Transcript: Foreign Affairs Debate at the National Press Club Canberra

Stephen Smith posted Friday, 13 August 2010

Stephen Smith, Minister for Foreign Affairs and Trade vs Julie Bishop, Deputy Leader of the Opposition

VOICEOVER: Today at the National Press Club, a debate that looks beyond our shores.

Foreign Minister Stephen Smith and the Deputy Opposition Leader Julie Bishop will discuss Australia’s global relationships and our role in an increasingly complex and uncertain world.

The Foreign Affairs Debate from the National Press Club.

CONVENOR: Hello and welcome, ladies and gentlemen, to the latest of our campaign debates here at the National Press Club.

Next week with the National Press Club, it will be the turn of the leaders, Tony Abbott, Bob Brown and Julia Gillard on Tuesday, Wednesday and Thursday at the same time.

But today it’s foreign affairs, and we are delighted indeed to have present Foreign Affairs Minister Stephen Smith and Shadow Foreign Minister Julie Bishop.

The rules are known to both of the combatants and also to the audience. Julie Bishop won the toss and she’s decided to open the batting. So without more ado, Julie Bishop.

JULIE BISHOP: Should the Coalition be elected to govern, we will commit to a distinctive Australian foreign policy that will protect our national interest and secure our economic interests and win the support and trust of the Australian people. Our foreign policy must be coherent and understandable by all Australians and accountable to them.

The Coalition will focus our foreign policy on our region, the Asia-Pacific and the Indian Ocean. As we look east and north, we must also look west.

The Coalition will embark on a reinvigorated diplomatic effort to repair the damage done to a number of our key relationships after three years of untidy and sometimes chaotic behaviour on the part of the Rudd-Gillard Government. And we will rebuild stability, consistency and trust amongst the many bilateral relations and key partnerships that Australia has.

Multilateral institutions are important, and Australia will continue to play an active role in accordance with our national interest. But Australia has much to gain from enhanced bilateral relations that better reflect how countries are, rather than how they were.

The Coalition does take issue with the compromises the Government has made to win a seat on the United Nations Security Council at this time. We will direct our diplomatic efforts to other
campaigns. For example, our bid to host the Square Kilometre Array, the largest and most ambitious international science project in history.

And we will adopt a cross-government approach to bring the threads of government, the non-government sector and business to weave together an individual plan for each country with whom we will have a bilateral relationship.

We will also work with women leaders in our region to address matters of common interest, including a mentoring scheme to encourage younger women to take leadership roles.

The United States is our pre-eminent ally and the relationship, while unshakable, should never be taken for granted. It is crucial to our prosperity and our security.

Japan, our steadfast friend and trading partner, will again receive priority treatment under the Coalition as we pursue a Free Trade Agreement.

China, soon to be the second-largest economy in the world, presents us with many challenges and opportunities. While managing our differences, we will restore consistency and trust to the relationship.

With Indonesia, it is in our mutual interest to agree on a range of issues from regional security, terrorism, people smuggling to freer trade and investment.

India is now our eighth largest trading partner. We will reinstate the in-principle agreement to sell uranium to India and we will pursue a Free Trade Agreement and greater defence cooperation. We are natural maritime partners.

We do face multiple challenges, Australia and the region. We have committed troops to war in Afghanistan, there is instability in Pakistan, tensions on the Korean Peninsula and the risk of nuclear proliferation in the Middle East, and natural disasters are devastating communities. There is an unacceptable level of poverty and disease and human rights abuses. People smuggling has flourished as a trade once more.

Australia will play a role in global and regional forums. We will be a model citizen in our region and we will ensure that the National Security Committee of Cabinet receives pre-eminent status once more, with foreign policy an integral part of its deliberations.

Fundamental to our foreign policy objectives is a renewed focus on overseas aid. We will honour our commitment to spend 0.5 per cent of gross national income on overseas aid. We support the millennium development goals. We will use the principles of focusing on our region, greater transparency and accountability and the use of non-government channels to better deliver aid.

The Coalition will establish a separate department for international development and a Minister for international development within the Department of Foreign Affairs and Trade.

CONVENOR: Ms Bishop, I think it's time for you to wrap up [indistinct].

JULIE BISHOP: The Coalition will rebuild consistency, stability and trust in our region and always act in Australia's national interest, reflecting the values of the Australian people.
CONVENOR: Julie Bishop, thank you very much.

Stephen Smith, your opportunity for your opening statement.

STEPHEN SMITH: Thank you very much, Jim, and I acknowledge the Shadow Minister for Foreign Affairs, Julie Bishop.

A primary obligation of an elected national government is through its foreign policy to advance the national interests of our country, to protect and defend our national security interests and to advance and maximise our national economic interests.

And this is what the Government has done assiduously since it came to office and this will continue if we are re-elected.

When the Government came to office in 2007, in the run-up to that campaign, we expressed very severe concerns about the way in which our predecessors, the Howard Government, had conducted foreign and international relations.

Firstly, we very strongly believed that there had been a neglect of our international engagement through the United Nations, through international institutions and that there had also been a very serious neglect of our own region, in particular the Pacific, where relations with key countries like Papua New Guinea had deteriorated.

We came to office with what we describe as the framework of our foreign policy in international approach, our three pillars: the Alliance with the United States, engagement with the United Nations and multilaterally, and engagement in our region, the Asia-Pacific.

The three pillars are consistent and run true to the fine traditions of Australian Labor Governments in office: Curtin, establishing the Alliance with the United States; Chifley and Evatt, taking us into the United Nations and on the first occasion, into the Security Council; Whitlam, taking us into recognition of China and engagement in our region; and Hawke and Keating, establishing a pre-eminent role for Australia in the Asia-Pacific, particularly through APEC as a leaders' meeting.

In our three pillars, we have advanced, at every level, Australia's national economic and national security interests.

Our Alliance with the United States, we have worked well with two administrations, with both the Bush Administration and the Obama Administration.

