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THE DEFENCE OF AUSTRALIA: A BLUEPRINT FOR THE NEXT GOVERNMENT

PAPER 6: The US alliance, the North, and cultural change

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The Defence of Australia: A blueprint for the next government
PAPER 6: The US alliance, the North, and cultural change

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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 the main components of the blueprint will be mapped out:

1. National security and Australia's Northern defence
2. How to build an Australian Defence Force that meets Australia's strategic requirements
3. Right here, right now: Unleashing Australian know-how to build military power fast
4. Funding the defence of Australia
5. Fixing Defence infrastructure and energy vulnerabilities
6. The US alliance, the North, and cultural change

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

This paper is the final in the Defence Blueprint series that we commenced in 2024, in conjunction with the team at Strategic Analysis Australia.

Key elements of this report bring us back to a point we made early and hard: the national security risks we now face are in our region, and more than at any point since the 1940s the clear focus needs to be on the defence of our continent and its northern approaches. The recommendations we have made to help ensure our ability to project military power to the north of Australia are just a reflection of the reality that, in the event of conflict, this is where such force would be needed.

It is also why we call for a resolute determination on the part of government to push resources, personnel and decision making out of the Canberra bubble and towards northern Australia. This makes both military sense and economic sense, as it has collateral benefits in developing the supportive economic base of the North. Moreover, it makes cultural sense as Canberra is the last place on earth that should be setting the tone for our military. During the 2023 Voice to Parliament referendum the ACT was the only jurisdiction to vote in favour. This is a proof point that its culture is at variance with the nation its Defence Department is meant to be concerned with defending. Relocation of the Australian Defence Force Academy to one or more locations in northern Australia would be of benefit to the students, the host community, the defence force, and ultimately the nation as we would start to build rather than sunder the links between the ADF and the community it defends.

Key regional cities like Darwin, Cairns, and Townsville have all had a taste of war, and do not need—or should not need—education on Australia's relationship to the Asia-Pacific. This would apply to many towns and cities across northern Australia. Those cultural roots are a firm foundation on which to build.

This report also addresses the critical nature of our relationship with our most important security partner, the USA. In paper #1 we identified the persistent tendency of Commonwealth governments to seek to do defence on the cheap by overreliance on the USA. This is simply no longer tenable. It means our sovereign capacity to defend ourselves and our interests is diminished. It means we are unable to build the domestic supply chains that are an essential requirement for a continent that may be more or less isolated in the event of conflict. And, frankly, it diminishes our self-respect and our ability to take our rightful place in the councils of the world. Now, most importantly, it is untenable inasmuch as President Trump has made it clear he is no longer prepared to tolerate 'free-riding' by so-called allies. To be fair, Australia is by no means the worst in this regard, and we spend more on defence as a percentage of GDP than Canada. But who on earth wants to be Canada in this regard? Its recent history suggests that the best way to avoid the jibes of being the '51st State' (of the USA) is NOT to behave like one.

We should also be wary of those that hold that President Trump's election and his conscious or unconscious practice of strategic ambiguity makes an invasion of Taiwan less likely, and therefore the risk of conflict in the region is correspondingly reduced. This would be fallacious reasoning if used to justify continued inaction. The Chinese Communist Party (CCP) is playing a long game. To build the capacity we need Australia needs to act now. That reasoning also ignores the capacity of the People's Republic of China under CCP leadership to act against Australia's interests in our region, right now, short of large-scale measures like an invasion of Taiwan. We should not relax our vigilance.

For the avoidance of doubt, the entire premise of this Defence Blueprint is that we seek to build our defence capability in order to make our contribution to deterring the PRC (and others) from actions that would trigger a conflict. Peace is still the best outcome, and deterrence is designed to secure it.

Finally, in Paper #4 we outlined the reasons why Australia needed to commit to lifting our defence expenditure from 2 per cent of GDP to 3 per cent in the next term of government, and outlined the measures for economic growth and spending cuts that would enable government to fund this. In response there was uninformed commentary asking why the IPA, with its history, could be in favour of increased government expenditure. Clearly they had not read my Foreword to paper #4 and so, for that reason, I repeat the relevant section here for their benefit and for the benefit of any readers new to the series.

RECOMMENDING 3 PER CENT OF GDP IS FULLY CONSISTENT WITH IPA PRINCIPLES

I have no doubt that some who are aware of the IPA's commitment to limited government and reduced government expenditure—and who have a more statist vision—will take a moment to enjoy the one occasion on which the IPA calls for more government spending. That would nevertheless be childish and unserious, and also display a category error.

The IPA in following classical liberal principles believes government should give greatest possible scope for the freedom of the people, and that excessive regulation and taxation constrains that freedom. Freedom in turn is conducive to human flourishing and, typically, prosperity.

But as the IPA has also pointed out, such freedoms are only guaranteed within the context of the nation-state—our sovereign authority—and we must therefore in a democratic manner ensure that nation-state has the ability to defend itself and transmit those freedoms to the next generation. This is evidenced for example:

- When founded in 1943, loyalty to King and Constitutional Government was the first formal Object listed, and the second was 'To support and assist the Government in the prosecution of the war'.

- This also means we must exercise our sovereignty and take responsibility for our own defence:

> the resurgence of the nation-state on international affairs ... is a response to perceived encroachments on states' ability to pursue their interests by international institutions, changing geopolitical realities, and economic globalisation. It is important to note that these concerns are continuous with domestic concerns about the disestablishment of national identity and the weakening of popular sovereignty and democratic accountability.[1]

Libertarians are rightly concerned that governments assume powers and restrict freedoms in wartime in a manner which can become permanent, and hence are sceptical of reasons for war. This is just another reason for investment in deterrence, to reduce the possibility of war by changing the calculus for potential aggressors. 'Not today.'

In 2023 we formally endorsed 'Security' as one of the Five Pillars that guide our work: *Furthering measures to secure our borders, our property rights, and the essentials of a free and prosperous society.*[2]

The IPA is firmly of the view that better economic management – through red tape reduction, elimination of government waste, and a radical decentralization of the Canberra bureaucracy, can deliver faster rates of economic growth that ensure we meet our defence targets while still funding the democratically determined essentials of government. Yes, there will be and should be some hard choices, but a rising tide lifts all boats. As the economist Robert Lucas once said: 'Once you start thinking about [economic] growth, it's hard to think about anything else.' That should be the case in Canberra also.

Finally, I would like to thank the core team at the IPA that has worked on this Defence Blueprint series, and in developing our thinking on what 'security' means to modern Australia. In particular John Storey and Morgan Begg, but also with contributions from John Roskam, Daniel Wild, Andrew Hudgson, Lachlan Clark, and of course our very much-appreciated graphic designer, Lauren Scott.

Similarly, it has been a pleasure discussing the challenges with the team at SAA, drawing upon their deep experience, and then seeing the fruits of those discussions in the form of the six papers and the accompanying 36 recommendations.

The next Government of Australia now has a blueprint for immediate action.

Scott Hargreaves

Executive Director
Institute of Public Affairs, Melbourne
January 2025

1 Wild et al, IPA (2019) *Australian Values and The Enduring Importance of the Nation-State*, www.ipa.org.au

2 www.ipa.org.au/about

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Executive summary

This sixth and final report in our series designing a new blueprint for the defence of Australia revisits the big strategic issues which are creating a more worrying security outlook for Australia, the Indo-Pacific region and, indeed the world.

The first five papers in the series focussed on Australia's worsening strategic outlook and degraded military capabilities from years of underinvestment in our forces and domestic defence industry.

Their recommendations focussed on securing Australia's defence relationships with our allies and neighbours, strengthening the military presence in Australia's northern air, land and sea approaches; and rapidly lifting spending on defence from around 2 per cent to 3 per cent of GDP so as to raise not only Australia's defence capabilities but also mobilise domestic industrial and commercial capabilities to meet our immediate defence needs.

Taken together these recommendations would rapidly transform Defence, make the ADF more outward looking, boost Australian influence regionally and globally, strengthen our combat power (and therefore add to deterrence) and make the country more resilient and better placed to handle strategic shocks.

We don't doubt that these recommendations will force a dramatic and rapid cultural shift in Defence. This is sorely needed. We cannot let our military strength go backward any longer. After the 2025 election the government must actively drive a renewal of Australian military power.

