conflict.

TWO ROYAL AUSTRALIAN AIR FORCE (RAAF) BOEING F/A-18F SUPER HORNET MULTIROLE FIGHTER AIRCRAFT TAKING OFF IN FORMATION

In the Second World War after Pearl Harbour and Japan's subsequent bombings of Darwin, Australia's strategic and economic choice was to re-arm or to position the country as a launch pad for American military might. We wisely chose the second course of action. Since then, the defence planning sweet-spot has been to try to maintain identifiably Australian components in coalition forces operating with some autonomy supported by wider military machines. Think of Australia's military commands in Phuoc Tuy province in South Vietnam, al Muthanna in Iraq, and Tarin Kowt in Afghanistan's Oruzgan province.

There were other possible choices. Australia founded its own Navy in 1913 rather than raising money for a ship under the Royal Navy's flag. We invested in our own defence capabilities in the 1930s rather than supporting the British guns in Singapore. Post war, we have tried to maintain—until 2024 anyway—a 'balanced force.' Yes, Australia lost its sole aircraft carrier in 1982 when the *HMAS Melbourne* paid off, but we have worked hard to keep viable formations of fast combat jets, heavy armoured tanks and submarines—the last century's benchmarks of 'real' military forces. And this in a full-time professional force which is about half the size of a decent Melbourne Cricket Ground crowd.

The idea of a small but capable military force sustains a welcome view among our key allies that Australia brings serious grit to any fight – in an alliance there is no more valuable reputation than that. The risk is that this perception leads to the comfortable platitude that we punch above our weight in combat terms. Not always is the honest answer. In recent decades we have been punching at our comfort level—that doesn't require much stretching. That leads to the fourth persistent feature of our defence approach, which is that we seek *security for the lowest possible cost.* During major wars Australian governments spent whatever it took to deliver allied victory. At the peak of spending in the Second World War, for example, Defence spending reached 41 per cent of gross domestic product.[2]

In peace time our record is that Defence spending precipitously falls. In the 2012-13 budget, spending cuts brought Defence to 1.56 per cent of GDP, the lowest since 1938, following a trajectory of decline under both political parties since the end of the Cold War.[3] In 2023-24, after years of relentless bipartisan spruiking about lifting the defence effort, the budget reached 1.99 per cent of GDP. The federal government's current defence plan promises to lift this to 2.3 per cent by 2033.[4] GDP is a far from perfect measure: economies can shrink as well as expand.

2 Ian McLean, *Why Australia Prospered: The shifting sources of economic growth* (Princeton University Press 2013) 178.

3 David Watt and Alan Payne, *Trends in Defence expenditure since 1901* Parliamentary Library May 2013. https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/rp/BudgetReview201314/DefenceExpenditure.

4 Max Blenkin, 'Government Hands down 2024 budget', *Australian Defence Magazine* (14 May 2024): https://www.australiandefence.com.au/news/news/government-hands-down-2024-budget.

By now we should have been well beyond 2 per cent but GDP grew faster than expected. That was driven by inflation. Defence got the dollars it was promised, but they were devalued dollars with less buying power. The 2 per cent benchmark was established as an expression of defence budget adequacy among NATO members. A later paper in this series will explore what Australia should be spending. For now, we make the point that Australia's defence spending performance at or below the 2 per cent mark for decades, is simply inadequate for our strategic circumstances.

It must be said that the desire to have defence on the cheap helps keep the US alliance at the core of Australian priorities. Without America's global strategic weight and absent the practical help they provide in intelligence, access to technology and in supporting our small deployed forces in many different operations, one could double the budget and still get a much less powerful military.

A fifth continuing theme in Australian defence thinking over decades has been *strategic naivety*. As a country we seem to be persistently surprised by the capacity of the world to deliver strategic shocks. We were jolted out of complacency with the pace that Europe went to war in 1914, by the German invasion of Poland in 1939, Pearl Harbour in 1941, North Korea's attack over the 38th parallel in 1950 and the twin towers collapsing in 2001. In our professional lifetimes in Defence perhaps the one occasion where a government decision shaped a strategic outcome rather than the other way around was when the Howard government lifted the state of military readiness for the 1st Brigade in Darwin in March 1999, a move which made possible the effective deployment of forces into a violent East Timor in September that year. As Howard records in his autobiography the readiness decision followed, 'to our great surprise' the agreement of Indonesian President B.J. Habibie to hold a referendum in East Timor on whether they would stay part of the Indonesian Republic.[5]

Strategic analysis is not about predicting the future—that's astrology—our view, though, is that Australia has not been historically well served by a forward-looking strategic planning apparatus that draws inferences from global events to shape defence planning. We are hardly alone in this deficiency but the Australian tendency is to assume that what we can't defend ourselves, our alliance with the United States and friendships with neighbours will protect for us. As we shall see, that is not a safe assumption in 2024.

5 John Howard, *Lazarus Rising: A Personal and Political Autobiography* (Harper Collins, 2010) 341-2.

1.3 Strategic outlook – grim and grimmer

For fully half a century Australian policy makers channelled their defence fears and aspirations into documents known as white papers. No other part of government invested such effort into writing these documents. Inside the Defence department, white papers still have almost gospel-like stature in justifying (or, rarely, killing) equipment projects and shaping the Australian Defence Force (ADF) structure and purpose.

Eight white papers have been produced to date: 1976, 1987, 1994, 2000, 2009, 2013, 2016 and, under a different name, Labor's 2024 National Defence Statement (NDS). There have been classified and unclassified 'Strategic Assessments', 'Updates' and myriad other documents but it is the white papers which most authoritatively express how Australia sees the threat landscape and what we plan to do about it.

Read as a whole these documents show a consistency in Australian defence thinking. Certain debates repeat and the policy solution to our strategic problems in terms of the shape of the ADF has broadly stayed the same. In 1976, in the aftermath of the war in Vietnam and Richard Nixon's 1969 Guam Doctrine telling Asian countries to look to their own security, the white paper asked how could we defend the continent without necessarily expecting American combat assistance. Part of the answer was to amalgamate the Army, Navy and Air Force into the Australian Defence Force, working with a Defence Department. The path to Service 'jointery' had begun.

Paul Dibb's 1986 *Review of Australia's Defence Capabilities* judged that Australia 'faces no identifiable direct military threat. ... It would take at least 10 years and massive external support for the development of a regional capacity to threaten us with substantial assault.'