We effected our election commitment to withdraw our combat troops from Iraq, and we did that in a professional and sensible manner, not disturbing the centrality of the United States Alliance, which remains the bedrock of our strategic security and defence arrangements.

We're working closely with the Obama Administration, particularly in Afghanistan, where we seek to stare down international terrorism.

So far as our engagement with the United Nations is concerned, we have re-engaged with the United Nations and re-engaged with the important international institutions. We do this, not just because the United Nations is the premier international institution for peace and security and important
other areas, but because every challenge we face in the modern world is a challenge which can only be dealt with by dealing internationally or dealing regionally.

The global financial crisis, international development assistance, international terrorism, climate change, transnational crime. You can only address these matters if you’re dealing with other nations, in formal forums either regionally, internationally or through the United Nations, the premier international institution.

And importantly in that space, we have seen the most significant achievement of Australian foreign policy since APEC became a Leaders’ meeting, the establishment of the G-20 at the Leaders’ level.

The G-20 now the premier international economic institution, with the opportunity not just to address the global financial crisis and its aftermath, but also to reform and modernise our international financial institutions which continue to reflect the 1940’s and the 1950’s, not the modern world.

In our own region, in the Asia-Pacific, when we came to office there was a breakdown in relations between Australia and Papua New Guinea and a breakdown in relations between Australia and the Solomon Islands. They have both been repaired.

Our opponents, when they were in office, the Liberal Party for 11 years, never chaired the Pacific Island Forum. We chaired it, most successfully, in Cairns last year, establishing the Cairns Compact for the coordination and effectiveness of development assistance in our region.

This is the century of the Asia-Pacific. Economic, strategic, security, military, influence is moving in our direction. The rise of China, the rise of India, the rise of the ASEAN economies combined. The ongoing central significance and influence of the United States. The continuing importance, economically and strategically, of Japan and the emergence of Indonesia, not just as a regional power but as a global influence.

All of this sees us needing to take steps to not just protect and defend, but to enhance our national interests. That’s why we’ve been at the forefront of regional architecture changes in the Asia-Pacific, making sure that all the key countries are in the same room at the same time, including Australia, able to have a conversation not just about prosperity and investment, as in APEC, but also about peace and security.

And consistently with doing that, we have maintained the strength of key bilateral relationships. The United States, I’ve spoken about. China, Japan, Indonesia, India, all of these relationships have been advanced and taken to a higher, different and better level than when we came to office.

Finally, in addition to that, we have been a good international citizen, committing ourselves to increase our development assistance to 0.5 per cent of GNI by 2015 to 2016. We are on track to do that, unlike our predecessors in office, who slashed our international development assistance.

Thank you.

CONVENOR: Thank you, Mr Smith.
Before we go to questions from our media members, I have a question for both of you. I'll take you in the batting order.

First to you, Julie Bishop. You spoke there of consistency and trust and Indonesia, as you noted, is Australia's most important close neighbour.

Earlier this year, I was interviewing Indonesian Foreign Minister Marty Natalegawa, and he said to me at the time that Tony Abbott's proposal to turn back the boats would be a backward step in relations. How does that sit with developing consistency and trust?

JULIE BISHOP: I have had meetings as recently as yesterday with Indonesian officials and they are deeply concerned by the Gillard Government's announcement that they would establish a regional processing centre in East Timor.

They are disturbed because they were given no notice of this announcement and that is not what friends do.

Secondly, they do not see this as a resolution to the people smuggling problem. It is a problem that Australia must address and stop the attraction to Australia of the people smugglers.

The comment that Tony Abbott made, as of course highly qualified by stating that it's only in appropriate circumstances. It did happen under the Howard Government. Indeed, the Rudd Government telephoned Indonesia and requested that they take the Oceanic Viking and that they take the boat that ended up in Merak.

What we must do with Indonesia is maintain an open, honest and frank dialogue, not surprise them with announcements through the media about issues that will directly affect them. And I intend to engage personally, directly and energetically with the Indonesian Government on these issues.

CONVENOR: Ms Bishop, thank you very much.

Similarly to you, Stephen Smith, in that same interview with Marty Natalegawa, he referred to the Oceanic Viking episode and declared it no template, were the words that he used, for handling the asylum seeker issue and also noted that Kevin Rudd had promised to consult Indonesia before there were any further major changes to Australian asylum seeker policy.

Why then did your government not tell Jakarta about the East Timor asylum seeker proposal, the processing centre proposal, until after the Prime Minister, Julia Gillard, had announced it?

STEPHEN SMITH: Well firstly, Australian officials in Jakarta indicated to Indonesian officials that the Prime Minister would be making a major speech in respect of those matters and on the day of her speech, I spoke personally to Foreign Minister Natalegawa.

I don't know which Indonesian officials Ms Bishop refers to, but when I speak to Indonesia, I speak to Marty Natalegawa, and we have agreed that this is a matter that Indonesia and Australia will pursue after the election. We will have further discussions about it. We've had discussion already, both at officials and at ministerial level.
We will convene a meeting of the Bali Process in the course of this year, at Ministerial level, sooner rather than later. So Australia and Indonesia will progress that matter.

There’s no doubt that people smuggling, human trafficking, boat people issues are a difficulty, both for Australia and Indonesia. That’s why we work very closely with them, through the Bali Process and generally.

More generally, yes, the Oceanic Viking was a difficult time for both of us, but we haven't let those difficulties, the difficulties of large numbers of people moving through our region, disturb this single important fact: our relationship with Indonesia could not be better.

Whilst the relationship between Australia and Indonesia in the Howard years had its moments, the truth is we inherited a good relationship from our predecessors on Indonesia. But we have taken that to a new level.

The relationship between our two countries could not be better and the epitome of that was the most successful visit by President Yudhoyono to Australia, where Australia, for the first time, saw through him the reflection of the modern Indonesia, a popularly elected President, elected twice.

We have one issue that we need to progress with our relationship with Indonesia. Australians need to understand better the modern Indonesia, and Indonesia also needs to understand better the modern Australia.

CONVENOR: Thank you both.