Reviewing our previous papers, the responses to them, and our list of recommendations, we identify three main areas where more needs to be done.

- First, and particularly following the election for the second time of President Donald Trump in the United States, we need a strategy to refresh and repurpose our most important alliance relationship.
- Second, more must be done to strengthen our capacity to defend our northern approaches.
- Finally, we need to kick-start deep cultural and organisational reform in the ADF and the Department of Defence. That cannot be expected to come from within Defence or its current leadership, and even with leadership change at the top this initiative will need to be externally directed, driven and monitored.

Recommendations

RECOMMENDATION 31: Australia and the US should issue a new directions statement for the alliance—we call this the Darwin Statement—detailing a shared approach to regional security. The value of this is to sustain alliance momentum and find a basis for close engagement with the Trump Administration.

RECOMMENDATION 32: The next government must end the 99-year lease of the Port of Darwin to a Chinese-owned company, and drive the redevelopment of the facility to support an expanded Australian military presence in the north. The Port will also be of increasing use to the United States' military.

RECOMMENDATION 33: To strengthen the ADF's hitting power and underwrite deterrence in the 2020s, Government should acquire two additional squadrons of the F-35 fighter jet, with these being the F-35B short take-off and landing variant, which will support ADF amphibious and littoral warfare capability and be able to operate closely with the US Marines' own F-35B variants.

RECOMMENDATION 34: We should seek Papua New Guinea's agreement to locating significant ADF military assets in that country, emphasising air and maritime power. A new treaty between Australia and PNG should underwrite the closest of alliances between the two countries.

RECOMMENDATION 35: Government must reduce by one-third the numbers of ADF senior officers and Senior Executive Service public servants in Defence. We must rapidly shrink a level of senior management which has become too unimaginative and risk-averse, strengthening Defence's ability to make quick decisions, push delegated decision-making to the right management and accountability levels.

RECOMMENDATION 36: The Australian Defence Force Academy—our military University—should close its Canberra campus and relocate to campuses around the country. We need an officer corps connected to Australian society, not schooled in the Canberra bubble.

Introduction

This sixth and final report in our series designing a new blueprint for the defence of Australia revisits the big strategic issues which are creating a more worrying security outlook for Australia, the Indo-Pacific region and, indeed the world.

Paper one of this series reviewed how Australia has long sought security by being engaged in world affairs, often fighting wars in distant locations because we saw our security as intimately tied to the stability of other democracies. Australia has always looked to work with strong allies and our neighbours and we have prided ourselves in maintaining small but highly capable military forces. We have also looked to deliver security on the cheap, never spending a dollar more on defence than was thought absolutely necessary. The result is that we are deeply underinvested in defence capability.

Paper one concluded that our strategic outlook was rapidly worsening. We need to rapidly strengthen our military capabilities. We suggested buying B-21 Raider stealth bombers to give the ADF more long-range hitting power. We must do this rapidly and well before the AUKUS submarine capability is operationally credible. This measure provides a very capable long range deterrence weapon, while also protecting against the risk that the AUKUS nuclear submarines are late or never eventuate. We argued for more US Marines to be located in northern Australia; for closer ties with Japan and India; for building a Pacific Response Force with our near neighbours and boosting the ADF presence in northern Australia.

Paper two argued that Australia needed to draw lessons from modern wars in Ukraine and the Middle East, and expand our domestic defence industry base to build missiles and the other 'consumables' of modern conflict and boost air defence capabilities—because mainland Australia is within reach of a missile strike. We argued that big cuts to military capabilities made as cost savings in 2023 and 2024 must be reversed. It is extremely risky to cut Defence in the 2020s against the promise of a stronger military emerging in the later 2030s. We called for urgent action to stop the Defence "workforce crisis" as people are leaving the military in droves.

Paper three looked at Defence acquisitions and pointed to the desperate need to bring into service at least one type of Australian produced armed drone. Red tape needed to be cut to get military orders into the hands of Australian medium and small-sized companies, rather than relying on a handful of overseas prime Defence contractors. We need to stockpile ammunition and the "consumables" of war and drastically simplify Defence contracting. And we argued for providing more practical military equipment and humanitarian support to Ukraine, which continues to fight against an illegal Russian invasion that threatens global stability.

Our key recommendation in paper four was to rapidly lift defence spending to 3 per cent of GDP, from its current level of around 2 per cent. We proposed additional measures to ensure greater transparency and accountability on spending, more intelligent Parliamentary oversight, ensuring better quality independent advice to government and developing a shared understanding with the United States about security burden sharing.

Paper five looked at defence infrastructure and energy vulnerabilities and concluded that urgent work was needed to develop a homeland defence strategy, knowing that enemy long-range missiles and drones could target ADF bases and even our cities. We need to harden facilities against potential direct attack. We need a plan for mobilising industrial capability in event of a conflict; build more onshore fuel reserves and more distributed fuel stocks, particularly in the north, and a plan for making northern ports, airports and other facilities "dual use" to support the ADF.

Taken together these recommendations would rapidly transform Defence, make the ADF more outward looking, boost Australian influence regionally and globally, strengthen our combat power (and therefore add to deterrence) and make the country more resilient and better placed to handle strategic shocks.

We don't doubt that these recommendations will force a dramatic and rapid cultural shift in Defence. This is sorely needed. Defence's passive, inwardly-focussed response to the risky strategic developments happening in our region is, in one sense, quite mystifying. Isn't the Defence organisation's whole purpose to guard against these kinds of risk and warn governments when they eventuate? Whatever its cause, we cannot let our military strength go backward any longer. After the 2025 election the government must actively drive a renewal of Australia military power.

Reviewing our previous papers, the responses to them, and our list of recommendations, we identify three main areas where more needs to be done. First, and particularly following the election for the second time of President Donald Trump in the United States, we need a strategy to refresh and repurpose our most important alliance relationship. Second, more must be done to strengthen our capacity to defend our northern approaches. Finally, we need to kick-start deep cultural and organisational reform in the ADF and the Department of Defence. That cannot be expected to come from within Defence or its current leadership, and even with leadership change at the top this initiative will need to be externally directed, driven and monitored.

6.1 Revitalising the US - Australia alliance

Donald Trump was inaugurated as the 47th President of the United States in January 2025, bringing what is likely to be a period of disruption to American government. As in his first term of office, Trump stresses that America's allies must spend more on Defence and bear more of the security burdens America currently carries for them—he argues that NATO countries should lift spending to 5 per cent of GDP—and make larger contributions to alliance security.

There has been some nervous anticipation about how Trump might deal with Australia and perhaps rightly so. The President thrives on being unpredictable but it could not be clearer that he expects America's allies to lift their defence and security effort. Our view is that Australia can and should do more, not to please Trump, but to strengthen our own security. We are a popular country with Americans. In Washington DC that positive view is based on us being a strong ally, one that is prepared to make a substantial contribution to collective security – to punch above our weight.

The first face-to-face contact between the Albanese government and Trump administration took place in the form of a meeting between Foreign Minister Penny Wong and Secretary of State Marco Rubio on 21 January 2025. It was a positive meeting where the two agreed "to continue security cooperation through AUKUS and bilateral defense initiatives, and to enhance our partnership on critical minerals and global supply chain security." Wong and Rubio "agreed on the importance of utilizing the U.S.-Australia Alliance to its full extent to maximize opportunities in the Indo-Pacific."[1]

Serious underlying policy differences remain. The Trump administration will see Australia's current defence spending at just under 2 per cent of GDP as inadequate – more half-hearted than "full extent". There are sharp differences on climate policy, on Israel and the conflict in Gaza, on how to engage with China, and on tariffs and trade policy. While Rubio and other Trump officials have indicated support for AUKUS, we do not yet know Trump's personal thinking and whether he will see a diversion of American submarine building effort to support Australia's nuclear navy ambitions as being a good deal for the US.