The archipelago stretching from Indonesia through Papua New Guinea and the island states of the South Pacific was the critical region to watch: 'Significant military threat to Australia could be projected only from or through these areas.'[6] Kim Beazley's 1987 white paper articulated a 'Defence of Australia' doctrine. The alliance was still central but now we planned to independently fight 'low-level incursions' in Australia's north.[7]

The early white papers said little about China beyond noting Beijing's potential for greatness if the country could grow its economy. For Australia's defence planners Indonesia was the focus. What if a government emerged in Jakarta hostile to Australia? This worry emerged during the Indonesia-Malaysia Konfrontasi in Borneo in the early 1960s and increased after Indonesia's invasion of Portuguese East Timor in December 1975. What if Jakarta developed hostile intent toward Australia? Some positive news was drawn from the judgement that we had a ten-year planning window in which, it was assumed, Australia would identify hostile intent and war preparation. Looking back, we think this created a type of torpor in our military planning. Defence thought it could afford to think in five- and ten-year—or even longer—increments to design, build and buy equipment. It built processes to deliver to those timeframes.

When Labor governments were in power defence strategy tended to narrow the scope of geographic interest to Australia's nearer region. Coalition governments preferred to talk about the ADF's expeditionary capabilities. John Howard's *Defence 2000* white paper asserted that 'our armed forces need to be able to do more than simply defend our coastline' and spoke in slightly coded terms about 'proactive operations': 'we would therefore seek to attack hostile forces as far from our shores as possible, including in their home bases, forward operating bases and in transit.'

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6 Paul Dibb, *Review of Australia's Defence Capabilities* (March 1986) 33, 37.

7 Defence White Papers from 1976 through to 2016 are available here: https://www.defence.gov.au/about/strategic-planning/defence-white-paper.

The 2000 white paper recorded the inevitable spread of more powerful, longer-range weapons in Asia, and judged that China was 'the country with the fastest growing security influence in the region.'[8]

Howard was prepared to deploy Australian forces in types and in numbers to Middle East operations that surprised, in fact annoyed Defence, but events rather than strategy shaped Howard's approach. The first half of his administration focused sharply on deteriorating stability in the South Pacific and in Papua New Guinea with civil war in Bougainville and the risk of coups in Port Moresby and Suva. Intervention in East Timor to shepherd the former Indonesian province to independence was the defining Defence role at the turn of the century.

Al Qaeda's 9/11 2001 attacks in the US shaped Australian defence thinking for the next fifteen years. Howard took the ADF into Iraq and Afghanistan primarily as an expression of alliance solidarity with the US. Islamist bombs in Bali in 2002 and Jakarta in 2003 and 2004 showed the link between Jihadist extremism in the Middle East and our own region. That became another reason to stay in the fight in Iraq and Afghanistan.

Whatever the strategic merits of the long war against terrorism in the Middle East, it gave a lot of operational experience to the ADF and sharpened the capabilities of many commanders and military units. The air campaigns in Iraq and Syria against the Islamic State between 2014 and 2017 showed that Australian air power had substantially evolved. Special Forces had become the 'go-to' deployable ground capability for successive Australian governments. The Middle East operations showed just how far it was possible to closely integrate allied intelligence, targeting and precision weapons. A lingering question is how relevant any of that Middle East experience was to Australia's core defence needs.

When US President Joe Bidon disastrously withdrew American Forces from Afghanistan between July 2020 and May 2021 Australian forces departed also. Whatever gains made in Afghanistan were lost. Defence entered a stage of reconstitution in a strange, introverted mood.

While the operational focus was on the Middle East, defence planning was much more sharply driven by China's rising military capability. Kevin Rudd's 2009 white paper, titled *Force 2030* famously doubled the projected size of the submarine fleet from 6 to a future 12 boats. This was driven by the judgement that American strategic primacy was being 'increasingly tested' by China, which would, by 2030, 'be the strongest Asian military power, by a considerable margin.' Indonesia, now democratic, had all but disappeared as a strategic worry. China was the benchmark threat. Submarines equipped with 'long range land attack missiles' would add to Australian deterrent capability. The white paper warned that 'design and construction must be undertaken without delay, given the long lead times and technical challenges involved.'[9]

The Coalition's 2016 white paper was a case study in how not to do defence policy especially when mixed with sharp internal party politics. The white paper struggled through three Defence ministers—Johnston, Andrews and Payne—and Prime Minister's Abbott and Turnbull. At 196 pages it was the longest white paper. As all Australian governments did that decade, it agonised about how to deal with China: at one stage it said 'Australia welcomes China's continued economic growth' but mostly the paper worried *sotto voce* about Beijing's growing military power and aggression threatening the 'rules-based global order'—a phrase mentioned 48 times.[10]

8 Commonwealth of Australia, *Defence 2000: Our Future Defence Force* (2000) 29, 37, 47-8.

9 Commonwealth of Australia, *Defence White Paper 2009 Force 2030: Defending Australia in the Asia Pacific Century* (2009) 33-35, 61.

10 Commonwealth of Australia, *2016 Defence White Paper* (February 2016) 44.

Unlike China the white paper lacked cut-through. In the time it took to write it, Beijing had staged its military takeover of the bulk of the South China Sea, building artificial islands to create air bases and sea ports. In 2020 Scott Morrison issued a mid-year *Strategic Update*, the main thrust of which was to say that:

> Australia's strategic environment has deteriorated more rapidly than anticipated ... in the 2016 Defence White Paper. This deterioration means that adjustments should be made by the Government to our defence policy, capability and force structure.[11]

Launching the Update at the Australian Defence Force Academy, Morrison said 'we have not seen the conflation of global, economic and strategic uncertainty, now being experienced here in Australia, in our region, since the existential threat we face when the global and regional order collapsed in the 1930s and 1940s.' He paused from his prepared speech to say 'That period of the 1930s has been something I've been revisiting on a very regular basis. And when you connect both the economic challenges and the global uncertainty, it can be very haunting.'[12]

Regrettably, the sense of urgent threat was not easily translating into actionable policy or more weapons in the hands of our war-fighters. Coalition defence policy announcements were shrill, but the timelines to start building missiles or to build ships and submarines were locked into the distant future. The puzzle for observers was how to reconcile the strategic urgency with Defence's serene contemplation of 'strengthening the ADF's ability to deploy and operate as an integrated joint force.' Was this even the right focus? How did that integrated ADF work in coalition with the US and others? That wasn't clear from policy statements, but what was obvious was that time had run out. The 2020 Update said the "ten-year strategic warning time for a major conventional attack against Australia ... is no longer an appropriate basis for defence planning."[13]

The announcement of AUKUS on 16 September 2021 was perhaps the most surprising and unexpected Australian strategic development since the 1951 ANZUS treaty. Working with only a tiny group of officials in the know, Scott Morrison, President Biden and the UK's Prime Minister Boris Johnson announced a 'next generation partnership' designed to respond to a 'more complex' world. The first initiative would be to 'deliver a nuclear-powered submarine fleet for Australia.' AUKUS was all about China even though Beijing was not mentioned by Morrison, but he said that the three countries 'have always believed in a world that favours freedom, that respects human dignity, the rule of law, the independence of sovereign states and the peaceful fellowship of nations'—in otherwards, the opposite of China's international objectives.[14]

The Labor Party in opposition signed up to AUKUS on the morning of 16 September in ninety minutes. Australia had come a long way since New Zealand's anti-nuclear challenge of the early 1980s. As has always been the case the speed of strategic events outpaced Defence's strategic thinking. Now the only question was how to respond to China's rising aggression. How do you shape a small defence force to make any material difference against the tsunami of strategic change sweeping the Indo-Pacific? This was to be a pressing challenge for the incoming Albanese government.