It's now time for questions from our media members on the floor. The first question is from Rod McGuirk.

QUESTION: Rod McGuirk from Associated Press. I have a question for both of you about WikiLeaks.

The United States has reportedly asked Australia, Britain, Germany and other allies to consider criminal charges against an Australian citizen who founded WikiLeaks, Julian Assange, over the Afghan war leaks.

Australia’s also - the United States is also reportedly pressing Australia and other countries to consider restricting his nomadic travels around the world.

Mr Smith, I'd like to ask if you can confirm that. If you won't confirm that, could you tell us if Mr Assange is under criminal investigation, whether consideration is being given to his travels?

And a question for both of you is whether Australia has the responsibility to act against organisations such as WikiLeaks, who could potentially be undermining the national security of an important ally, such as the United States?

CONVENOR: That's two minutes each. First to the Minister.

STEPHEN SMITH: Let me speak generally about WikiLeaks. Firstly, through the Department of Defence we have established a task force to review what damage, if any, has been done to Australia’s national interest as a result of the regrettable publication of these matters, because it is quite clear that in a range of areas there are concerns.
Whether the details released go to operational procedures and put our defence forces at risk, whether the materials released go to Afghan citizens who have been working closely with us and therefore put them at risk, and whether, as a general proposition, there are any operational matters that have now been exposed to public light which is cause for concern.

I have not had representations made to me about the matters you refer to. But quite clearly, we’re working closely with the United States on these matters, defence with the Pentagon. These are very serious matters for concern.

I’m also responsible as Minister for Foreign Affairs in terms of passports and I’ve had no applications or requests to me in respect of the individual Australian citizen’s passport to whom you refer.

CONVENOR: Ms Bishop.

JULIE BISHOP: Obviously these are matters of deep concern to Australia, if in fact it has the potential to impact on our forces in Afghanistan.

If an Australian citizen has deliberately undertaken activities that could put at risk the lives of Australian forces in Afghanistan or undermine our operations in any way, then I would expect the Government of Australia to do all it could in cooperation with the defence, intelligence and security agencies of other relevant countries, in this case, the United States, to identify the source, to take the appropriate action.

Obviously upon coming to government, I would seek a detailed briefing on this matter and would take the advice of defence and our intelligence and security agencies on what steps we could do in cooperation with our allies overseas.

CONVENOR: Would a Coalition Government contemplate withdrawing Mr Assange’s Australian passport?

JULIE BISHOP: We would obviously contemplate all action that would ensure that our operations and our troops in Afghanistan were not put at any unnecessary risk caused by the actions of an Australian citizen.

CONVENOR: The next question is from Mark Dodd, and if I could ask the questioners to identify their organisation please.

QUESTION: Mark Dodd, The Australian newspaper.

Relations with Fiji have gone from bad to worse. Bainimarama is now threatening to sever ties with Australia and New Zealand in favour of a sharper engagement with China.

Mr Smith, does this represent a policy failure on the part of the Government and is a new approach now required?

And Julie Bishop, how would the Coalition, if elected, handle the foreign policy challenge of Fiji?

Thank you.

STEPHEN SMITH: Fiji has been a difficulty or an issue for successive Australian Governments for nearly a quarter of a century, since the first coup in 1987. And I think it is true in my assessment that
the current Government’s approach to Fiji has largely been a continuation of our predecessor’s approach.

Which is on the one hand, taking a very strong approach so far as the need for Fiji to return to democracy, respect the rule of law, respect human rights is concerned. I haven't spoken to John Howard about Fiji but I suspect if you ask him that question he would acknowledge continuity.

At the same time we have also been at the forefront of trying to get Fiji into a dialogue and despite continual rebuffs, we continue down that path.

I'm a member of the Pacific Island Forum, Fiji Foreign Ministers Ministerial Contact Group. I've been to Fiji twice and I can tell you it’s difficult to have a conversation or a dialogue with a person who wanted to have a one way dialogue.

But Fiji should be a premier economy, a premier nation in the Pacific. It should be a leading member of the Pacific Islands Forum. It’s been suspended both from the Forum and from the Commonwealth because of its refusal to return to democracy. We all remember Commodore Bainimarama's faithful undertaking at the Tonga Pacific Islands Forum to see an election by the first quarter of 2009. That’s obviously passed us by.

So we need to continue to do three things. To continue to keep pressure on Fiji, both bilaterally and through international institutions like the Commonwealth and the PIF. We don't want to do things to hurt the people of Fiji, which is why we don't have trade bans and sanctions. But thirdly and most importantly, we do need to continue bilaterally and in conjunction with the international and regional community, to find some way of opening up an effective dialogue with the Commodore to return Fiji to democracy.

CONVENOR: Julie Bishop.

JULIE BISHOP: It is disturbing that Fiji appears to be moving further down the path towards a military dictatorship and further away from democracy and the rule of law.

Recently I met with a group of Fijian Parliamentarians or former parliamentarians and they urged Australia to be even tougher with Fiji and we have supported the Government’s actions on sanctions.

But of course the toughest sanctions regimes are reserved for countries like Iran and North Korea and Fiji is not in that category. I think there are a number of ways where we could assist Fiji. I mean clearly, electoral reform is one of the fundamental issues. The excuses of not holding a democratic election are all based on their concerns over electoral reform.

And perhaps Australia and New Zealand and other islands in the Pacific could assist in that regard. I think Australians want to see a better outcome in Fiji. Fijians are great friends of Australians. They are a wonderful part of our society. They are great football players in all codes, even in Western Australia, the wonderful Nic Naitanui for the West Coast Eagles.

So Australia does want to see a better outcome in Fiji and I would hope that on coming to Government, we would sit down with our friends in New Zealand and through the Pacific Islands Forum which I know Stephen attended last week to see if there is a way. And I’m hoping that
assisting with electoral reform could break the deadlock to having a democratic election sooner rather than later.

CONVENOR: The next question comes from Dan Oakes.

QUESTION: Hello, Dan Oakes from The Age and The Sydney Morning Herald.