In short, there is much to resolve in the bilateral relationship. ANZUS and AUKUS are far too important to Australian security to ignore this discussion for long. Prime Minister Albanese has so far resisted suggestions to meet personally with Trump, although he briefly telephoned Trump after the November 2024 presidential election. Sometime towards the middle of 2025 there will be a physical meeting between the Australian Prime Minister and Trump. We can drift towards that encounter, hoping that the positive American view of Australia will keep alliance cooperation on track, but our view is that we shouldn't be complacent. Australia has a good story to tell Trump about the mutual value which comes from the alliance. We need to think hard about how best to make our case with a President who is sceptical about the worth of alliances.

Historically Australia has always had an outsize influence over the shape and direction of alliance cooperation. We think more deeply about it because it is so much more central to our security interests. In the last half century, the Hawke government recast alliance cooperation under the AUSMIN dialogue in the mid-1980s, after New Zealand was suspended from ANZUS because its anti-nuclear policies denied the US Navy port access. John Howard in his first year as Prime Minister in 1996 promoted what became known as the "Sydney Statement". This reaffirmed the security relationship in the post-Cold War era as "a cornerstone of Asia Pacific security into the twenty-first century".[2]

In November 2011 Julia Gillard and Barack Obama expanded military cooperation between the two countries. Henceforth a "rotational presence" of US

1 US Department of State, 'Secretary Rubio's Meeting with Australian Minister for Foreign Affairs Wong' (21 January 2025): https://www.state.gov/secretary-rubios-meeting-with-australian-minister-for-foreign-affairs-wong/.

2 See *Australia-United States Ministerial Consultations 1996 Sydney Statement*. https://www.dfat.gov.au/geo/united-states-of-america/ausmin/Pages/australia-united-states-ministerial-consultations-1996-sydney-statement.

Marine Corps forces would be based in northern Australia and "enhanced" US Air Force and Navy access to Australian military bases lifted the tempo of military cooperation at a time when Southeast Asia was becoming a source of greater strategic interest for China. Then, in September 2021, Scott Morrison along with President Joe Biden and British Prime Minister Boris Johnson announced the trilateral AUKUS agreement, focused on Australia acquiring nuclear powered subs and on promoting military technology cooperation between the three long-standing defence partners.

We stress that Australia originated and drove all these initiatives. Successive Australian governments have redefined strategic cooperation with the United States, and done so every decade, in order to keep the alliance fresh, focused on shared needs and interests and – a key alliance need – driving forward. There is a huge amount of positive work happening in bilateral defence cooperation, it would seem with bipartisan support in Australia.

This activity includes strengthening America's military presence in the north, deepening engagement with Japan and other close partners and, enhancing the ability of our forces to operate together. Regrettably most of this isn't visible to the Australian public because of Defence's preference to operate away from the public eye. There are two dangers here: the first that Governments aren't being honest with the Australian public about the strategic dangers we face. Australians must be kept informed.

The second danger is that the Trump administration may not appreciate the potential value of our alliance engagement. Our solution is that, after the 2025 election, Australia and the US must develop a joint statement outlining the strategic purpose of the alliance in the 2020s and beyond, and recommitting to drive closer, deeper and modernised defence and security cooperation, underpinned by both US and Australian investment in our militaries.

RECOMMENDATION 31: Australia and the US should issue a new directions statement for the alliance—we call this the Darwin Statement—detailing a shared approach to regional security. The value of this is to sustain alliance momentum and find a basis for close engagement with the Trump Administration.

This statement needs to take account of Trump's transactional mindset: that is, we need to explicitly make the case why the alliance, AUKUS, the US Marine Corps presence in the north (which we want to see greatly expanded), and closer industry cooperation represents a "great deal" for the United States.

It emphatically does represent a great deal, so this shouldn't be the hardest sell! It isn't accidental that ANZUS has thrived for almost eighty years – both parties benefit from the relationship. But alliances need to be forward looking: deterrence does not operate on the strength of past glories. Right now, Australia needs to lift its game on the alliance. This and our other recommendations, show the pathway to doing just that. We need to take these steps for our own security, but they will also make us a more valuable and consequential alliance partner.

The alternative is alliance drift, while we wait to be told by the Trump administration that we are failing to perform in the same way that many NATO partners are falling short. A negative American judgement about Australia's defence and security policy settings will come as an unwelcome surprise to the Australian people who, opinion polls show, are strong supporters of the alliance.[3] The government's challenge is to bolster the alliance by lifting our defence effort, shape public expectations about our strategic circumstances and secure continued American support for our shared security needs.

3 The annual Lowy Institute poll for 2024 reports that 83 per cent of Australians agree that the alliance relationship with the United States is very important or fairly important for Australia's security. See https://poll.lowyinstitute.org/charts/importance-of-the-us-alliance/.

6.2 Defence in the North

Our earlier recommendations have included strengthening the military presence in the north of Australia and, importantly, in our northern air, land and sea approaches. Even more important than a direct military presence is the need to expand the infrastructure available for Defence use. That includes making civilian ports and airfields capable of being used by the ADF, allies and friendly forces, increasing the capability to repair and maintain military equipment, and building the capability to store and disperse fuel, ammunition and other defence essentials.

Darwin remains the most important logistics and sustainment hub for Defence across the entire northern half of Australia and the Port of Darwin is by far the single most significant port facility in our north. Yet in 2015 the Port of Darwin was leased for 99 years to a company owned by a major Chinese port and logistics enterprise. At the time this was a massively controversial decision. President Obama chided Malcolm Turnbull for not consulting, or at least advising the US that the lease was under consideration. The best that can be said for the decision was that it was the outcome of a loophole (since closed) in federal foreign investment powers, allowing the Northern Territory government to agree the lease without effective federal intervention. An embarrassed Defence Department retrospectively judged that the lease would not adversely impact on the Navy's patrol boat operations out of a tiny adjoining military base. This entirely missed the importance of the port to sustain the full spectrum of alliance military operations out of northern Australia, projecting force outwards as well as bringing troops and supplies inwards. If an organisation could get post-traumatic stress disorder, Defence would have it over the Port of Darwin decision. The organisation is incapable of admitting it mishandled the issue, hindering its ability to take the necessary steps to bolster northern security.

The snafu over the Port of Darwin lease started a necessary process of Australia strengthening foreign investment powers and reducing, to some degree, dangerous Chinese overt and covert manipulation of our critical infrastructure. However, the Port lease has remained in place. In November 2023 Anthony Albanese said that "I wouldn't have, and a government I lead wouldn't have leased the Port of Darwin to any foreign interests. I think that that was the wrong decision at the time." But he claimed that a review by his department "in consultation with the security agencies" concluded that no "measures" were required to take action on the lease.[4]

Commonwealth governments have failed the country in refusing to reverse the Port of Darwin lease to allow our own military and our partners and allies to take full advantage of the best port facility in the strategically vital Darwin harbour. We think the main reason for this has been to avoid a difficult conversation with Beijing. The Chinese Communist Party is well aware that the lease complicates our ability to support a significantly larger maritime presence in Darwin. Our national plans to expand the Army's fleet of amphibious ships as well as to accommodate a growing US military presence in the North is such that the Port lease will need to be revisited in the coming term of government.

On current planning, construction will start at Henderson in Western Australia in 2026 to build eight "Landing Craft Heavy" (LCH) vessels for the Army. These are considerable ships with a displacement of 3,900-tonnes, 100 meters in length and 16 meters beam. (By way of contrast the ANZAC frigate, *HMAS Parramatta* has a displacement of 3,600 tonnes, length of 118 metres and beam of 14.8 metres.) Each LCH will be able to carry more than 500 tonnes of military equipment, including Abrams tanks and infantry fighting vehicles.[5]

4 Anthony Albanese, 'Press Conference Darwin' (4 November 2023): https://www.pm.gov.au/media/press-conference-darwin-0.

5 Stephen Kuper, 'Government announces next-gen Army Landing Craft Heavy' (*Defence Connect*, 22 November 2024): https://www.defenceconnect.com.au/naval/15129-government-announces-next-gen-army-landing-craft-heavy.

We understand that the intention is to locate two of these vessels, along with the slightly smaller Landing Craft Medium ships, close to each of the Army regular brigades the ships will support. Army's 1st brigade headquartered in Darwin will be the first unit to take control of two LCHs. Readers will ask: where will these ships be home-ported? The answer is that 1st Brigade has no option other than to use the Chinese leased facilities at the Port of Darwin and just accept security risks in doing so. There is no funding to support constructing new port facilities and Darwin's tiny patrol boat base is too small for the purpose.