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11 Commonwealth of Australia, *2020 Defence Strategic Update* (July 2020) 3: https://www.defence.gov.au/about/strategic-planning/2020-defence-strategic-update.

12 Scott Morrison, 'Launch of the 2020 Defence Strategic Update' (Media Release, 1 July 2020): https://pmtranscripts.pmc.gov.au/release/transcript-42881.

13 Commonwealth of Australia, *2020 Defence Strategic Update* (July 2020) 14.

14 Scott Morrison, *Address: AUKUS – Canberra ACT* 16 September 2021. https://pmtranscripts.pmc.gov.au/release/transcript-43566.

1.4 Albanese and Labor take the helm

Elected in May 2022, Labor's start in defence and security policy was mostly reassuring. Albanese had pledged bipartisanship on key policy areas. Within days of the poll the new Prime Minister travelled to a Quad meeting in Tokyo, meeting Joe Biden, Indian Prime Minister Narendra Modi and Japanese Prime Minister Fumio Kishida. In late June and early July Prime Minister Albanese attended a NATO summit in Brussels and travelled to Kyiv, Ukraine, meeting President Volodymyr Zelenskyy and pledging around $100 million in military equipment to the war effort against the Russian invasion.

Labor pledged to invest more effort into the security of the South Pacific, opposing Chinese efforts particularly in the Solomon Islands to establish security agreements that would allow military access and logistic support to the PLA. Richard Marles as Defence Minister—in fact he directed the Department to refer to him as the Deputy Prime Minister—pledged a root and branch review of the defence investment plan in light of strategic circumstances. That became the Defence Strategic Review announced in August 2022 and led by former Labor Defence Minister Stephen Smith and former Chief of the Defence Force Sir Angus Houston.

Would Labor spend more on Defence? Marles appeared open to it. He said: 'in a rational world the level of defence spending is a function of strategic complexity, strategic threat, and we're rational people.'[15] Moreover, at that time, Prime Minister Albanese seemed open to spending more on Defence too. He told a media conference 'the government has made it very clear that we will have defence spending maintained at least two per cent of GDP. And ... I expect that to rise in the future, not fall. ... Governments shouldn't be immune from being prepared to make appropriate changes based upon proper advice.'[16]

The aspiration for more Defence spending was seriously dampened between the August 2022 launch of the Defence Strategic Review process and the May 2023 budget surplus. Marles seems to have taken a hit in Cabinet's Expenditure Review Committee—not the first time a Defence minister's spending aspirations were knocked on the head by colleagues. By the time a partial public version of the Defence Strategic Review was released, Marles' emphasis had shifted to 'repurposing $7.8 billion worth of expenditure.' Labor would stick with previous Coalition government spending plans. New defence budget funding would be subject to further analysis for a planned 2024 policy statement.[17]

Marles was getting frustrated. In February 2024 he berated his department: 'I make no excuses or apologies for demanding excellence and a culture of excellence in the Department of Defence and in the Australian Defence Force. And there is a way to go before we have that culture of excellence in the Department of Defence and the ADF.'[18] But the absence of new money is an iron constraint. When the *National Defence Statement and Integrated Investment Program* were released in April 2024 it became clear that a year's work in Defence had been to force on government 'the hard but necessary decisions to cancel, divest, delay or re-scope projects or activities that are not critical to delivering the force our strategic circumstances require.'[19]

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15 Richard Marles, Doorstop interview, Parliament House, Canberra Transcript. 4 August 2022. https://www.minister.defence.gov.au/transcripts/2022-08-04/doorstop-interview-parliament-house-canberra.

16 Prime Minister Anthony Albanese and Defence Minister Richard Marles, *Joint Press Conference, Parliament House, Canberra* 3 August 2023. https://www.minister.defence.gov.au/transcripts/2022-08-03/joint-press-conference-parliament-house-canberra.

Defence Minister Richard Marles, *Television Interview, Insiders Transcript* 30 April 2023. https://www.minister.defence.gov.au/transcripts/2023-04-30/television-interview-insiders.

18 Ben Packham, 'Richard Marles gives dressing down to Defence Department', *The Australian* (8 February 2024): https://www.theaustralian.com.au/nation/defence/richard-marles-gives-dressing-down-to-defence/news-story/dfbdde17a5b3fd84092bb9a3c04a33a1.

19 Commonwealth of Australia, *Integrated Investment Program 2024*. (17 April 2024) Page 9. https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program.

We will detail those hard decisions in a later paper in this series. For now, the bigger strategic point is that Marles had jammed himself in an awkward political position. For years he had been arguing that Australia's worsening strategic outlook needed urgent action to strengthen the ADF, but the lack of additional funding in near term, and only for the nuclear submarines that Labor had already signed up for and an urgently needed new class of small frigates in the longer term, meant that he had no choice other than to cut current Defence spending – for example on armoured vehicles and ship maintenance—in order to free money for projects that will not deliver military capability before the 2030s.

Marles explained his position at the Sydney Institute in April 2024:

> Some commentators have been fixated on the precise level of Australia's defence capability in the short term, in the event of a worst-case contingency. This analysis lacks wit. ... This is obviously not the strategic cat that we are trying to skin. Australia's challenge lies in the future beyond this. And here we must invest in the next-generation capabilities the ADF needs.[20]

So, when is the likely point of maximum strategic risk? Both sides of Australian politics agreed back in 2020 that it could be well inside the Beazley-era ten years of warning time. The answer comes down to the strategic calculations of one man: China's paramount leader, Xi Jinping.

Xi Jinping's leadership combines strong elements of ideology and opportunism. We think he would prefer to deliver his big strategic aim of making China the dominant power in the Indo-Pacific by means short of all-out conflict. But we don't think Xi will hesitate to use military force if he feels the need or opportunity to successfully attack Taiwan and to coerce the United States and its allies.

One should take seriously Xi's publicly stated ambition that the People's Liberation Army must be ready by 2027 to deliver, in the words of the US Defense Department: "the capabilities to counter the U.S. military in the Indo-Pacific region, and compel Taiwan's leadership to the negotiation table on the PRC's terms."[21]

If there is a conflict over Taiwan, we think it highly unlikely that war can be localised to the island of Taiwan and the straits which separate it from the mainland. A significant war would draw in the US and neighbouring states Japan and the Philippines. Australia will be involved to some degree, however reluctantly. A war on this scale would be horrendous, but it is not unthinkable and a range of factors including the shifting balance of military power and Xi's own domestic political position make the likelihood of conflict greater in the second half of the 2020s.