Both parties have committed to 0.5 per cent of GNI for foreign aid. I'm wondering why neither party appears to have committed to the 0.7 per cent nominated as far as the millennium goals are concerned, particularly seeing as we're clearly a wealthy country that appears to have weathered the global financial crisis better than most other nations.

CONVENOR: I might let Julie Bishop start on that one.

JULIE BISHOP: Australia is a generous nation and we do provide significant foreign aid, particularly in our region. A coalition government will honour our commitment to spend 0.5 per cent of GNI on foreign aid. But I point out that it depends very much on the size of the gross national income. On current estimates, if our GNI continues to grow, that will more than double our aid budget to be something in the order of $9 billion.

Last year there was a report from the Auditor-General expressing concern about AusAID's capacity to deliver a significant increase in aid. Upon coming to office a coalition government would hold an independent enquiry into the delivery of aid because there have been concerns raised about our over-reliance on highly paid consultants, about waste and mismanagement and about questionable priorities.

We will also appoint a Minister for International Development to oversee our aid commitment and I believe that if we are able to more effectively and efficiently deliver aid, then we could well increase the budget beyond 2015. But in order for the Australian people to believe in and support and have confidence that they're getting value for money and that the desired outcomes are occurring in the recipient nations, we must ensure the integrity of the delivery of aid as it currently stands.

We would seek to use more non-government channels and entities for better delivery on the ground.

QUESTION: Does that extension of budget commitments beyond 2015 mean that you are committing yourself to contemplating 0.7 per cent? Will that be one of the terms of reference of an independent enquiry should you be elected?

JULIE BISHOP: Our concern is not so much the amount because of course, if the gross national income increases dramatically obviously the dollars will increase. Our concern is how effectively our aid is delivered and whether we're getting value for money for now. The Australian people are generous, they do support development assistance.

We will re-focus the effort on the Asia Pacific/Indian Ocean and should we be able to make savings and deliver aid more efficiently we would continue to increase the budget. I mean that's what I would expect all governments to do. But we have honoured or we will honour our commitment to deliver 0.5 per cent by 2015. We are committed to the millennium development goals both as a moral obligation and as part of our regional security.
CONVENOR:      Stephen Smith.

STEPHEN SMITH: We want Australia to be a good international citizen. When we left office in 1996, the Development Assistance Budget was 0.34 per cent of GNI. The Howard Government slashed that. Its average GNI for Development Assistance over its period in office was 0.27%. When we re-entered office it was at 0.3%. We've now taken it back to 0.33%.

We are on track to get to our commitment of 0.5 per cent of Gross National Income by 2015/16. I've also indicated in the course of this campaign that once we get to 0.5 we would like to and want to, as fiscal and economic circumstances allow, to move to 0.7. But we want to do that in the context of the fiscal and economic circumstances that apply at the time.

More generally, I see the Opposition allegedly subscribing to 0.5 per cent of GNI. The only thing I've seen in the course of the Election campaign is $300 million worth of cuts presented to the Finance Department in the course of the campaign out of the Development Assistance area.

In terms of effectiveness and coordination. In the Budget just gone, we announced that we would have a review of our aid as it goes to consultants. That's underway. We do need to ensure that as the Development Assistance grows, that AusAID, our Development Assistance Agency, is in a good state to manage a substantially increased budget and application of program funds.

That's why we have raised its status to an executive agency. It now reports directly to me, not via the Department of Foreign Affairs and Trade. So we have enhanced its status.

We also need to ensure as the Budget grows and we have the capacity to, not just increase the programs, but also increase the scope of our development assistance to Africa, where we are in desperate need of further assistance in terms of Millennium Development Goals but also the Caribbean.

We do need to ensure that we get value for money, effectiveness. That's why we're growing AusAID as the Development Assistance Agency and why we've put in place the reviews that I've referred to.

CONVENOR:      $300 million worth of cuts. Julia Bishop I think you deserve a chance to comment on that.

JULIE BISHOP:   Indeed. In the last budget Labour put $300 million of Climate Change Adaptation money into the Foreign Aid budget and tried to claim that they'd boosted foreign aid. We will not do that. That is against the principles and guidelines laid down by the Copenhagen Climate Change Conference. We will not use climate change money in a way to say we're boosting foreign aid.

What I will do is reinstate the funding cuts for Consular Services for Australians who are overseas. There are an increasing number of Australians who are travelling overseas. We will reinstate the budget cuts that they made for Consular Services.

CONVENOR:      I don't want you to be like a pair of dogs with a bone, but one last response from...

STEPHEN SMITH: Very simply, all you need to do is just check the returns to finance. Nearly a $300 million cut in climate change adaptation and mitigation and other areas. Julie is wrong in fact in law
and practice. These matters are dealt with by Australia and other countries as being Development Assistance Programs. They are in addition to what we do.

Yes I did go and represent Australia at the Pacific Island Forum in Vanuatu last week. Part of that communiqué was a welcoming from the Pacific Island Forum leaders of those funds in our budget. Because they will assist Pacific Island states in our region for climate change adaptation and mitigation.

CONVENOR: Thank you both.

Next question from Linda Mottram.

QUESTION: Linda Mottram from Radio Australia ABC.

The single biggest question in this region is China. Physically, economically, increasingly militarily. China is also increasingly aggressive. You're both from the west, you'd be aware of concerns in the Indian Ocean. Of course the South China Sea is being very robustly contended I think we can say. If you go further north the story continues.

Yet neither of you have said anything substantial about China during this election campaign. You have not taken that discussion to the Australian people and engaged them in the very important issues that arise from that and the wider question of power shifts to our region.

In fact, Rory Medcalf from the Lowy Institute this morning said it was an indictment on you that you hadn't done so. Is it an indictment and why aren't you talking to the Australian people about those things?

CONVENOR: It's a question to both. I'll start with the Foreign Minister, Stephen Smith.

STEPHEN SMITH: I'm very happy to respond to the first question I've received in the campaign on China. Australia has a very good relationship with China. It started with the Whitlam Labor government's early recognition of China in 1972. It went through, Minerals and Petroleum Resources from my own state of Western Australia.