Beyond our own needs, any expansion of a US Marine Corps presence in the Top End will put yet more pressure on the Port of Darwin. This is an untenable state of affairs. The US will not tolerate a situation where it is bringing significant military capabilities alongside a Chinese-leased facility. Nor should Australia take that risk. At the time of the original lease there may have been an arguable case to say that intelligence and sabotage risks were controllable, but that view cannot be sustained in 2025 and beyond, when tensions with China in the East and South China Seas and over Taiwan will only grow. It is also immensely regrettable that the Chinese lease has already for a decade prevented strengthening the Defence and allied presence in Darwin which is now long overdue.

RECOMMENDATION 32: The next government must end the 99-year lease of the Port of Darwin to a Chinese-owned company, and drive the redevelopment of the facility to support an expanded Australian military presence in the north. The Port will also be of increasing use to the United States' military.

We think that it is essential that the next government should take federal control of the Port of Darwin and optimise its development for Australian and United States military use. Appropriate commercial arrangements need to be put in place to terminate the current lease. Having taken that step the federal government should seek to put the Port of Darwin back into private sector hands, this time with an Australian company, or at least a company from a trusted international partner. We recommend that the government look at an arrangement whereby a private company or consortia leasing the port is able to rapidly develop and expand infrastructure suitable for ADF and allied use for an appropriate commercial return.

Successive governments have dodged a fundamental national security responsibility to strengthen our northern defences while our strategic outlook has steadily worsened. We know that ending the Port of Darwin lease to a Chinese company will not be welcomed in Beijing. The Chinese are happy to sustain the lease precisely because it holds back our military plans in the Top End. There is no time and no fudge factor left for Canberra to avoid this issue.

We remain strong supporters of the US alliance and believe it will have enduring value. However, as we have written in previous papers, Australia and its strategic policy community have a poor track record in predicting the future, and we do not claim any particular exceptionalism in this regard. In times of strategic uncertainty and change, it is important to pursue courses of action that are relevant across a range of different futures. Investing in Australia's northern infrastructure, both civilian and military is one of those courses of action. It will make Australia stronger and more resilient whatever future unfolds over the next four years and beyond. It will also allow Australia to be a better, more capable and more attractive partner to a broad range of states in our region, both large and small.

Our next recommendation focusses on the need to develop greater air power to support Australian maritime and littoral operations in our northern approaches. As part of extensive cost saving measures announced by the Albanese government in 2024 the decision was taken not to acquire a fourth squadron of the F-35A conventional take off and landing fighter jet.[6] In our view this runs completely counter to the need for Australia to develop more flexible forms of strike capability. A strategy built around producing a small but "perfect" ADF in the later 2030s, which is funded by strangling defence capabilities in the 2020s, is one which weakens regional stability by reducing the deterrent capability of our military.

We recommend that the next government resumes the plan to acquire a fourth squadron of F-35 aircraft, putting the focus on the F-35B variant which can land vertically like a helicopter and take-off within very short distances, and also does more by acquiring a fifth squadron to add resilience to this key part of Australian airpower. Two F-35B squadrons will be able to operate in support of the US Marine Corps, including off USMC ships, as well as support deployed land forces from austere and remote locations. As this is a variant of the F-35A, the F-35B will benefit from established maintenance and support capabilities in Australia, although we accept that there is a training and basing impost that comes with bringing a variant aircraft into ADF service.

RECOMMENDATION 33: To strengthen the ADF's hitting power and underwrite deterrence in the 2020s, Government should acquire two additional squadrons of the F-35 fighter jet, with these being the F-35B short take-off and landing variant, which will support ADF amphibious and littoral warfare capability and be able to operate closely with the US Marines' own F-35B variants.

The F-35B is currently in production and is a mainstay of British airpower, with 138 aircraft planned for the Royal Air Force. Japan has 105 F-35As and will start taking delivery of 42 F-35Bs from mid-2025, which will operate off Japan's two Izumo-class "destroyer carriers".[7] The F-35B will remain in operation with the US until the early 2080s.[8] What this means is that Australia will be able to operate F-35Bs with its closest ally, the US, and its closest defence partners, Japan and the UK. This is a powerful coalition deterrent and one we can quickly join. Growing the Defence budget to 3 per cent of GDP will enable the purchase of this aircraft and the necessary expansion of the Air Force to operate and maintain it.

A key value of this move is that the aircraft can be brought into service within the 2020s, strengthening regional deterrence and adding real combat power to the ADF's plans for more distributed amphibious and littoral operations into our region. We are not making any recommendation about where the aircraft should be based, but we think an obvious focus should be from northern locations operating into our northern approaches. Government should press Defence to think creatively about F-35B basing options, including (see the following recommendation) from distributed bases in our wider region.

6 Adam Thorn, 'Australia won't expand F-35 fleet, Defence confirms' (*Australian Aviation*, 18 April 2024): https://australianaviation.com.au/2024/04/australia-wont-expand-f-35-fleet-defence-confirms/.

7 Dzirhan Mahadzir, 'Delivery of F-35B Lightning II Fighters to Japan Delayed' (*US Naval Institute News*, 10 January 2025): https://news.usni.org/2025/01/10/delivery-of-f-35b-lightning-ii-fighters-to-japan-delayed.

8 Craig Hoyle, 'UK to take first TR-3-standard F-35, as Lockheed targets full 138-unit commitment' (*Flight Global*, 29 October 2024): https://www.flightglobal.com/defence/uk-to-take-first-tr-3-standard-f-35-as-lockheed-targets-full-138-unit-commitment/160501.article.

During the Abbott government, Defence vigorously resisted the idea of adding the F-35B to the force structure and also of strengthening the decks of the two so-called Landing Helicopter Dock ships (the *HMAS Canberra* and *HMAS Adelaide*) to allow the aircraft to fly off these platforms.[9] A driving consideration here was the Defence wish to operate only the F-35A variant across four squadrons. Times have changed. Defence has much more strongly embraced a maritime and littoral warfare concept for the Army, meaning that the emphasis is on being able to deploy and support land forces well into our region. Further, this approach allows for closer cooperation with the US, Japan and other partners in the region as well as the UK, now closer in a military sense because of AUKUS. Like its conventional take-off counterpart, the F-35B should be optimised to operate the new Long Range Anti-Ship Missile, making it a formidable deterrent force in our northern maritime approaches. We note that the requirement for four squadrons was originally the number of squadrons the RAAF thinks it needs to maintain a minimum critical mass of expertise as well as deploy one squadron. We think that number should be increased to five or more squadrons, noting the growth of the threat we face in our region.

In talking about the defence of the North, we do not mean that Australia should return to a narrow defence concept where we expect to repel attackers on our northern beaches or contiguous seas. To do so would mean that Australia has already suffered a major defeat.

Our focus needs to be on projecting force in coalition with the US and like-minded countries at significant distances from our shores. Just as was the case in the Second World War, northern Australia is a geographic platform from which Australia needs to protect its interests and project its military capabilities as far into the region as we can manage.

Papua New Guinea remains a vital security focus not only for Australia's strategic interests but also for the security of Southeast Asia and the South China Sea. Military dominance of the PNG landmass was a key strategic aim of Imperial Japan in the Second World War and became the early locus of American preparations for liberating the Philippines from Japanese control. Beyond PNG's strategic importance from a geographic perspective, Australia also maintains close ties with the government and people of the country based on history, proximity, shared democratic values and extensive people-to-people connections.

At the end of 2024 a new bilateral security agreement came into force between Australia and PNG. Signed by Prime Ministers Anthony Albanese and James Marape, the agreement creates a sound basis for modernising security cooperation across a wide range of areas including defence, policing, law and justice, border, maritime, aviation, cyber security and biosecurity.[10] We recognise the Albanese government's efforts to draw closer people to people links between the two countries by sponsoring a PNG team to enter the National Rugby League (NRL) competition no later than 2028.[11]

9 Richard Brabin-Smith and Benjamin Schreer, '"Jump jets" for Australia?' (*ASPI Strategist,* 17 November 2014): https://www.aspistrategist.org.au/jump-jets-for-australia/.