An Australian defence policy designed to build an ideal "future force" in the later 2030s, in part by cutting current defence capability, represents a disastrous mistake, one driven by short-sightedness and wilfully blind Defence planning. The strategy needs to be completely redesigned. We need to make Australia more resilient and the ADF stronger in the shortest time frame possible. A key reason to do this is the hope that we can contribute to regional deterrence. Quite simply, our aim should be to make sure that every morning Xi Jinping wakes up, he decides that a military attack on Taiwan is too risky that day, and every other day for the rest of the 2020s. If deterrence fails then we want the ADF to be as strong as possible so our government has options for its use. Plans for the future force in the 2030s and beyond have little deterrence value today.

Future papers in this series will look at what can be done in the relatively short term to make the ADF stronger. The remainder of this paper considers our strategic options for the alliance and AUKUS as well as setting out proposals for what we do in our region, the Indo-Pacific and across Australia's north.

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20 Defence Minister Richard Marles, *Address to the Sydney Institute* 4 April 2024. https://www.minister.defence.gov.au/speeches/2024-04-04/sydney-institute.

21 Department of Defense (US), *Annual Report to Congress on the Military and Security Developments Involving the People's Republic of China* 19 October 2023. P. 39. The report is available here: https://www.defense.gov/News/Releases/Release/Article/3561549/dod-releases-2023-report-on-military-and-security-developments-involving-the-pe/.

1.5 Key tasks

1.5.1 AUKUS, the Alliance, and Japan

AUKUS has been one of the few Australian moves which rattled China. Xi has invested significant effort into trying to damage Canberra's standing in the region by making the false claim that AUKUS presents a nuclear weapons proliferation risk. (There would be less lethal ways to access weapons grade plutonium than trying to open a sealed propulsion reactor in an AUKUS submarine.) The strength of AUKUS is that it shows the capacity of Australia and like-minded democracies to work together. By contrast China struggles to find genuinely trusting allies.

AUKUS's weakness is that it will take decades to deliver sufficient nuclear powered submarines made in Australia to create sufficient capability to present any kind of deterrent. And for Canberra it is an extremely costly enterprise, one that blows out of the water any pretence that Australia can fund its defence for around 2 per cent of GDP. Right now the current ADF is being squeezed to free money for nuclear submarine work which won't produce real military capability this decade. We do not know when some of the more exotic technologies anticipated under AUKUS Pillar II cooperation will come on line.

We want AUKUS to succeed but we are wary of the risks, cost and long political journey that must be travelled to deliver it. Our first policy recommendation is that the Government needs an AUKUS Plan B – a strategy which will help to deliver military capability earlier and create a fallback position, in case circumstances mean the nuclear submarines can't or won't be delivered.

Our AUKUS Plan B is actually the B-21 Raider strike bomber. This, the first 6th generation stealth aircraft has entered initial low-rate production in the US. Currently 100 aircraft are planned at an estimated cost of US$750 million a unit. In our view Australia should seek access to buying the aircraft and propose a collaboration with the United States which would see B-21s operate on rotation out of an Australian military facility. Much about the aircraft remains secret, but if the US can contemplate giving Australia assess to nuclear powered submarines, the possibility of collaboration on the B-21 Raider will also be there.

Can a strike bomber really replace a submarine? In some ways, yes. Both platforms are primarily designed to place high-explosive on to a target. If the target is destroyed it doesn't matter if the cruise missile was delivered by an aircraft or a submarine. An aircraft can reload and perform many missions in the time it would take even a nuclear submarine to return to port or to a tender vessel. Submarines have unique capabilities to loiter but some of those roles could be replaced by relatively low cost uncrewed submarines. On balance the best option for the ADF would be to have both strike bombers and subs—as we did for decades when the F-111s were in service at the same time as the Oberon and then Collins-class submarines.

The benefit of Plan B-21 is that it will deliver significant long range strike capability to the ADF sooner than nuclear powered submarines. B-21 could enter US service by 2027. We judge that a capacity to operate and maintain the platform in the Indo-Pacific would add a powerful deterrent option, earlier, to the US and to Australia. Unlike nuclear submarines Australia has operated long-range strike bombers in the past in the form of strategic bombers in the Pacific in World War 2, the Canberra bomber in the Cold War and the formidable F-111 aircraft. There are indeed significant costs but they are significantly smaller than the projected cost of the nuclear submarines—$268bn to $368bn between now and the mid-2050s.[22] Plan B-21 creates a further strike option for the ADF using a type of technology we are familiar with and allowing us to present an allied approach to deterrence in the Indo-Pacific.

22 Andrew Greene and Matthew Doran, 'Australian nuclear submarine program to cost up to $368b as AUKUS details unveiled in the US', *ABC News* (14 March 2023): https://www.abc.net.au/news/2023-03-14/aukus-nuclear-submarine-deal-announced/102087614.

A B-21 RAIDER CONDUCTS FLIGHT TESTING, WHICH INCLUDES GROUND TESTING, TAXIING, AND FLYING OPERATIONS, AT EDWARDS AIR FORCE BASE, CALIFORNIA.

We think we need Plan B-21 regardless of whether the nuclear-powered submarine eventuates. It will deliver real military capability years before an AUKUS submarine hits the water. The B-21 has range, flexibility and the capacity to carry many different weapons and sensors. It is an ideal capability for a country with lots of geography and a relatively small military force. A future Australian government would be in a much better position if it has two significant strike weapons in submarines and strike bombers. That contrasts with the current reality where the challenge is to maintain just one—the ageing Collins submarine—in service far longer than originally planned.

A key point here is that range is the critical factor. Missiles, including cruise missiles delivered by many different air, sea, and land platforms are a deterrent and a potentially decisive weapon in combat. Successive Australian governments have accepted the need for weapons with greater range. The urgent need is to start delivering some of these capabilities to the ADF.

RECOMMENDATION 1. The government should seek to acquire the B-21 Raider stealth bomber as an additional element to AUKUS, also offering to host a US B-21 contingent in Australia. This is to strengthen deterrence in the 2020s and manage the risk of delays in the AUKUS submarine.

In terms of US alliance co-operation our second recommendation is to significantly expand the rotational presence of the United States Marine Corps (USMC) in northern Australia. USMC rotations have been in place since 2012 growing in size to around 2,500 Marines deployed. The concept has been tested and proven and has led to successful trilateral cooperation with other nations including Indonesia, Japan, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.[23] Although significant in size by ADF standards, the Marines regard a Marine Expeditionary Unit of 2,200 personnel as its smallest deployable unit.