We now have in the course of our period in office raised our relationship with China to what is described as a strategic dialogue level. China's economic complementarity with Australia continues to grow.

It is also the case that yes, there have been tensions in our relationship with China because we do as different countries and different people, share different values and virtues. Whether it's issues like Rebiya Kadeer's visa, the Dalai Lama, or our view about human rights. We will continue to articulate Australia's values and virtues so far as we are concerned.

Where there are clashes we take a long term view of the relationship. We are not starry eyed about our relationship with China. We are very clear eyed about our relationship with China.

So far as the South China Sea is concerned. When General Guo was here, the Chair of their Military Commission, his visit to Australia coming between Vice Premier Lee's and Vice President Shih's. I raised with him issues of the South China Seas at the recent ASEAN related meetings in Hanoi.
Our officials raised in the East Asia Summit meetings, issues about the South China Seas. We would want those issues to be resolved bilaterally between the countries concerned, China and Vietnam in particular.

But we do worry about potential clashes in the South China Sea being cause for concern in our region and cause for instability and lack of peace and security. So these issues have been taken up directly by me with the Chinese authorities, including with General Guo and taken up by our officials at the appropriate forum, the ASEAN related forums in Hanoi last month.

**CONVENOR:** Julie Bishop.

**JULIE BISHOP:** It's interesting, the debate about the mining tax raised fairly and squarely Chinese interests in Australia. There has been a very robust debate during this Election and before about the mining tax, how it raised questions of sovereign risk and the question of ongoing Chinese investment in our minerals and resources sector.

Even yesterday, Tony Abbott was asked about foreign ownership of property. Clearly the suggestion was in relation to China.

The issues of our differences with China over human rights, of course are dealt with in the ministerial level human rights dialogue that Alexander Downer has set up.

Questions about ministerial meetings with the Dalai Lama. About the Government's refusal to allow ministerial visits to Taiwan, are all matters that have been raised, not only in the past, but are most certainly raised in the Foreign Policy document that I've handed out today.

It is true that China is providing considerable assistance to nations in our region. Recently there was a rather damning statement made to me by the Head of State of another country visiting here, who said, Australia is very good at feasibility studies, but China is very good at building ports and roads.

I think that our independent inquiry into aid will also focus on these issues. Whether there is more that we can do to assist countries in our region, rather than have them be perhaps over reliant on Chinese assistance.

I also note that the Coalition does take issue with the conclusion in the Government's White Paper that the greatest military threat we are likely to receive is conventional warfare with China. That is not our view. We believe that ongoing military, strategic, economic cooperation with China is essential.

**CONVENOR:** It is fair to say, Stephen Smith, I was in Shanghai a couple of weeks ago, that there is considerable concern in China about the Mining Tax and it endures. You have in a sense, upset the apple cart there with the Chinese.

**STEPHEN SMITH:** Firstly, China is not expressly referred to in the Defence White Paper, so I just make that point. Secondly, I've been to China myself. Yes, there is considerable interest in China in the minerals and petroleum resources industry taxation arrangements.

Since we've made very substantial changes to the mining tax, that interest and those concerns have in my view substantially fallen away. You need to proceed on the basis that we've had a Petroleum
Resources Rent Tax for a quarter of a century. We now have - propose to implement a Minerals Resources Rent Tax for iron ore and coal.

If you're a company that doesn't make $50 million profit a year, then you're not caught by the new tax. We think this is a sensible, fair return on the one off use of Australian resources, which will also enable us to put significant infrastructure into Western Australia and Queensland.

That will be of benefit to the Australian minerals and petroleum resources industry, including foreign investors who come from China, as they do from other countries, European Union, UK, et cetera.

CONVENOR: Julie Bishop.

JULIE BISHOP: I'm surprised Stephen is not aware of the deep concerns in the midwest of Western Australia where there are a number of significant mining projects about to get off the ground. They are iron ore projects and they are mining magnetite, so they are included in the government's additional tax.

There is a Chinese company, 100 per cent owned, SinoSteel. That mines haematite and you would think that they would be happy. No, they are not, because the mining companies that are not likely to be viable projects are necessary for SinoSteel, because collectively they will be able to build infrastructure, rail and ports.

So I am very aware, as Stephen should be, that Chinese companies are deeply concerned about the additional mining tax and the impact it will have on fledgling projects and the fledgling magnetite industry in the midwest of Western Australia.

CONVENOR: Miss Bishop, thank you very much

Next question comes from Cathy Alexander.

QUESTION: Hello, Cathy Alexander from Australian Associated Press. A question for you both.

If your party wins the election, who will be the Foreign Minister? And given that neither leader is seen to have particularly extensive experience on foreign issues - so more might perhaps fall to the Foreign Minister - how can you reassure people that that Foreign Minister will be competent?

CONVENOR: Stephen. Could you be Foreign Minister?

STEPHEN SMITH: Well we take things step by step. We're in a tough and tight election and we don't assume that we will win it. And as I've made clear, as the Prime Minister has made clear, if we win the election, she will be responsible for the allocation of portfolios and I can tell you I'm entirely comfortable about that outcome.

Our foreign policy approach will continue, because it is based on the three pillars I've referred to. It is also based on long-term traditional strands of Labor Governments in office. Our Alliance relationship, our engagement in the region, in the Asia-Pacific and also our multilateral engagement.

Tony Abbott has said that if he wins, Julie will be Foreign Minister. People can make their own judgement about that in a personality sense, but in a policy sense, what you will see will be a return to some of the worst aspects of the Howard administration.
A neglect of our multilateral engagement, particularly through the United Nations. We have with the Liberal Party at the moment, the only major political party in the country, that I can recall, which is arguing against our engagement in the United Nations; not even a position that Alexander Downer, or former Defence Minister Hill would subscribe to.