10 Department of Foreign Affairs and Trade, *Australia-Papua New Guinea Bilateral Security Agreement* (7 December 2023): https://www.dfat.gov.au/countries/papua-new-guinea/australia-papua-new-guinea-bilateral-security-agreement.

11 Anthony Albanese, 'Deepening Australia-Papua New Guinea ties through rugby league' (Media release, 12 December 2024): https://www.pm.gov.au/media/deepening-australia-papua-new-guinea-ties-through-rugby-league.

In our first paper of this series, we argue for the creation of a Pacific Response Force involving PNG and other Pacific Island states. We also want to see a larger and more regular ADF presence in the region. Here we want to make the case for doing more specifically with PNG, our closest neighbour and by far the largest Pacific Island state in terms of population, land, and economy. We have seen the impact of China's attempts, driven in haste and fuelled with money and poor-quality aid projects, to reduce Australian and Western influence in the Pacific. No one would want it to be like this, but China is making the business of sustaining influence in the Pacific a zero-sum game. Australia's security interests cannot afford to see our stake in the security of PNG diminished by Beijing.

The positive news is that we have a number of natural connections with Papua New Guineans against which China cannot compete. Australia and PNG are majority Christian nations, we share a constitutional head of state, we share a passion for rugby as a national sport, many people have relatives and connections between the two countries, and remittances and private sector engagements sustain genuine economic ties.

In our judgement what is missing in this picture is a substantial and sustained ADF presence in PNG supporting shared security interests. Australia does fund aspects of the Papua New Guinea Defence Force, including through a recent program to modernise PNG's patrol boats. Regrettably though, the Australian Defence Organisation is reluctant to make big step-changes in the size of its military presence in PNG.

One example of this reticence was an Australian government initiative announced in 2018 for a joint naval base to operate from the deep-water anchorage of Seeadler Harbor on Manus Island. The United States was sufficiently enthusiastic about the proposal to announce, when the then Vice President Mike Pence attended APEC held in Port Moresby, that it would join the project.[12]

Perhaps the least enthusiastic stakeholder in the deal was the ADF. Around $175 million was allocated to support construction work at Lombrum Naval Base on Manus Island in June 2021.[13] Defence made sure that the wharf reconstruction was only of a size needed to support PNGDF patrol boats but too small to support visiting Royal Australian Navy warships. Defence's website on the project hasn't been updated since 2021. We can say with some confidence that no-one in the Department or ADF wanted to see a permanent military presence at Lombrum. Was the location not strategically important? Hardly! In the Second World War the US amassed a mighty fleet in Manus Island's deep-water harbour to support the liberation of the Philippines. (Australia maintained a naval and air base on Manus from 1944 until PNG's independence in 1975.[14]) We note that China has upgraded and now operates the civil airport at Manus, near the Lombrum naval base. Beijing has a very well advanced understanding of the importance or air and maritime infrastructure throughout the Pacific.

12 Katharine Murphy, 'America to partner with Australia to develop naval base on Manus Island' (*The Guardian,* 18 November 2018): https://www.theguardian.com/australia-news/2018/nov/18/america-to-partner-with-australia-to-develop-naval-base-on-manus-island.

13 Department of Defence, *The Joint Initiative at Lombrum Naval Base (PNG)* (June 2021): https://www.defence.gov.au/defence-activities/programs-initiatives/pacific-engagement/lombrum-naval-base.

14 Royal Australian Navy, '*HMAS Tarangau*'. (not dated): https://seapower.navy.gov.au/history/base-histories/hmas-tarangau-history.

Our view is that Defence is locked into a mindset on Pacific Islands security where the aim is to provide a limited range of training and practical assistances to Island military and paramilitary units, but to avoid a large and consistent ADF presence and above all to avoid posting individuals and units to these locations. This may have been the right strategy in past decades, particularly when the US was the predominant maritime power in the Pacific, but it does not support Australia's security needs at a time of greater regional strategic competition.

RECOMMENDATION 34: We should seek Papua New Guinea's agreement to locating significant ADF military assets in that country, emphasising air and maritime power. A new treaty between Australia and PNG should underwrite the closest of alliances between the two countries.

We recommend that the next federal government negotiate with Papua New Guinea to establish a larger ADF presence in-country. Of course, this would be a negotiation between two sovereign countries and we respect PNG's right to determine its own interests. It is incumbent on Australia, though, to make our case for our strategic interests. Our view is that a strong ADF presence in PNG fundamentally strengthens that country's security, but that is a view on which Port Moresby's leaders will make their own judgement. It may be that to support such a development we should negotiate an enhanced security treaty that builds on the 2023 bilateral security agreement and which applies ANZUS-like "article 4" conditions, whereby the parties agree "that an armed attack in the Pacific Area on any of the parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes."[15]

The outcomes we would like to see from such negotiations might include establishing a regular "rotational presence" (to use the language applying to the US Marine Corps in northern Australia) of an F-35B squadron, plus the Army's heavy and medium landing craft operating widely through a variety of PNG ports. Significant ADF and Defence forward support elements would be needed to sustain that military presence, which will bring investment and other benefits to PNG. We think that the US and Japan would potentially become closer partners of PNG, and of Australia in PNG, if agreement could be reached.

A significant ADF rotational presence in PNG clearly would be a step-change in our national strategic posture. The strategic times demand it. The change would also reflect a new government embrace of the demands of security leadership in our region. The biggest block to such developments is constrained thinking in Canberra and a willingness to default to lower cost and much less effective strategies. We can no-longer afford such complacency.

Looking at the sweep of our recommendations relating to northern Australia and security even further north into the region, the sum of our proposals would be to significantly strengthen the ADF's presence in the north, harden and extend Defence and dual-use infrastructure, build stocks of fuel and the "consumables" of war and add great range and hitting power to our force structure in the 2020s.

15 This language from the ANZUS Treaty somewhat strengthens the wording in the 2024 Australia PNG security agreement which says "In the event of an external armed attack on either Party, the Parties shall consult for the purpose of deciding what measures should be taken, jointly or separately, in relation to the attack."

6.3 Defence organisational reform

Our final two recommendations for this study address organisational reform inside Defence. We have resisted the temptation to make too many recommendations in this area mainly because we see that dozens of reform programs over the years have failed. Too often governments think that they will be able to "fix" Defence by tinkering with organisational structure or asking Defence to reform itself by implementing recommendations from a review. Typically, these reform programs don't work. Wire diagrams are re-drawn but then it turns out that Defence's tribalism and Public Service risk aversion allow no fundamental change in behaviour. Defence is adept at waiting out change and has a proven ability to declare reform victory while leaving its processes and behaviours gloriously unaffected. Add to that the decades-long constraint on Defence spending which has kept the budget well below 2 per cent of GDP and what one gets is an endless reform cycle seeking to "reprioritise" funding. Governments have for decades looked for ways to squeeze three or more per cent of GDP in defence capability out of less than two per cent of real expenditure. One might as well try alchemy!

For example, the current government's *2024 National Defence Strategy* started life as a plan to undertake root and branch reform of the ADF, its force structure and the capability development process. Moreover, the review was going to address a "whole of government" approach, looking beyond the Defence Department to see what other parts of the government system needed fundamental change to strengthen national security. When it became clear in the course of 2022 and 2023 that Labor was not going to lift Defence spending but rather stick with fundings projections set by the Coalition government in its *2016 Defence White Paper*, the National Defence reform exercise turned to simply reprioritising internal Defence spending.

The "whole of government" ambition was quietly dropped, and the ADF began shedding capabilities—armoured vehicles, *HMAS ANZAC*, mine-hunting ships, logistics ships, air and missile defence—to free funding for "higher priorities".

Our hope is that the next government doesn't chase the chimera of "reorganisation by review" and has no illusions that Defence and its leadership can—or even wants to—magically fix itself. Reform by review takes too much time—which we don't have given our strategic outlook—and the results are always disappointing. So, our recommendations abandon re-drawing wire diagrams and aim instead at making leadership and cultural change in Defence. Both in the ADF and the Public Service we want to give leaders the power to make decisions and instil in them the courage and sense of accountability needed to act decisively. Our two recommendations are simple. One is, we think easy to do, and the second, with a much longer-term payoff, is considerably harder. Both reforms will be vigorously resisted by the ADF and Public Service. That means Governments and the Minister for Defence must be determined to demand the changes and then relentlessly participate in and oversee implementation.

