



MINISTER FOR DEFENCE
Leader of the House of Representatives

TO THE CHAIRMAN AND MEMBERS OF THE BOARD: AUSTRALIAN STRATEGIC POLICY INSTITUTE - CHARTER LETTER

Thank you for agreeing to serve on the inaugural Board of the Australian Strategic Policy Institute Limited (ASPI). The purpose of this letter is to provide a starting point for your work in governing ASPI, by explaining the Government's intentions in establishing ASPI, its hopes for the Institute and its expectations of the Board.

The Government's Underlying Purposes

The Government has three key underlying purposes in setting up an independent strategic policy institute.

- First, to provide alternative sources of input to Government decision-making processes on major strategic and defence policy issues. The Government believes that contestability of advice is an important contributor to good public policy, and is concerned that in the strategic and defence policy arena the range of alternative views on which the government can draw is not well developed. ASPI is intended to help remedy this, both directly through its own work and indirectly by encouraging others into the field. An independent policy institute structured along the lines envisaged has the potential to be a valuable source of alternative views on a wide range of issues. By doing so it should also encourage other organisations and individuals to seek to contribute in more concrete and realistic ways to addressing our strategic and defence challenges.
- Second, ASPI is intended to help nourish public debate and understanding. The Government believes that improved public understanding of strategic and defence issues is an important long-term investment in Australia's security. Good policy must be informed by a well-informed public debate, and be supported by a sophisticated public understanding of the choices that need to be made.
- Third, the Government believes that Australia needs to invest in nurturing a body of men and women, working both inside and outside Government, who are expert in the strategic policy issues faced by Government. The Government therefore hopes that ASPI, in fulfilling the first two objectives outlined above, will also contribute to the development of professional strategic policy expertise in Australia.

These purposes are reflected in the Article Three of ASPI's constitution, which says:

The company's object is to function as a strategic policy research centre, independent of Government, providing policy-relevant research and analysis to better inform Government decisions and public understanding of strategic and defence issues, by:

- Conducting and publishing research on issues related to Australia's strategic and defence policy choices.
- Preparing policy inputs on strategic and defence issues to Government, as requested by Government, subject to funding.
- Conducting a program of activities to increase understanding of strategic and defence policy issues among Australians, and to encourage the development of expertise in topics relevant to Australia's strategic and defence policy choices.
- Promoting international understanding of Australia's strategic and defence policy perspectives.

The Government's Concept for the Institute

The final decisions on the establishment of ASPI were made in August 2000, following a number of extensive discussions among Ministers over the preceding months about the best way to achieve the objectives outlined above. The key elements of those discussions and decisions were as follows:

- The purpose of the Institute would be to provide policy-relevant research and analysis to better inform Government decisions and public understanding of strategic and defence issues.
- The Institute would need to operate independently of Government and of the Defence Organisation if it were to fulfil those functions, and that the perception as well as the reality of that independence would need to be carefully maintained.
- The Institute would therefore be established as a Company Limited by Guarantee, managed by a Board of Directors. The Government would be the sole member of the company, though scope would exist for other parties to become members in future should that be desirable.
- The Government's role in the running of the Institute would be limited to the appointment of Directors, and the composition of the Board should reflect the priority given to both the perception and substance of the Institute's independence.
- The composition of the board should also reflect a commitment to the Institute remaining politically non-partisan. For this reason it was decided that the board should include nominees of the Prime Minister and the Leader of the Opposition.
- The Institute would be funded to between million and \$3 Million per annum over a period of seven years under a Funding Agreement with Defence.
- The Funding Agreement would include provision for consultations between Defence and the Institute about the Institute's research program, allowing Defence to contribute to the development of a program that addresses issues of policy priority to Defence.
- The Institute would, in addition to its published research, be available to provide policy inputs direct to Government on request. It might, by agreement, receive

additional specific funding for research work or other services commissioned by Defence or by other Government agencies.

In considering how the Institute might operate, Ministers envisaged that:

- The Institute would maintain a very small permanent staff, and would rely primarily on short-term contracts, secondments and similar arrangements for research work.
- The CEO (Director) would be responsible for much of the day to day running of the Institute, and would need to be a figure of significant standing.
- The Institute would not publish views in its own name, but provide a forum for the publication of the views of the authors of its publications.
- That in addition to a program of research and publication, and the provision of specific work commissioned by Government, the Institute would sponsor and organise a range of activities including lectures, seminars discussions and other events to encourage public discussion and the development of strategic policy perspectives.
- The Institute would build a program of visits by prominent international strategic thinkers.

Corporate Governance

The Government's intention is that the Board of Directors should be entirely responsible for the organisation and operations of the Institute, within the framework provided by the Constitution, and in the light of the guidance provided by this letter. The CEO (Director) would be responsible solely to the Board.

It is the Board's responsibility to decide how best to achieve the Institute's objectives.

The company will be subject to the usual corporate reporting requirements, and in addition, as a Commonwealth company, will need to meet the requirements of the Commonwealth Authorities and Companies Act 1997 (CAC Act 1997). That includes reporting obligations with respect to the responsible Ministers (Defence and Finance, as appropriate), including the preparation of budget estimates and auditing requirements.

Independence and Participation in Public Debate

It will be clear from what I have said earlier in this letter the Government places high priority on the development of ASPI as a centre of excellence in strategic thinking which both is, and is seen to be, independent of Government. At the same time, the Government will want to ensure that its significant investment in the establishment of ASPI is being used effectively to achieve the aims outlined in this letter. The Government will therefore seek, through the mechanisms outlined earlier in this letter, to have a regular input into the setting of ASPI's research agenda.

The Government's aim through those mechanisms will be to ensure that the Institute's research program generally addresses the kinds of strategic issues that confront Australian policymakers, and that specific issues of high interest are addressed. It will not

seek to exercise a veto over the study of any particular topic, nor will it seek to direct the conclusions that might be published on any topic.

ASPI is expected to contribute actively in public debate on strategic and defence policy issues, by the publication of the views of its contributors, including its staff members. In keeping with the principle outlined above, it would seem sensible that all views published should be clearly identified as those of the author, rather than of the Institute itself. More generally, the Institute should take steps to avoid becoming identified with any narrowly-defined lines of thought on specific issues, and attention should be paid to publishing a range of views on contentious topics.

Security

ASPI is conceived as an open and outward-looking organisation. But it may on occasion be called upon by Government to undertake classified work. This should be considered in establishing the Institute.

Linkages

The Institute will need to pay specific attention to building strong linkages with other institutions both in Australia and overseas which have the ability to contribute to its work. While ASPI's primary focus should always remain Australian strategic and defence policy issues, the Government is aware of the contribution that it could make to international dialogue on strategic affairs, and would like to see those opportunities developed.

Thank you all for agreeing to make your time and energy available for this most important and exciting endeavour. I wish you and the Institute the best of fortune.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Peter Dutton". The signature is written in a cursive style with a large initial 'P'.