So personalities are one thing. Protecting, defending, advancing, enhancing our national interests, security interests and our economic interests, are predicated on the policy framework that you pursue and the Liberal Party's policy framework of withdrawing from international institutions, withdrawing from the United Nations, advancing Finland's interest over our own interest, will not advance Australia's national interest in any of those respects.

CONVENOR: Julie, I'll come to you in one minute, but if Kevin Rudd is not to be, or would not be Foreign Minister in a Gillard Government, what useful role would he perform for the government, within the Cabinet?

STEPHEN SMITH: The Prime Minister has made clear that he will be a senior member of our team and he will bring all of his personal attributes, which are well known, and he will bring the experience that a former prime minister would bring.

But what portfolio he will have will be entirely a matter for the Prime Minister and I assume if the Liberals win, the same rule will apply for Malcolm Turnbull so far as Tony Abbott is concerned.

CONVENOR: Is that right Julie Bishop?

JULIE BISHOP: Let me just make this point. The Coalition has never said it would withdraw from the United Nations. I've never heard such a nonsensical, ridiculous statement. What we take issue with is the fact that Labor has compromised long held foreign policy positions in its bid to buy votes, to get a temporary seat on the United Nations Security Council at this time. That does not amount to a withdrawal from the United Nations.

The Australian people deserve to know who a Labor Government would have as its Defence Minister, and we don't know; its Finance Minister, and we don't know; its Foreign Minister, and we don't know. Julia Gillard cannot even guarantee that she will last as Labor leader if the polls drop and it's against the wishes of the union bosses.

Now we know that Julia Gillard has promised Kevin Rudd a position in cabinet. Kevin Rudd says he wants foreign affairs. I'm afraid Stephen Smith is not here as the next Foreign Minister.

Tony Abbott has confirmed that should we be elected, and should he be called on to form a government, then I would be the next Minister for Foreign Affairs.

CONVENOR: And Malcolm Turnbull, he made it clear sometime ago that he would like to be Shadow Treasurer, and presumably Treasurer. Is there any chance that that will happen? If not, will he have a Cabinet job under Tony Abbott should you be elected on Saturday week?

JULIE BISHOP: Tony Abbott has said that Joe Hockey will be the Treasurer, but he's also said that he would like to see Malcolm Turnbull in a senior position.
Malcolm is a highly talented and competent contributor to public debate in this country and any party would want his talents and we certainly will utilise them.

CONVENOR: Next question is from Elizabeth Byrne.

QUESTION: Elizabeth Byrne from Australian Network News. I've got a question for both of you.

Under the Rudd Government, we had Duncan Kerr looking after the Pacific, so I'm wondering if I can get a commitment from each of you that whoever is elected, will you put someone in that position, perhaps a Parliamentary Secretary? And will you put some more emphasis on the Pacific, because that seems to have fallen away since that position disappeared?

CONVENOR: I might go to Stephen Smith first, but also the question of, I think, Julie Bishop was saying that an Abbott Government would also have a Minister for...

JULIE BISHOP: Yes.

CONVENOR: ..Overseas Development. Could you address that too please?

STEPHEN SMITH: Our structure would generally be a comparable continuation of what we have und... what we've had under this term.

In terms of development assistance, I was able to report to the Minister for Foreign Affairs who would, of course, be a Cabinet Minister. We have, and he's here. He's done a very good job of Parliamentary Secretary for Development Assistance.

Historically, we've either had a Parliamentary Secretary for Development Assistance or a Minister, and we would have comparable arrangements.

So far as the Pacific is concerned, I don't agree with the comment I've sometimes seen, that our relationship with the Pacific has fallen away. On the contrary, it is much substantially and massively enhanced since we came to office, repairing those bilateral relationships; PNG and the Solomons. Chairing the Forum and the like.

We had Duncan Kerr as Parliamentary Secretary. We would have a comparable arrangement were we to be re-elected.

In terms of the policy approach, our engagement in the Pacific is absolutely essential and that was one of the reasons that when we came to office we established our Pacific Partnerships for Development. We now have 11 Pacific Partnerships for Development. I signed up three more with Pacific countries when I was in Vanuatu recently. We're also developing Pacific partnerships for security in the peace and security front.

So our engagement with the Pacific has been exhaustive. Our engagement on developing assistance matters in the Pacific continues to be our highest priority. We have 55 to 60 per cent of our development assistance funds go to our region, the Asia Pacific, as they should.

CONVENOR: Julie Bishop.
JULIE BISHOP: I have announced that our focus in terms of international development will be on the Asia-Pacific, Indian Ocean. Our greatest level of engagement with the Pacific Islands is in relation to development assistance. In recognition of our renewed commitment to foreign aid in our region, we will appoint a Minister for International Development, with a separate department within the Department of Foreign Affairs and Trade.

And with the elevation of the issue to ministerial level, I believe that the Pacific Islands, as well as other countries in the Asia-Pacific, Indian Ocean, will receive a much greater level of support, focus and foreign policy deliberation, than in the past.

So there will be a Minister for Foreign Affairs in Cabinet, and a minister in the outer ministry responsible for international development, which will encompass a commitment to the Pacific Islands.

CONVENOR: So that means there would be no Parliamentary Secretary specifically for Pacific Islands affairs?

JULIE BISHOP: Well, we haven't had one in the past, but obviously at the level of parliamentary secretary I'd leave that to the prime minister of the day, Tony Abbott, to make a decision about parliamentary secretaries. But our point today is that we will elevate the position of interna... well, the issue of international development, which encompasses many of the concerns of the Pacific islands into a ministry with a separate department.

CONVENOR: Our next question comes from Nick Stewart.

QUESTION: Nick Stewart from the Canberra Times. You both began by enthusiastically jumping up and down on WikiLeaks, and saying what a terrible organisation it was, because it had actually provided some information. Didn't the information about the failure of the war in Afghanistan concern you?

And secondly, more importantly, what are our foreign policy interests there? Why are they so intimately bound up with the continuation of the Karzai regime? And why do we have to remain, from a foreign policy point of view, in a particular province in Afghanistan, maintaining security there? Why shouldn't we just find some other way of actually withdrawing from the region.