23 Richard Marles, 'United States Marines return to the Top End' (Media Release, 20 March 2024): https://www.minister.defence.gov.au/media-releases/2024-03-30/united-states-marines-return-top-end.

The Australian government should open discussions with the US to host a rotational presence of a Marine Expeditionary Brigade potentially of around 16,000 personnel, bringing with it significant increased firepower and aviation assets. To be frank a larger USMC presence in northern Australia offers the cheapest boost to deterrence Australia could possibly buy. This approach compliments the American military strategy of dispersal through the Indo-Pacific and would add substantially to US and Australian capacity to train with and engage the armed forces of neighbouring countries.

A larger US military deployment in Australia's north would need to be handled with some thoughtful Australian diplomacy in South-east Asia, but our neighbours can read the strategic situation as clearly as we do. We think a larger USMC presence would mostly be welcomed. It offers strategic reassurance to our closer South-east Asian neighbours and would be a welcome exercise and training partner. As the Australian Army changes orientation to be a force adapted for long-range littoral operations, a larger USMC presence will help with our own transition to a 'marinised' Army. If agreed, this larger USMC presence should be made to happen within the next term of government, that is, 2025-28. We know that Marines have the capacity to move at speed, the challenge will be for Australia to keep pace.

A larger USMC presence will require a significant speeding up and expansion in building critical infrastructure in the top end. We acknowledge that recent governments have started this process, but only stress that more needs to be done more quickly. The government needs to start a discussion with the private sector about the best way to speed and scale-up this exercise.

RECOMMENDATION 2. Expand between 2025 and 2028 the US Marine Corps rotational presence in northern Australia to around 16,000—a Marine Expeditionary Brigade—working with the Australian Army's developing littoral warfare capability.

Thirdly, we propose that it is time to discuss bringing Japan formally into the ANZUS treaty framework. Major credit should be handed to successive Australian and Japanese governments for building a much closer and more substantial defence relationship in the last decade and a half. Essential groundwork has been done to create the institutional, legal, intelligence and logistic arrangements needed to support serious military engagement. We understand that political and constitutional arrangements in the US and Japan mean re-opening the ANZUS treaty to consider new members is a possibility to be approached carefully. But article VIII of the treaty does allow the parties to maintain a consultative relationship with other states 'to contribute to the security of [the Pacific] area.'

The strategic outlook is such that Australia, the US and Japan each have strong reasons to want to work more closely together and, in the interests of strengthening deterrence, to be seen to take public steps that signal this alignment. A 'Special Partner' status for Japan and ANZUS should be developed, one that would make it possible for Japan to be part of at least some ANZUS consultations which happen under the Australia-US Ministerial (AUSMIN) annual consultations.

We think that this step will only happen as a result of strong political leadership following the next Australian election. Once that move is taken, we would like to see an element or elements of the Japanese Self-Defence Force starting regular long-term deployments in northern Australia, alongside ADF and American units.

Remember that, aside from the practical value of having closer military cooperation between like-minded democracies and closer political engagement between three of the most consequential powers in the Pacific, putting the J into ANZUS reflects a level of trust in international affairs that authoritarian China is incapable of achieving. Such closeness will strengthen deterrence and signal to other friends in the region that by working together, they do have a better choice available to them than simply succumbing to Beijing's bullying.

RECOMMENDATION 3. Bring Japan as close as possible into ANZUS cooperation and invite the Self-Defence Force to permanently join rotational deployments with the Australian and US military units in northern Australia.

1.5.2 The Indo-Pacific

The Indian Ocean region continues to become more important to Australian security. HMAS Stirling will be the operational home of the AUKUS nuclear powered submarine and, in the later 2020s of US Virginia class submarines. After decades of under-performance, relations with India are warming and becoming more comprehensive. That is to be welcomed. India will become a more significant global power in coming decades.

While Australia and India have much in common this is a relationship which needs substantial investment of time and thought to be properly shaped. Some defence relationships more or less build themselves even if governments aren't paying attention. That's because cooperation can be easy and obviously beneficial between long term partners. Defence cooperation with India won't be like that. India is big enough to go its own way in international affairs and has a strong sense of its individuality. So, building ties in which India comes to see the value of defence engagement with Australia will take time and effort. India to some extent will remain the cat which walks alone. We need the maturity to realise that building defence ties with New Delhi will be important even in that context. Closer relations add another layer of deterrence and another set of connections helping to stabilise the region.

We recommend that the next Australian government develops options for a stronger defence relationship with India. This should continue and expand maritime exercising but look at deeper connections that involve intelligence collaboration and wider areas of the ADF including land forces. We suggest establishing a joint strategic assessment and analysis office in Western Australia, bringing together Defence, intelligence and security professionals from India and Australia. Sharing and co-developing strategic assessments builds a foundation for understanding and the one essential commodity in defence partnering: trust. We want to see more frequent officer exchanges at each country's training institutions and support for developing a senior leadership dialogue involving government and the private sector.

Australia has long promoted this type of instruction-building with countries in North and South-east Asia. Our judgement is that this is the moment to do the same with India, leading with Defence and intelligence community engagement. Our assessment is that, in keeping with its foreign policy tradition, India is going to remain strongly individualistic in its global approach. But we share many strategic interests and have substantial people-to-people and economic ties. We can work with this to develop a much stronger bilateral defence relationship.

RECOMMENDATION 4. Develop a stronger defence and intelligence relationship with India, recognising the country's long-term strengths and trajectory.

In the Pacific, Australia has a long history of close engagement with the Pacific Island Countries (PICs). In the Second World War control of the Melanesian and central Pacific Islands was critical to the outcome of the conflict. After the war many thought the PICs were a model of successful, peaceful decolonisation, but from the 1980s the region has been fractured by bloody internal conflicts leading to Australian and multinational stabilisation operations. Natural disasters have also required frequent ADF missions to provide humanitarian assistance and disaster relief.

China had long competed for influence with the PICs but as the Communist state became more powerful and forward leaning under Xi Jinping, Beijing saw value in looking to build and sustain a military presence in the South Pacific, primarily to complicate US access to the western Pacific. In early 2022 it was revealed that China was pursuing a Security Agreement with Solomon Islands. This came as a public shock in Australia, if not in the intelligence world. What if China used such an agreement to locate a missile capability, naval base or intelligence gathering assets to Australia's east? That would present a strategic challenge not seen since the battle of Guadalcanal in 1942 and 1943.