RECOMMENDATION 35: Government must reduce by one-third the numbers of ADF senior officers and Senior Executive Service public servants in Defence. We must rapidly shrink a level of senior management which has become too unimaginative and risk-averse, strengthening Defence's ability to make quick decisions, push delegated decision-making to the right management and accountability levels.

We think the next government can achieve a relatively quick win in Defence reform by mandating the ADF and Public Service reduce their senior officer numbers by one-third within a three-year term of parliament. That is a conservative reduction given the growth in senior numbers relative to the force and the defence department. This means the "Star ranks" of one-, two-, three- and four-star generals—in Army terms: Brigadier, Major General, Lieutenant General and

General, and their Navy and Air Force equivalents. In the Public Service we are referring to the Senior Executive Service positions of Branch Head (SES Band 1), First Assistant Secretary (Band 2), Deputy Secretary (Band 3) and Secretary (Band 4).

The table below shows the growth of these positions over the last twenty years based on data from Defence Annual Reports.

TABLE 1: GROWTH OF STAR RANK ADF PERSONNEL AND SENIOR EXECUTIVE SERVICE PUBLIC SERVANTS IN DEFENCE

	2003-04 (AVERAGE)	30 JUNE 2014	30 JUNE 2024	% GROWTH BETWEEN 2003-04 AND 30 JUNE 2024
Star rank ADF	119	190	238	100%
Total ADF (including Reserve forces)	72,549	81,064	89,786	23.8%
ADF personnel per Star Rank officer	610	427	377	
Senior Executive Service APS in Defence	102	174	184	80.4%
Total APS in Defence	18,303	21,194	19,831	8.4%
APS per SES	179	122	108	

Sources: *Defence Annual Report 2023-24* Pages 101, 103; *Defence Annual Report 2013-14* Pages 150-51; *Defence Annual Report 2003-04* Page 263. The 2023-34 and 2013-14 Annual Reports are available here: https://www.defence.gov.au/about/accessing-information/annual-reports. The 2003-04 Annual Report is available from the Trove Government Web Archive here: https://webarchive.nla.gov.au/awa/20210121122604/https://www.defence.gov.au/AnnualReports/

To summarise the data:

- In 20 years from 2003-04 to 2023-24 we have seen a doubling of ADF Generals from 119 to 238.
- Over the same period of time the ADF, including permanent force and Reservists has grown by just under 24 per cent from 72,549 to 89,786 people.
- Put another way, the numbers of ADF personnel per Star Ranked officer have fallen from 610 per general in 2003-04 to only 377 people per general in 2024-25.
- Over the same period of time the Senior Executive Service element of the public service in Defence has "only" grown by 80.4 per cent, that is from 102 to 184 SES.
- The total public service in Defence has grown by 8.5 per cent, from 18,303 to 19,831.
- That means the numbers of Defence public servants per SES officer has declined from 179 to 108.

There is no other way to put it: Defence suffers from way too many chiefs and not enough Indians. The doubling of generals in 20 years is a remarkable figure. Remember too that in 2003-04 the ADF was heavily committed on military operations in East Timor and Iraq whereas currently there are very few Australians deployed on operations, a situation which has prevailed for some years.

It is not as though we are getting better decisions. What has emerged is a type of matrix management: issues for decision invariably cover the turf of multiple generals. Instead of directions we get meetings, diffused accountability and a lack of clarity about who is in charge. There is no clear line of sight from the various senior officer roles to any practical organisational outcome or achievement. Generals also require staff officers. We have seen senior officers in charge of our operational forces (that is, the parts of the ADF we can actually deploy) complain that they can't locate smart junior officers because they are all being sucked into a staff-officer machine in Canberra. Staff officers produce paper, demand briefing material from the wider Defence system and coordinate the endless cycle of meetings that eat the days of two- and three-star generals. We note that the inability of senior staff to answer simple questions at Senate estimates hearings shows how layers of hierarchy have come between senior leaders and the issues they are meant to be leading on.

Perhaps not surprisingly the biggest critics of having too many generals are ADF officers themselves. Sure, they create more postings, but they reduce the scope of commands, create impenetrable thickets of process and bureaucracy, drive decisions to more senior ranks and devalue the rank structure. Highly trained professionals who are junior officers have no authority and no responsibility, which is hugely demoralising and a driver of capable people leaving the military. The same, of course is true for the public service.

Some international comparisons are appropriate. It is not easy to find reliable data, but looking at some counterpart militaries this is what we find:

- A 2020 Demographics Report for the United States military reports there were 904 star rank officers for a total number of active-duty personnel of 1,333,822. That is equivalent to 1,475 personnel per star-rank officer.[16]

- United Kingdom data for 1 January 2023 reports 131 star rank officers and a total of 143,558 full time service personnel across all services.[17] That is equivalent to 1,096 personnel per star ranked officer.

- The Canadian Armed Forces reported that as at 20 September 2024 there were 145 flag rank officers in the permanent and reserve forces: "The Canadian Armed Forces is structured to have 631 Regular Force members per 1 GOFO [that is, General Officer and Flag Officer], which makes us lighter at the top when compared to like-sized military forces of some of our closest Commonwealth Allies."[18]

16 US Department of Defense, '2020 Demographics: Profile of the Military Community' (Published September 2022): https://public.militarychildcare.csd.disa.mil/mcc-central/node/35759.

17 George Allison, 'British regular forces numbers broken down by rank' (*UK Defence Journal*, 28 May 2023): https://ukdefencejournal.org.uk/british-regular-forces-numbers-broken-down-by-rank/.

18 Government of Canada, *General Officers and Flag Officers* (Accessed 27 January 2025): https://www.canada.ca/en/department-national-defence/corporate/organizational-structure/general-officers-and-flag-officers.html.

There will be legitimate reasons why these variances exist between senior officer numbers and defence personnel in different countries. Australia is a huge country, with a small, distributed force, operating many different equipment types along with many new and complex defence projects to deliver. Some exception should be allowed for that. But it is nevertheless remarkable that the United Kingdom is able to operate a military 60 per cent bigger than the ADF (143,558 personnel compared to 89,786) with 107 fewer star ranked officers (131 UK compared to 238 in Australia).

Our recommendation is that the government should reduce star rank and public service SES numbers in Defence by one third over a three-year period, meaning that by 2028 at the latest the ADF star rank numbers would be cut from 238 to 159 positions and SES would be reduced from 184 to 123 positions. That puts ADF general numbers still well ahead of their UK and Canadian counterparts. These reductions can be delivered by simply abolishing positions at the end of normal posting cycles.

The outcome will be that senior leaders will have spans of command more appropriate to their rank. Decision making should be driven down to more junior officer/SES positions where they should reside. There will be less matrix management and brokering of lowest-common denominator decisions between Defence tribes. Non-trivial sums of money will be freed for more useful purposes.

Our final policy recommendation is that government should commit to close the Australian Defence Force Academy (ADFA) campus by the end of the 2020s. Rather than concentrating university education for officers in Canberra, we think that Defence should locate officer trainees broadly across Australia.

RECOMMENDATION 36: The Australian Defence Force Academy—our military University—should close its Canberra campus and relocate to campuses around the country. We need an officer corps connected to Australian society, not schooled in the Canberra bubble.

Part of this training might be in a Defence University, which operates small education facilities in our major capital cities, perhaps co-located with current Defence establishments and linked to different civilian universities. But there should also be an emphasis on sending ADF officer trainees to many different civilian universities and overseas, not linked to Defence. We think there is value to be gained exposing officer trainees to a range of educational experiences, including those which will help these individuals build connections with people who will pursue very different career paths in the private sector.

ADFA has undoubtedly been successful at creating a sense of commonality between trainee officers of the three Services. This has helped build what Defence calls "jointery"—a useful skill as our forces will often deploy and operate as a joint force rather than in single-service silos. However, this closer comradery has come at a price, which is that it seems to have made the whole ADF more insular, more tightly focused on its internal arguments and military theological battles, as distinct from being a unique but engaged part of the Australian community with a deep understanding of Australia's broader industrial, research and academic capabilities.