CONVENOR: Julie Bishop first.

JULIE BISHOP: I didn't think I was jumping up and down. What I thought I was doing was expressing concern that should the WikiLeaks episode impact on the security and safety of our troops in Afghanistan, then any Australian government would take action.

If the lives of our troops were put at risk as a result of it, or operational matters compromised the Australian people would expect us to take action. But I also pointed out that I would await intelligence, security and defence briefings on the issue, to determine whether that was indeed the case, as I think Stephen indicated.

In relation to our commitment in Uruzgan province, our concern has been that the message the Government sent when the Dutch troops pulled out of Uruzgan was that Australia lacked the
capability or the capacity to lead in Uruzgan. I don’t accept that. And that’s certainly not the advice that we received, nor the public statements of a number of Defence Force chiefs.

**QUESTION:** I will butt in here, Julie Bishop. Does that mean that an Abbott government would approach the United States, suggesting that Australia take over the leadership role in Uruzgan province?

**JULIE BISHOP:** Well the matter has now been resolved, and as I understand it the United States is taking the lead. Now of course we would be always open to a request from the United States to assist in ways that will ensure that we are able to succeed in Afghanistan.

Now I visited Afghanistan, I’ve seen the role that our troops are playing over there. They are heavily engaged in nation building, in trying to ensure that Afghanistan has a national police, a national security force, so they can take control at their own security and their own protection.

In the meantime we have troops who are undertaking the extremely dangerous task of dismantling the Taliban and other extremist forces. And we of course will take advice from our defence chiefs and other intelligence agencies, should we be in government, about our ongoing role in Afghanistan.

**CONVENOR:** Stephen Smith.

**STEPHEN SMITH:** I didn’t need the inappropriate release of 10,000 documents, potentially putting at risk lives of Australian personnel, lives of Afghan civilians, or operational matters, to let me know that Afghanistan was difficult and dangerous. Nor did I need the inappropriate release of 10,000 documents to have me think about why we are there.

We are there in Afghanistan and in Uruzgan province because we have to do our bit to stare down international terrorism. We know that from the Afghanistan-Pakistan border area. Over the last half-dozen or more years any major terrorist atrocity or threat has come from that area in terms of training and planning.

Australians have been on the receiving end of terrorist attacks, whether it’s in Jakarta or whether it’s been in Europe. And that’s why we’re there. We make a substantial contribution to Uruzgan province. We increased our contribution from eleven hundred to fifteen-hundred and fifty.

At the same time as we did that we made a substantial increase in our civilian, our development assistance, and our diplomatic presence, because we very strongly believe in the United States Obama Administration’s approach that Afghanistan will not be won by military effort alone. It has to be a mix of military effort, political compromise and political solution, and development assistance and capacity building.

We are associated with the Karzai Government because they are the elected government of Afghanistan. But both before, during and after the Afghan election I made the point that we expected to see substantial improvement in the Karzai Government’s performance, in terms of governance, corruption, narcotics and the treatment of women.

But we will play our part in Uruzgan province. We have a new changed leadership arrangement, with combined task, Combined Team Uruzgan. We play a senior role in the management of civilian development assistance and capacity-building matters. But we are there, we have seen Australian
lives lost there. But the cause is to stare down international terrorism, and to stop the Afghanistan-Pakistan border area continuing to be the breeding ground and hotbed of international terrorism.

CONVENOR: Thank you Mr Smith. And the final question for the day comes from Catherine McGrath. Catherine McGrath from Australian Network.

QUESTION: Can I ask you both to comment on perceptions, regionally, through international media, and through some of our neighbouring governments, that Australia, not just in the last three years, but perhaps over the last 15, has become less interested in our neighbours? In what’s happening in those countries, in actual engagement with developments in Indonesia, Malaysia, Thailand, the Philippines, Japan, China, India, as it's focused its relationships on issues like trade and coal, as important as they are, Afghanistan, and the war there, as important as that is, but also, increasingly, on asylum seekers. That that has forged the way our foreign policy is shaped.

Can you assure the countries of this region, you know, whether or not Australia is interested, and what Australia’s view is of our role with those countries? And a quick comment, if I could - in Battlelines Tony Abbott, Ms Bishop, talks about an Anglosphere of like-minded countries, is that going to be a plank of a foreign policy under a Liberal government, what does that mean?

And, Stephen Smith, recently Julia Gillard has mentioned the UK as the home of Australia’s traditions and political system. That’s a new element - obviously we’re very aware of that history, but to discuss that in the few comments she’s made does seem new. Can you comment on those please?

CONVENOR: Julie Bishop first.

JULIE BISHOP: I believe Tony Abbott is referring to like-minded democracies in the English-speaking world. In relation to the concerns within the Asia-Pacific of which you speak, I do believe that the arrogance of the Rudd government, epitomised by Prime Minister Rudd, has caused immeasurable harm in the region.

The announcement of an Asia-Pacific community without consulting any of the nations affected has done harm. The downgrading of our relationship with Japan, as perceived by Japan, has been a source of tension. Indonesia has obviously not been happy with the way it's been treated over the Oceanic Viking, the Merak incident, and the announcement of a regional processing centre without prior consultation.

I cannot understand how this Government could have announced a processing centre in East Timor without first contacting the Prime Minister and the government, and why the Government continues to ignore the resolution of the East Timorese parliament that clearly shows they do not want the processing centre. They are not in negotiation with the Government. The Deputy Prime Minister of East Timor says they are not negotiating. I don't know who Stephen says they are negotiating with, but it’s certainly not East Timor.

The way Julia Gillard spoke of Nauru, in the debate on - a couple of weekends ago - when she dismissed Nauru’s ability to enter into an agreement with Australia, as if it were some kind of failed state, has really disturbed the people of Nauru.
So I do believe that there is a repair job that is needed to be done, and the Coalition will commit to reinvigorate, and energetically pursue better relations with the region, and reinforce our commitment to the Asia-Pacific and Indian Ocean.

CONVENOR: Stephen Smith.