Labor in opposition contended that the Turnbull and Morrison governments had dropped the ball on Pacific security. The need was to build stronger political, diplomatic and military links with Pacific peoples which, we had long thought, looked to Australia for security. A flurry of Labor government diplomatic activity helped thwart a Chinese diplomatic push for ten PICs to sign a multilateral security pact in mid-2022. But Beijing is as persistent as it is opportunistic. China will keep trying to establish a military foothold in the region. One potentially important development was the signing of the 'Falepili Union' between Australia and Tuvalu in November 2023. Just over 11,200 Tuvaluans live on a handful of atolls midway between Hawaii and Australia—strategically vital

space in any broader conflict in the Pacific. The Union creates a visa arrangement for the Islanders to live and work in Australia and also a 'collective security agreement' giving the ADF access to Tuvalu territory. The Falepili Union is a useful model for considering how to broaden Australian security cooperation with other PICs.[24]

Like it or not competing with China for influence with the PICs forces Australia to lift its security presence in the region. A larger, more visible, more consistent ADF is needed, along with Border Force, Australian Federal Police and other units. Our fifth recommendation is that Australia should work with the PICs to create a standing Pacific Response Force that would comprise ADF, police and others working with the PNG, Fiji and Tongan Defence Forces and police and other uniformed elements in the region. (New Zealand and France would be natural partners for the Pacific Response Force, but we are advancing this idea as a vehicle for Australian engagement with the PICs, not a broader multilateral effort.)

The Pacific Response Force would be geared to deal with humanitarian assistance and disaster relief, building resilience in PIC communities, helping Island governments exercise their sovereignty and building stronger people-to-people commitments. Australia's great strength with the PICs is a natural, friendly connection – think of rugby, religion, relatives and remittances as ways we can build ties where Beijing cannot. Our view is that the ADF Reserves should play a leading role in creating a standing Pacific Response Force though enduring partnerships between Reserve formations and particular PICs. To work, this needs sustained commitment and capacity to invest in building regional capabilities. To be sure the cost will be far less than our major equipment projects, but far more than we have come to think of as normal for regional engagement. The strategic equation is simple: either we find a way to be the lead provider of security for the PICs, or China will—and that would fundamentally change our strategic outlook for the worse.

RECOMMENDATION 5. Build a Pacific Response Force with the Pacific Island countries focused on humanitarian assistance, disaster relief and building PIC community resilience.

1.5.3 Australia's north and offshore islands

Our final recommendation in this paper relates to making a larger, more visible and sustained ADF presence and build the infrastructure to support it in the north of Australia, in key offshore territories, the Cocos and Christmas Islands in the Indian Ocean and Norfolk Island in the Pacific as well as in Australian sovereign waters in our Exclusive Economic Zone. We shouldn't forget that a substantial part of our national wealth comes from resources in these areas. These need to be protected and Australia's sovereignty asserted.

A long history of Commonwealth government statements stressed the importance of Australia having a larger Defence presence in the north of the country. The 1987 Defence White Paper took significant steps to move permanent elements of the regular Army north, to strengthen a string of northern airbases and to develop intelligence and maritime capabilities to strengthen visibility of, and a presence in, our northern approaches. A 2012 *Review of ADF Posture* concluded that:

> The rapid growth and scale of resource development in Northern Australia is a factor in force posture considerations, although potential threats to Australia's resource and energy interests should not be exaggerated. The ADF has an active presence in Northern Australia and its approaches, but it is 'low visibility' and focused on border protection. An increased and more visible ADF presence is warranted.[25]

24 Department of Foreign Affairs and Trade, *Australia-Tuvalu Falepili Union* (Accessed 18 June 2024) https://www.dfat.gov.au/geo/tuvalu/australia-tuvalu-falepili-union.

25 Department of Defence, *Australian Defence Force Posture Review* (30 March 2012) ii. https://www.defence.gov.au/about/reviews-inquiries/adf-posture-review.

The Review stopped short of calling for new permanent bases, but judged that Defence was under invested in the North.

The 2023 *Defence Strategic Review* pointed to a Defence failure to implement the 2012 Force Posture Review recommendations: "Irrespective of this history, it is now imperative that our network of northern bases is urgently and comprehensively remediated. The priority for this network is the series of critical air bases."[26] To bring the story completely up-to-date the April 2024 *National Defence Strategy* committed to do more in the north as well. This included:

- "an uplift in Defence's logistics capability, including stocks of critical supplies, to enable and support operations from the north of Australia during a crisis or conflict. ...
- a network of northern bases that is resilient and enhances Australia's ability to project force."[27]

In effect we have seen decades of political aspiration and Defence planning and little in the way of effective delivery. We acknowledge that the Albanese government is looking to ramp up defence related infrastructure spending in northern Australia. Some $14 to $18 billion dollars have been identified in the National Defence Statement to be spent on infrastructure over the decade to 2034.[28] It is not clear how fast this can or will be delivered, noting that the bulk of additional spending identified by the Government happens towards the end of this period.

One positive outcome is the commitment successive governments have made 'to the development of Cocos (Keeling) Islands airfield infrastructure to enable improved support to maritime surveillance operations by P-8A Poseidon aircraft.'[29] Again, though, we have no clear timetable for implementation. This project has been proposed and shelved in the past, due to the vagaries of Defence estate funding – often the first to be 'rationalised' when budgets are under pressure. Aside from this one mention in the Integrated Investment program, the current suite of Defence policy documents is silent on Cocos, Christmas, Norfolk Island and other offshore territories. Australia needs a plan for how to defend its external territories and to determine the military resources needed for this role. The absence of any defence capability is a weakness that invites exploitation by a hostile power.

26 Commonwealth of Australia, *Defence Strategic Review 2023* (24 April 2023) 76. https://www.minister.defence.gov.au/media-releases/2023-04-24/release-defence-strategic-review.

27 Commonwealth of Australia, *National Defence Strategy 2024* (17 April 2024) 41. https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program.

28 Pat Conroy, 'Investment in NT strengthens national security and boosts jobs' (Media Release, 8 May 2024): https://www.minister.defence.gov.au/media-releases/2024-05-08/investment-nt-strengthens-national-security-and-boosts-jobs.

29 Commonwealth of Australia, *Integrated Investment Program 2024*. (17 April 2024) Page 85.

Our sixth recommendation is that Government must make it an urgent priority to establish a more visible Defence presence in northern Australia and, where appropriate in our offshore territories, particularly the Christmas and Cocos Islands in the Indian Ocean and Norfolk Island in the Pacific. We would like to see consideration given to building a Reserve presence in these three offshore territories by linking or partnering mainland reserve formations with particular territories to develop an enduring relationship. A key question here is: how can this be done more quickly? We fear that Defence and the ADF have been reluctant to pursue a stronger northern presence for decades. If the government wants this development, it will need to fund ways to speed the process beyond Defence planning norms. Our second recommendation about substantially expanding the US Marine Corps rotational presence in the north should be top priority, alongside the need to expand and strengthen air-bases.

RECOMMENDATION 6: Establish permanent links, a stronger ADF presence and supporting infrastructure in the top end, the Cocos and Christmas Islands and Norfolk Island.