It is certainly true that Defence has become less publicly connected, less inclined to coherently explain its business to the public, media or Parliament, more controlling of information, more inclined to see engaging outside of its own ranks as a risk rather than an opportunity. The more Defence does this the less there is public understanding, interest and support for spending the massive sums of money needed to modernise and strengthen the ADF. Some in Defence will argue that this is the result of successive Governments reducing the ADF's scope to publicly engage. That is partly true, but it is also the result of an organisation—the ADF and civilians in the Defence Organisation—allowing themselves to become more inwardly focussed, more self-referential and, as a result, more contemptuous of their public accountability.

Our view is that ADFA has become part of this problem, part of the Canberra bubble, which separates public policy and public administration from the very people in whose name the ADF functions to defend Australia. It also creates a kind of stultifying sameness to Defence thinking, a resistance to change, to innovation and to lateral thinking. This is dangerous for Defence because of the technologies covered by AUKUS cooperation—not just nuclear propulsion, but the so-called AUKUS Pillar two technologies including quantum computing, artificial intelligence, hypersonic vehicles and the rest—the technological advances are being driven by the private sector. Defence needs to find a way to better engage with the private sector in order to harness these new technologies.

In the future we will need an ADF, and for that matter public servants working in Defence, who mirror the best of Australian society in terms of thinking skills, creativity, energy and engagement and who bring relationships, knowledge of and connections to the larger Australian economy and community with them into their military careers. The best way to develop those skills is to more tightly link the ADF to the community from which it comes. Our officer trainees should start this process by learning alongside Australians and others from a range of campuses well away from the Canberra bubble.

This is a slow-burn cultural change leading to a more engaged ADF and public service decades from now, precisely at the time Australian-built nuclear submarines will be coming into service in the late 2030s and beyond.

APPENDIX

The importance of alliances

One of the recommendations made in the first paper in this Defence Blueprint series was: '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.' We rightfully highlighted how 'a larger USMC presence in northern Australia offers the cheapest boost to deterrence Australia could possibly buy'.

We return to the theme of our American alliance in this sixth and final paper in the series where we make the recommendation to 'Issue a statement from the Prime Minister and United States President detailing their joint approach to regional security, revitalising the ANZUS alliance. This should be the 'Darwin Statement', updating the Sydney Statement of 1996'.

Winston Churchill famously said, 'there is only one thing worse than fighting with allies, and that is fighting without them'. The importance of alliances to the outcome of large wars can hardly be overstated. Since the era of the modern nation-state began in the 17th century, there have been six 'world wars', defined as large, multi-year wars involving all the great powers of the time. In each case it was the alliances that were formed that determined the course and outcome of the conflict.

A review of these conflicts highlights some recurring themes. First, despite the system of nation-states containing a broad variety of members based on very different political, social, economic and religious models, ultimately that system tends to produce two mutually hostile alliances.

Secondly, without fail a more powerful alliance eventually overwhelms a weaker one.

The Thirty Years War (1618-1648) was a complex conflict driven by byzantine political and religious motivations. But at its core was a dispute between the Catholic Habsburg Empire (which controlled large parts of Europe including modern Spain, Belgium, southern Italy, Austria and the Czech Republic) against an alliance of Protestant German states. The Habsburg Empire had by far the greater resources, so would have ultimately overcome the Protestant states, but each time they threatened to do so, there was an intervention by a third state on behalf of the Protestant forces. Firstly Denmark, then Sweden, then France. This meant that the Habsburgs were never quite powerful enough to overcome the Protestant forces, so the war dragged on incessantly, eventually petering out into a draw and the signing of the Peace of Westphalia.

These interventions to save the Protestant forces were a classic example of balance of power politics. A Habsburg victory would have made the Empire so powerful that it would be able to dominate Europe. The other European powers had an interest in preventing that from happening, so they successively made common cause with the German Protestants to hold back the Habsburgs. Even Catholic France joined forces with the Protestant forces to prevent the emergence of a single power that could dominate all of Europe. Without that support the Protestant forces would have been crushed.

Balance of power politics was also the key driver behind the next major international war, the War of the Spanish Succession (1701-1714). At this time, all the major nation-states were ruled by monarchies. Due to intermarriage and the vagaries of succession law, this meant that the family at the head of one state might inherit the throne of another. This is what threatened to happen upon the passing of Charles II of Spain whose throne was to pass to the Bourbon dynasty that ruled France. A unified France and Spain would have been a powerful European state and thus a threat to all the rest, who therefore allied together to prevent that occurring.

As powerful as a unified France and Spain were, they could not defeat the more formidable alliance of Great Britain, the Dutch, Prussia, and Austria, who defeated the French and prevented the succession from occurring.

The British would reprise this role, of balancing against an emerging power that might dominate Europe by joining forces with an alliance opposed to them, in each of the next four major international conflicts; twice more against France and then twice against Germany. In each case they were successful, and in each case it was because the anti-French or anti-German coalition was simply more powerful, although it was sometimes a close run thing.

In the Seven Years War (1756-1763) the main ally of the British on the European continent was Prussia under the leadership of Frederick the Great. This looked like a bad bet in 1761 when Prussia was facing military collapse and defeat against the formidable alliance of France, Austria, and Russia. But the death of Empress Elizabeth of Russia saved Prussia. Her successor, Peter III, immediately withdrew from the war and sought peace with Prussia. This allowed Prussia to recover and eventually the British led coalition was victorious. Perhaps no conflict demonstrates better the crucial role that is played in successfully prosecuting a war than simply keeping an alliance together.

Despite all the focus in the history books on military leadership, tactics, technology, and morale, consistently in big wars these things simply matter less than sheer scale. As Joseph Stalin put it 'quantity has a quality of its own'. During the French Revolutionary and Napoleonic Wars (1792-1815) France consistently proved it had the best army in Europe, and routinely outfought its opponents. Under the leadership of Napoleon Bonaparte it achieved remarkable military victories, conquering vast swathes of Europe. But in the process, it was forced to fight every other power in Europe. It defeated some, but it proved unable to defeat them all once they were united against him. Even a military juggernaut can eventually be worn down. In 1812, after decades of war, France was waging a guerrilla war in Spain, facing a British naval blockade, and launching an invasion of Russia. It was too much, and the tide turned against them. In the Battle of Leipzig in October 1813, the largest battle in history up to that point, the French fielded an army of nearly 200,000 men, but the alliance opposed to them could field twice that number. The French were defeated, and their capital occupied a year later.

In the two World Wars it was a similar story. It was not lack of skill, training, or leadership, or the quality of their equipment that defeated the Germans and their allies. It was a more powerful opposing alliance. In 1914 at the outbreak of World War I, an alliance of Germany and Austria-Hungary faced an alliance of Britain, France and Russia. Germany proved to have the best trained and most professional army in Europe, but the annual national income of the Central Powers was $15 billion to the Allies' $24 billion. The combined population of the Central Powers was 117 million compared to the Allies' 255 million.

As the war dragged on, new powers joined the alliances whilst others left (a common occurrence in big wars). But the changes to the alliances all tended to favour the Allies. In 1915 and 1916 Turkey and Bulgaria joined the Central Powers, but this was more than offset by the entry of Italy and Romania on the side of the Allies. In 1917 Russia exited the war in defeat but, again, this was more than offset by the entry of the United States on the side of the Allies. The United States had a pre-war national income about three times that of Germany, and a population about 50 per cent greater. The millions of new troops the United States were able to send to the Western Front, even though they were inexperienced and often poorly equipped, simply overwhelmed Germany.

Again, at the outbreak of World War II Germany faced a more powerful alliance. The national incomes of the British Empire and France was $22 billion compared to Germany's $17 billion. But, initially at least, Germany avoided a drawn-out war of attrition. After a period of limited activity known as 'the Phoney War', Germany launched a lightning attack on France, knocking it out of the war in six

weeks. It was during the period when Britain stood alone against Germany, with no allies, that Germany was able to run amok, overrunning much of Europe.

But the nature of the war changed in 1941. Germany gained new allies in Italy (in 1940) and Japan, but the much more powerful nations of the Soviet Union and the United States joined with the British Empire. The combined pre-war national income of the Allies was about four times that of the Axis, $109 billion to $27 billion. This vast disparity is why the Allies were able to overwhelm the Axis, building thousands more tanks, aircraft and naval vessels than their foes.

