

Sir Earle Page Memorial Lecture

‘Securing Australia’s Future in a More Uncertain World’

Address by

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E&OE...

I'd just like to start by acknowledging the chairman of the Sir Earle Page Memorial Trust, Christine, and of course the trustees of the Sir Earle Page Memorial Trust. That's the Honourable David Brownhill, Graeme Lavis, the Honourable Don Page, and the Honourable George Souris. Senator Williams, thank you very much for your generous words of introduction. I did enjoy playing rugby, but I really enjoyed playing Aussie Rules as well. I am a Swans supporter, so there you go!

I should also acknowledge the traditional owners of this land and pay my respects to their elders, past and present. I'm absolutely delighted and honoured to be here tonight to deliver the 2017 Earle Page Memorial Lecture.

I think most of you would know a lot more about Sire Earle than I do, but I note he was born in Grafton. Educated at Sydney Boys High School, Sydney University. He became a physician. I think he specialised in pathology, eventually. He worked in Sydney and Grafton. Then along came World War One, and as a very good Australian citizen he volunteered straight away and went off to Egypt as a medical officer in the AIF. He was the member for Cowper for an astonishing 42 years. Of course, for about 19 days he was our 11th Prime Minister of Australia. Of course, the founder and the leader of the Country Party of Australia for 18 years. He served as Treasurer, Minister for Commerce, and also Minister for Health through that very long career. There's no doubt he was an outstanding Australian. A great citizen of Australia. He gave an awful lot of his life and his work to Australians as he represented them in the Parliament.

It's a pretty tough life being a politician. They take a lot of hard knocks, but I think somebody who has served for 42 years... By the way, there's only two other people who've served longer. One of those was Billy Hughes. It's an extraordinary career, and I'm delighted to be here tonight to honour him by delivering this lecture.

Now, the subject I've chosen is 'securing Australia's future in a more uncertain world'. I'll say it right away, I will give you my view as to where we are and where we need to go. The outline of the lecture is I'll start by talking about the global security environment. I'll then go on to Australia's strategic circumstances. I'll then use three cases of concern to illustrate some really serious points. Of course, it won't surprise you one of those is North Korea. I started writing this lecture quite a while ago and I think I've amended it every day over those last two weeks. That's just to reflect what's been happening in the world. I'll finish by giving you my view as to the way forward for Australia. Along the way, hopefully I can give you some insights into some of the things I've experienced through the years.

Let's start with the 21st of June 2017. The Lowy Institute for International Affairs launched their annual poll. Following an extraordinary year where we saw the British vote to exit the European Union, we saw President Trump elected in the United States, we saw the rise of populist and nationalist political parties across the Western world, we had numerous North Korean missile tests, and we also saw, I think for the first time, the great power that cyber has with some major cyber-attacks across the globe. I don't think it's surprising that 79 per cent of Australians are dissatisfied with the way the world is going. Unbelievably, only 20 per cent feel very safe. It's a very uncertain world out there, and I'll now talk about why this might be so.

The comfort of the post-Cold War US predominance is under challenge on multiple fronts. China and Russia play by their own rules. We see an assertive China in the South China Sea, and I'll talk a little bit about that later on. We see a resurgent Russia in places like the Ukraine, but all over the world. We've seen it in the Middle East as well. Importantly, both Russia and China reject the rules-based international order, which I think has been a great way of keeping everybody in the same tent of stability in the years since World War Two. The Chinese and the Russians also rejected US leadership under Obama, and they will take every opportunity to assert their interests in their respective parts of the world.

Indeed, while I was in the Ukraine three years ago to lead and coordinate Australia's mission to recover the 38 victims on MH17 I saw the Russians at work. You might remember that was in the immediate aftermath of the annexation of the Crimean peninsula from Ukraine. I saw them use every means they had to undermine the government of Ukraine. Information warfare. Covert infiltration of special forces in civilian clothes. Overt support to the separatist forces that were fighting in the East of Ukraine, in the provinces of Donetsk and Luhansk, and of course more recently we've seen a number of cyber-attacks that have been targeted on the Ukraine.

On top of this, if I just move on to the next subject, we see the continuing challenge of Islamic terrorism. Although Islamic State is very much in retreat in Syria and Iraq, and I would anticipate that the city of Mosul will be liberated any day soon. We see terrorist attacks, mounted by Islamic State in Europe, the United Kingdom, (Manchester and London, very recently), Tehran, in Iran, Kabul in Afghanistan, and of course we've seen Islamic State active in the Philippines. I will talk about that a little later on. In addition, there's a crisis in Western democracies. Widespread rejection of globalisation, and in some countries that's leading to isolationist and protectionist policies. We also see the rise of nationalism and populism, and stronger support for extreme political movements.

What I'd like to do is go back to a time when Australians felt even more insecure, and more unsafe, than they do right now. I think it's probably appropriate that I do, that because it's 75 years ago since we had that very grim year in 1942. I just try to imagine what it must have been like for Australians at that time. They had seen the fall of Singapore, the bombing of Darwin, and the Japanese forces advancing down through the islands relentlessly. Nobody seemed able to stop them, but in May of 1942, the first of two great naval battles was fought. That was the Battle of the Coral Sea. It was a tactical draw, but for the American-Australian fleet it was a strategic victory because the purpose of the Japanese being in the Coral Sea was to invade Port Moresby, and they had to call off the invasion.