Conclusion

We would welcome comments and reactions to this paper and our six big strategic policy recommendations. Subsequent papers will look in more detail at ADF force structure, budget, infrastructure and industry matters. These will be brought together at the end of the series, offering a blueprint for defence reform for the next federal government. (June 2024)

APPENDIX:

War and the long arc of history

"Violence has declined over long stretches of time, and today we may be living in the most peaceable era in our species' existence."

Professor Steven Pinker
The Better Angels of our Nature

"Australia no longer enjoys the benefit of a ten year window of strategic warning time for conflict... our strategic circumstances have continued to deteriorate."

Australian Defence Minister Richard Marles
Foreword to the 2024 National Defence Strategy

It was Dr Martin Luther King who said 'the arc of the moral universe is long, but it bends toward justice.' When applied to the topic of war, the best modern adherent to this principle would be Steven Pinker, who sets out in his 800 page tour de statistic how, whether 'visible in scales of millennia to years', whether applied to large wars, civil wars, or other forms of violence like slavery, murder or torture, the world is a far more peaceful place and has been getting progressively so.

There are other theories about the nature of history that are less optimistic: that history is cyclical. This theory even has a name, Cliodynamics, a term coined by historian Peter Turchin who theorised why empires rise and fall and how periods of conflict tend to recur. The sixteenth century English writer George Puttenham said it best when he explained how warfare brought such despoliation it forced the participants to sue for peace, which in turn brought prosperity, which in turn led to squabbles: 'so peace brings warre and warre brings peace'. A more popular modern rendition is the phrase taken from Michael Hopf's postapocalyptic novel *Those Who Remain:* 'hard times make strong men, strong men make good times, good times make weak men, weak men make hard times'. This has become an internet meme, usually inferring we are in the 'weak men' stage of the cycle.

Other cyclical theories of history include "Thucydides' trap", named after the fifth century BC general and historian of the Peloponnesian Wars. Just as empires rise and fall so, inevitably, a rising empire will clash with a declining one (Athens and Sparta in Thucydides time). American political scientist Graham Allison has made the obvious, but alarming, comparison to the current circumstances of China and the United States.

Canadian historian Gwynne Dyer claims that, since the Thirty Years War in Europe in 1618-1648 and the advent of the modern nation state—the Treaty of Westphalia that ended that terrible conflict—the international system has produced a conflagration between the major powers about every 50 years: 'That just seems to be how long it usually takes for the realities of power to get out of kilter with the relations prescribed by the previous peace settlement.' If a rising power is unhappy with the status quo, they will seek to readjust matters, often through warfare. The last reshuffling of the international pecking order was a peaceful one, the collapse of the Soviet Union and the end of the Cold War. It is noteworthy that the three major powers most dissatisfied with the post-Cold War status quo—Russia, China, and Iran—because of border disputes or the independent status of neighbors like Ukraine, Taiwan and Israel, are the three nations most seen as aggressors in today's international environment.

All such cyclical theories of history are disputed by historian Niall Ferguson in his recent book *Doom: The Politics of Catastrophe* in which he argues that catastrophes, man-made or otherwise, are largely random and not evenly distributed. Far from a comforting thought, this raises the rather concerning prospect that decades of relative peace might be little more than a fluke.

My own theory is that it is impossible to predict if or when a war might break out, because there are so many human factors at play, but you can predict what the nature of a war might look like, should one occur, based on the prevailing trends in military tactics and technology. For example, the trend in quality being more important than quantity, or vice versa. In short, when battlefield tactics or technology favors mass or quantity over quality, the result is a much higher risk of bigger, more destructive wars.

This tug of war between quantity and quality has ebbed and flowed over millennia. The tin needed to make bronze was rare, so the metal weapons of the bronze age were expensive. Once the techniques for smelting iron were mastered around 1000 BC, metal weapons became much cheaper because iron ore is comparatively plentiful. As a result, despite minimal changes in population or economic capacity, a typical bronze age battle would rarely exceed a few thousand soldiers, but early iron age battles might number in the hundreds of thousands. The Battle of Changping in third century BC China involved over half a million soldiers, a feat not surpassed anywhere until the twentieth century.

Other changes in military technology, such as the invention of chariots, cavalry, gunpowder, steam, and the internal combustion engine all had similar impacts. The result was that when weapons were expensive, armies were small, so quality could prevail, and wars tended to be shorter and smaller. In contrast, if weapons are cheap, armies become huge, and if two giants clash it is difficult for one to knock the other out quickly. So wars tend to degenerate into long, brutal wars of attrition. And the longer a war lasts, the bigger the risk of escalation or expansion.

This was most markedly demonstrated by the two world wars of the twentieth century, the apex of mass and quantity. Compared to what was to come, the guns, tanks, warships, and warplanes used in those conflicts were cheap and easy to mass produce at scale with modern industrial techniques. The result was armies numbering in the millions, and no easy way to win other than grinding down the opponent. As these wars dragged on they escalated, with brutal new techniques being tried like gas and unrestricted submarine warfare, civilians targeted with aerial bombing, blockade, and concentration camps, and eventually culminating in the ballistic missile and the atom bomb. They also expanded by eventually dragging in all the major powers.

This would dramatically reverse during the Cold War. The jet engine, rocketry, electronic tracking and guidance systems, and nuclear powered propulsion and explosives were orders of magnitude more expensive than their predecessors. Australia will acquire 72 state of the art F-35 Lightning fighters—just a couple of days' worth of losses for the German Luftwaffe in 1944. The United States built 150 aircraft carriers of all types during the Second World War. It now takes a decade to produce a single giant, nuclear powered Ford class aircraft carrier that is currently used by the US Navy. As a result of these realities, armies, air forces and navies have shrunk to a fraction of their equivalents a century ago.

But this is changing. New wars are demonstrating that mass is back. The Ukraine War is being dominated by mass produced missiles and drones and old issues familiar to historians of the world wars have returned, like the need for more artillery munition production and manpower recruitment. The expensive Cold War weapons like manned aircraft, tanks, helicopters, and large naval vessels are increasingly looking like dinosaurs. True to form, that war has degenerated into a stalemate and war of attrition in which industrial capacity and manpower will prevail unless a resolution is found first. If weapons that are smaller, cheaper, and easier to produce are replacing the big, expensive, and exotic weapons of recent decades, it does not necessarily mean there is a greater chance of war. But it does suggest a bigger chance of long, drawn-out wars of attrition, the most damaging and dangerous of all wars.

Whichever theory of history one ascribes to, they are all pointing in the one direction: the risk of war is increasing. Australia's 2024 National Defence Strategy is right to call this period 'the most challenging environment since the Second World War'. Steven Pinker's theory that history is arcing towards peace was not based on faith or luck, but attributable in his view to the fact that democracy, education, commerce, and rationality had all been progressively on the rise. It's hard to say a decade after he published his thesis that such a trend has continued.