The Axis armies fought courageously, were often well led, and initially at least were well equipped. The key to defeating them was the formation of an awkward but powerful alliance between a communist dictatorship, an imperial monarchy, and a capitalist democracy, and keeping that alliance intact until the bitter end.

The dynamics at play during these "world wars" can still be seen in our current strategic circumstances. First, the tendency to form two mutually hostile blocks. Secondly, big wars are usually won by the bigger alliance, if the alliance can be held together.

Modern geopolitics is sometimes seen as a shift away from the era of bi-polarity during the Cold War, to one of multi-polarity. Certainly, global politics during the Cold War was dominated by the competition between two superpowers, the United States and the Soviet Union and their various allies, most notably the members of the NATO and Warsaw Pact military alliances. But there was scope for non-alignment, indeed that is where we get the term 'the third world', and the two alliances were never entirely stagnant. Perhaps the most significant geopolitical development of the Cold War was the schism between the Soviet Union and communist China in the 1950s which became an all-out split in the 1970s. Afterwards, the Cold War was largely a three-way dance between the Soviet Union, China, and the United States, not a simple bi-polar conflict.

In contrast, as geopolitical tensions have escalated over the past decade, our current era of so-called multi-polarity is looking remarkably similar to the global conflicts of the past, with the formation of two mutually hostile blocs. On the one hand there is an 'Axis of autocracy', a loose but clear alignment between China, Russia, Iran, and North Korea. Against this bloc stands an alliance of democracies, including the NATO members, Israel, and democracies in our region opposed to Chinese aggression like Japan, South Korea, Taiwan, and of course, Australia.

Despite the very different political systems of the Axis of autocracy (a communist dictatorship and Islamist theocracy make strange bedfellows) and the inevitable tensions in holding a large alliance together (to take just one example, Turkey is a NATO member but far from a friend of Israel), the geopolitical system of nation states has a habit of creating precisely such mutually hostile blocs.

The war in Ukraine has shone a spotlight on the degree of military cooperation between the autocratic countries, such as Iran providing drones to Russia, North Korea providing soldiers and equipment, and China continuing to purchase Russian goods, in spite of international sanctions, to help the Russian war machine pay for it all. The Ukraine war has also been a reminder that the same military realities that have applied to big wars over the past four centuries still apply today: in a war of attrition the bigger side inevitably wins.

After the initial failure of the Russian military to conquer Kyiv and quickly overthrow the Ukrainian government in a coup de main, the war has settled into a grinding, three-year war of attrition. Russia has an economy more than 10 times larger than Ukraine's, and a population nearly four times larger. In a straight up fight, if Russian national will holds, it should eventually be able to grind down its smaller and weaker foe, in the way the Allies did to Germany in 1914-18. But it is not a straight up

fight. Ukraine has been provided with support from the United States and NATO as well as other friends from around the world. The combined GDP of NATO is about 23 times larger than Russia's in nominal terms. If NATO spent 1 per cent of its combined GDP in supporting Ukraine, that would be over five times more than the already elevated Russian annual defence budget. If that could be maintained it would be Ukraine and its allies grinding down Russia, not the other way around.

Wars are unpredictable affairs. National will can appear to be holding right up until the point that it doesn't. Look no further than the government of former Syrian dictator Bashar al-Assad, whose family ruled the country for more than 50 years until suddenly it crumbled in a week. But given the state of the Ukraine war, a protracted stalemate, unless a negotiated resolution is reached the outcome will almost certainly turn on the degree of support that Ukraine receives and can be maintained from its friends and allies. Strong sustained foreign support will likely see Russia's already strained war economy eventually give. If support is withdrawn Russia should eventually be able to overwhelm her smaller foe. In other words, it will be the strength of alliances that determine the outcome of the war, much as they have determined big wars of the past, and how they determined Bashar al-Assad's fate. In no small measure his government collapsed because Assad's two key allies, Iran and Russia, were distracted by other events and withdrew much of their financial and military support.

If a major war should occur in our region, its outcome will almost certainly turn on the same military dynamics. Yes, it is possible for a war to be won or lost quickly, such as the Six Day War between Israel and its neighbours in 1967, or Operation Desert Storm in 1991. In such wars qualitative advantages, whether in terms of equipment, training, or the element of surprise, can determine the outcome. But once a war drags on it is quantitative factors that matter, such as a bigger army, more money, and greater industrial capacity. It is possible that a major crisis in our region, such as a Chinese invasion of Taiwan, might be over quickly. Whenever a nation voluntarily starts a war it is because they calculate, often wrongly, that it will be over quickly. But if it is not, the outcome will almost certainly turn on whether a strong alliance will be willing to stand against such aggression. And of course, the fear of being challenged by such an alliance is the best way to deter Chinese aggression in the first place.

But there are differing viewpoints about the benefits of alliances. Some believe that military alliances deprive a nation of its sovereignty and independence and are as likely to drag a nation into war as protect it from one – the 'foreign entanglements' that George Washington warned about 250 years ago.

In Australia this view is most prominently championed by former Prime Minister Paul Keating, a long-term critic of the United States and our alliance with it, whilst being an apologist for communist China. Keating claims that Australia should seek to maintain its independence from Washington, and that the ANZUS alliance deprives Australia of its national sovereignty by tying us to American foreign policy and making us dependent on an American supply chain for the supply and maintenance of our military hardware. Such a view tends to downplay the costs and risks of maintaining a truly non-aligned military policy. It also downplays the benefits of alliances and is based on a naïve view of what Chinese intentions would be towards Australia in such a scenario based more on hope than experience.

Far from offering greater national sovereignty and independence, smaller non-aligned nations can be just as susceptible to foreign pressure as those in alliances, but in this case the pressure comes from potential foes, not friends. This phenomenon even has a name "Finlandisation", based on the way that during the Cold War, Finland was notionally non-aligned but was forced to accommodate itself to the foreign policy wishes of its more powerful neighbour, the Soviet Union. It is entirely plausible that if

Australia gave up its alliance with the United States, we would give up the relatively benign influence of a friend for the far less benign influence of a powerful neighbour, China. As just one illustration, Australia's current ambassador to Washington, Kevin Rudd, has expressed severe public criticism of the new American President, Donald Trump. Calls in the United States to have him removed because of those comments have been answered with the cry that this undermines our sovereignty, and Australia should be free to choose our own Ambassadors. Yet can anyone imagine China tolerating an Ambassador who had been openly critical of XI Jinping? A non-aligned Australia would pine for the days when it had to deal with American 'interference'.

And for its troubles, there was no dividend for Finland in terms of reduced defence spending by maintaining a non-aligned position. Quite the opposite. Without the prospect of help from friends, non-aligned nations must spend more on their defence, just to preserve their national borders, often hamstrung by being cut off from access to the latest military hardware and without the burden sharing options possible amongst allies.

For the dubious benefits on non-alignment, Australia would abandon a policy that has served us well for over one hundred years. Australia has been fortunate that in the two world wars we have been involved in, we have been on the side of the larger alliances, and therefore have counted ourselves amongst the winners. In World War I this came at great cost, but the benefits were real. Our participation in that war put Australia on the international map and helped forge our national identity. And our role as steadfast ally to the cause of freedom served us well 25 years later during our moment of greatest threat. When faced with invasion from Japan in 1942, Australia was fortunate to have old allies who fought with us and thoroughly defeated this threat. During the Cold War we similarly chose wisely and allied ourselves with the clearly superior alliance (in moral, economic, and military terms).

If war should return to our region, Australia is currently allied to a nation that has the world's largest economy, largest defence budget, and is the only country that can genuinely project military power anywhere on earth. In a crisis, the United States is the only country that could quickly deploy a Marine Division and an aircraft carrier battle group to our region. This modest deployment alone would instantly double the size of Australia's front-line ground, air, and naval forces.

Of course, maintaining such an alliance comes with some costs and trade-offs. Like brothers, close allies sometimes irritate each other. And alliances work both ways, and to ensure the future help of the United States in a crisis, there is more Australia must and should do in regard to our own defence spending and preparedness. But to paraphrase Winston Churchill, if war comes to our region the only thing worse than fighting it with our American allies would be fighting it without them.

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