STEPHEN SMITH: We have a long-standing historical relationship with the United Kingdom as you would expect, and a very important, ongoing strategic defence and security relationship with them, and they are very important investors in Australia.

One of the things we've done in addition to improving a raft of relationships with regional organisations has been to strike a modern Australia-European Union partnership framework, which has considerably modernised our engagement with the European Union.

More closely in our backyard, I don't quite know what Tony Abbott meant when he said that he would support an Anglosphere and that Australia would have a role as a neighbourhood watch society for Western values in our region. I don't know what he meant by that.

I'm sure it reminded the region of John Howard's deputy sheriff, and I don't think it was a good contribution and I don't think it showed very good judgement.

I substantially disagree with the analysis that over the last three years, there has been anything other than an enhanced engagement in our region, both at the institutional level, Pacific Island Forum and the ASEAN-related institutions, but also bilaterally with our major relationships.

India, we've taken that to the level of a Strategic Partnership, a much higher engagement now than in the past. And in the first speech I made as Foreign Minister, I said we had to look west. We've recently become the vice-chair of the Indian Ocean region for cooperation with India's support and we'll take over the chair from them in a couple of years' time.

Our relationship with Japan, people are now understanding that the relationship is both strategic, security and defence.

And with Indonesia, the visit of the President here showed just how strong that relationship is.

So I don't agree with the analysis. Now, I do agree with the view that when we came to office, we had very considerable difficulties in our Pacific relationships, and there was a perception in the Asia-Pacific that Australia had neglected - a range of things we've done: engagement, signing up for Kyoto, the apology, they sent very good messages to the region that Australia was back and wanted to engage in a genuine partnership effort.

CONVENOR: Thanks, Mr Smith. Now, time for closing statements, and first from Julie Bishop.

JULIE BISHOP: International relations and Australia's place in the world is a fundamental plank in serving our national interest.

A country like Australia relies on a strong framework of networks of our relationships with countries in our region and beyond.
Throughout my professional career, I have built networks, including internationally. I was involved in establishing a network of major international law firms throughout the Asia-Pacific region. I chaired the Government's policy committee on foreign affairs, I chaired the Joint Standing Committee on Treaties.

As Education Minister, I hosted the first international education forum in our region, and a regional education ministers’ forum to build stronger educational networks in our region.

I pay credit to Stephen Smith for the hard work that he has done in this portfolio. But his efforts have been consistently undermined by the arrogance of former Prime Minister Rudd, and I believe the former Prime Minister’s efforts in our region and beyond have done immeasurable harm that will need to be repaired.

Likewise, the new Prime Minister. Her first foray into foreign relations in relation to East Timor was embarrassingly inept, and the revelation that she treats the National Security Committee with disdain is absolutely unacceptable. I think Stephen Smith has spent precious time in damage control.

Now, we’ve heard today that if Labor wins government and Julia Gillard is Prime Minister, she will be appointing Kevin Rudd to a senior position and he wants Foreign Affairs. So ladies and gentlemen, Stephen Smith is not here today as the next foreign minister of Australia.

Today, I have outlined the Coalition’s commitment to rebuilding the stability, the consistency and the trust in our foreign policy objectives; to renewing our focus on aid development and ensuring that our efforts are directed to the Asia-Pacific and the Indian Ocean; and to ensuring that foreign policy always serves Australia’s national interest and it is grounded in the enduring values of the Australian people.

CONVENOR: Julie Bishop, thank you very much. And now, a final statement from Stephen Smith.

STEPHEN SMITH: Well thanks very much, Jim.

Australia is a significant and considerable nation. We are small in population, 23 million, but we are in the top 15 economies in the world as reflected by our membership of the G-20. We are in the top dozen in terms of prosperity, income per capita. We are in the top dozen when it comes to defence and peacekeeping spend, and we are in the top dozen contributors to the United Nations.

We are a significant and considerable nation and we should conduct ourselves accordingly, taking our values and our virtues and our interest to the regional and international community. And if Labor is re-elected, that will continue, both bilaterally, regionally and internationally. We have advanced our interests in all of those areas.

On the other hand, the community has a choice. If you’re a significant and considerable nation but not a super power, in the application of these matters you have to exercise judgement and you have to minimise risk.

Tony Abbott has said that he would focus on an Anglosphere, that Australia would be a neighbourhood watch for Western values in our region. This does not show good judgement.
Julie Bishop says she would be the minister for foreign affairs. In the course of her time as Shadow Minister for Foreign Affairs, we've seen her say that we should not have issued a visa to Rebiya Kadeer because it upset the Chinese, that we should turn a blind eye to the abuse of our passports and that she would tip out publicly, which she did, alleged details about Australian intelligence community operations.

None of these shows good judgement. All of these puts our national security and national interest at risk.

We will continue in the traditions that you've seen from Labor governments over a long period of time: our engagement with the United States through the Alliance which continues to be our bedrock, started by Curtin and continued by all successive Australian governments.

Our engagement with the United Nations started by Chifley and Evatt and continuing to be absolutely essentially important as all the challenges we face require working in cooperation with the international community.

And finally, a priority in our own region, with Asia and the Pacific as the world moves to the Asia-Pacific in the course of this century.

CONVENOR: Thank you, Stephen Smith.

That concludes proceedings from the National Press Club for today. I'd like to offer my personal thanks to both Julie Bishop and Stephen Smith for genuinely entering into the spirit of things. I think it's been a very engaging debate. No one, as I've said before, when sitting on this lectern leaves the Press Club without - empty handed.

We've renewed your membership, Stephen.

STEPHEN SMITH: Thank you.

CONVENOR: And also to you, Julie.

JULIE BISHOP: Thank you.

CONVENOR: Thank you very much, and a small gift to you both. Thank you all. Thanks for attending.

Tags: Affairs, Afghanistan, aid, Asylum, Australia-UK, Border, China, Debate, Fiji, Foreign, Indonesia, Overseas, People, relationship, Security, Seekers, Smith, Smuggling, Stephen