Democracy increasingly seems under threat, educational institutions are in decline, commerce is threatened by renewed calls for protectionism, and it's hard to say rationality has improved when our elites are embroiled in interminable debates like whether men can get pregnant or culling cattle will reduce the global temperature. If we are relying on democracy, education, commerce, and rationality to hold at bay the dogs of war, we might be in trouble.

If you subscribe to the cyclical theory of history, decades of relative peace would seem to make us ripe for the "weak men/hard times" stage. And the rise of a belligerent China whilst America struggles with domestic concerns increasingly seems set to spring Thucydides' trap. Even Niall Ferguson's view that catastrophes are randomly distributed suggests the need to be vigilant. And if it's true that cheap and plentiful weapons make for bigger more destructive wars, few could disagree that we are returning to a period where mass and quantity prevail. The Australian Defence Force has yet to deploy a single armed combat drone, yet in recent years middling powers like Iran and Turkey have become major players in the design and manufacture of drones, and even stateless rebels like the Houthis of Yemen seem able to deploy rockets and drones in abundance.

The past does not dictate the future, but failing to learn from history may doom us to repeat the mistakes of the past. Whether or not 'peace brings warre and warre brings peace' we would be wise to adhere to an even older adage *Si vis pacem, para bellum.* If you want peace, prepare for war.

John Storey is the Director of Law and Policy at the Institute of Public Affairs and the author of Big Wars – Why do they happen and when will the next one be?

About the Institute of Public Affairs

The Institute of Public Affairs is an independent, non-profit public policy think tank, dedicated to preserving and strengthening the foundations of economic and political freedom. Since 1943, the IPA has been at the forefront of the political and policy debate, defining the contemporary political landscape. The IPA is funded by individual memberships, as well as individual and corporate donors.

The IPA supports the free market of ideas, the free flow of capital, a limited and efficient government, evidence-based public policy, the rule of law, and representative democracy. Throughout human history, these ideas have proven themselves to be the most dynamic, liberating and exciting. Our researchers apply these ideas to the public policy questions which matter today.

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Strategic Analysis Australia exists to provide policy insights into national security, defence and international relations challenges for government and corporate users, and to inform the public debate.

Our analysts bring different perspectives and insights – so we can and do disagree.

Our work is intended to be: policy relevant; not academic but following the highest standards of independent research; non-partisan; and supporting liberal democracy, the rule of law and free speech.

SAA analysts are available to undertake commissioned research and analytical work for private customers, however, SAA is not a lobbying agency.

We see companies in the defence sector as essential contributors to Australian, regional and global security. As a result, defence companies are key, positive stakeholders for SAA.

We bring expertise from government agencies and academia as well as from working with corporate and international partners over our careers. The result is a more diverse set of ideas and inputs to inform readers' own thinking.

We are a small team who value and challenge each other's contributions. We enjoy dealing with difficult policy questions in the more dangerous world Australia and Australians live in.

About the authors

Peter Jennings is the Director of Strategic Analysis Australia , the Principal of Peter Jennings Strategy Consultants Pty Ltd, providing strategic advice to several Australian and international businesses and to Commonwealth agencies, and a member of the Fortinet Strategic Advisory Council for Fortinet and a columnist for *The Australian*.

Peter was the executive director of the Australian Strategic Policy Institute (ASPI) between 2012 and 2022. He worked in senior roles in the Australian Public Service on defence and national security, including being Deputy Secretary for Strategy in the Defence Department (2009-12); Chief of Staff to the Minister for Defence (1996-98) and Senior Adviser for Strategic Policy to the Prime Minister (2002-03).

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Before the think tank world, Michael was a deputy in the Australian Signals Directorate and the Defence Intelligence Organisation. As the First Assistant Secretary for Strategic Policy in Defence, he led the team that wrote Australia's 2013 Defence White Paper and also administered defence exports policy and legislation. In his first Senior Executive Service role he led the tender evaluation, selection and contract negotiations for the Australian Navy's Armidale Class Patrol Boats. His last role in the Defence organisation was as the head of the Contestability Division that provides objective analysis of the overall $270 billion investment program. He has also served in the Senior Executive Service in both Australia's Finance Department and the Prime Minister's Department, where he was head of the Defence, Intelligence and Research Division.

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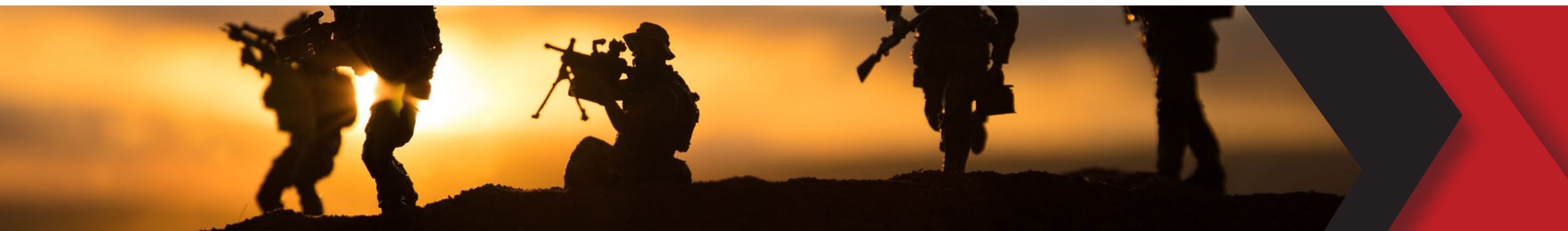
Marcus worked for 12 years in the defence department, primarily in its contestability function where he held several Senior Executive Service positions. This involved conducting independent capability and cost analysis of investment proposals as well as ensuring the best advice possible was provided to the government and senior decision makers on major capital acquisitions. He also administered Defence's capital acquisition program. Marcus has also worked in the Australian Intelligence Community.

Scott Hargreaves is a the Executive Director of the IPA. He is passionate about Australia and its people, and securing their freedoms and prosperity for the next generation. He joinde the IPA staff in 2015 after having been an IPA member for over twenty years. During that time he gained experience in a range of private and public organisations, including periods inside government, in the corporate world, and running small businesses. He has a Bachelor of Arts in Politics and Economics, a Post Graduate Diploma in Public Policy, an MBA from the Melbourne Business School, and a Master of Commercial Law.

John Storey is the Director of Law and Policy at the Institute of Public Affairs. John is a lawyer, author, and military historian. John has been a practicing lawyer for two decades. He was a partner in a large national law firm and founded and managed his own law firm as managing director. His recent book *Big Wars – Why do they happen and when will the next one be?* looks at global historical trends in military technology and tactics and what they can tell us about how warfare will look into the future.



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