That was the first chapter, but the really decisive battle, from an Australian point of view, was on the 4th and 7th of June in 1942, and that was the Battle of Midway. John Keegan, the great British historian, calls the Battle of Midway the most decisive naval battle in history. Four Japanese carriers were sent to the bottom for the loss of one US carrier, and that removed the last threat of a major invasion of Australia. The Americans saved us in the blackest period of our history. It was also a watershed, because from then on the Prime Minister, John Curtin, cast off the old traditional ties with the United Kingdom and developed a dependent security relationship with the United States for the rest of the war.

After the war, in 1951, the ANZUS alliance was created and it became the cornerstone of our defence policy, and still is. Following the Vietnam War, US foreign policy in Asia was based on free trade, strong alliances, constructed bilateral security relationships with all the democracies in our region, promotion of democratic institutions and values, and the maintenance of a rules-based international order. The US also maintained a very strong military presence in our part of the world and developed strong military alliances, not only with Australia, but also with Japan and the Republic of Korea.

All of that has given us 40 years of incredible peace and stability, and the most remarkable period of prosperity that I think Australia has ever experienced. Indeed, the region has experienced. One of the major beneficiaries of all this stability and peace has of course been China. Through that period we all felt very safe, very secure. That became almost the status quo.

In November 2011, President Obama visited Australia and announced that the United States would rebalance its diplomatic, military, and economic capabilities to Asia and the Pacific. Although the US Force Posture Initiatives, involving the US Marines rotating through Darwin and the Enhanced Air Cooperation Initiative, are progressing well, the pivot has not been as wide-ranging and as deep as we all expected it to be. Nevertheless, the United States remains Australia's most important security partner, and also, something that's lost in the commentary; our number one investment partner. The US invests more in Australia than any other nation, and Australia invests more in the United States than in any other nation. It's something that's often missed when people talk about China, and the Chinese relationship. The US-Australia alliance continues to be a key part of our defence policy and underpins Australia's strategic posture.

Despite some initial concerns immediately after the presidential election, these circumstances have not changed with the arrival of President Trump in the White House. Indeed, the importance of the alliance was reinforced at the Coral Sea commemorations in New York in May, and attended by both President Trump and Prime Minister Turnbull. This was also backed up by robust statements of endorsement for the alliance at the AUSMIN talks, in Sydney in June. Of course, the AUSMIN talks are the highest level of interaction in the security arena between the two nations, in the context of the alliance.

Now, turning on the other hand to Australia's most important economic partner, the People's Republic of China. China of course continues its phenomenal economic growth, which started in the late 1970s. Over the last 30 years, economic growth in China has averaged over 10 per cent a year. As Bates Gill and Linda Jakobson write in their excellent book '*China Matters*', this presents both opportunities and challenges for Australia. China is Australia's most important trading partner. One third of our exports go to China, and the two-way trade, provision of education to thousands of Chinese students, and other services have enhanced our prosperity as a nation. No other G20 economy in the world is as reliant on China as Australia is. This gives China enormous leverage and the ability to use its economic power to advantage, and to influence Australia.

In Australia, we face substantial political challenges and greater uncertainty into the future. We have always defined our strategic outlook in terms of the relationships between the major powers of the Indo-Pacific. That's the United States, China, India and Japan. Let's face it, they're probably four of the biggest and most important countries on the globe. Of course, the most important of these relationships is the one between the United States, our alliance security partner, and China, our number one trading partner. This relationship will continue to be a combination of cooperation and competition, and will be the overpowering influence on Australia's strategic circumstances, now and into the future.

China is by some measures already the biggest economy in the world, and will continue to develop its substantial political and military power. However, the US will remain the preeminent global military power over the next 20 years. China is playing a long, highly strategic game to ensure China becomes the most powerful and prosperous nation in the world. The United States, under Trump, appears to be playing a much shorter, tactical, more inwardly focussed and transactional game to make the United States great again.

President Xi and President Trump appear to have conducted a successful and constructive first meeting at Mar-a-Lago in the US in April, but according to recent media reporting the warm relationship formed in Mar-a-Lago appears to have cooled in the most recent phone call between the two, which occurred a couple of days ago. President Xi appears to have complained about recent actions by the US, including the provision of a US\$1.3 billion arms package to Taiwan. Just yesterday, after the North Korean ICBM test, President Trump was highly critical of China. All of this suggests the way ahead will be challenging. In my view, China and the United States need to redefine their relationship and how it is conducted. Both are nuclear powers with substantial military forces at their disposal, and they share an interdependent economic and trading relationship. They share common interests in the maintenance of stability in the Indo-Pacific, and the pursuit of prosperity. Their differences are most profound in their conflicting interests. The interests of influence and sovereignty. You see that probably playing out in the South China Sea right now. I'll come to that in a moment.

With China continuing to rise, regular high-level meetings will be necessary to establish a constructive relationship which enables deeper mutual understanding, respect, and trust to actively manage the changing political relativities, differences in interests, and the associated risks. This will also ensure that Thucydides' Trap as described in Graham Allison's book, *'Destined for War'*, can be avoided. Indeed, a war between the two nuclear armed superpowers would be catastrophic, and must be avoided. Of course, it would also be disastrous for Australia.

Turning now to my first case of concern. Since 2014, China's more assertive strategy has been very evident in the South China Sea. The Chinese claim, first put forward by Chiang Kai Shek in 1947, has no historical basis that I am aware of, and is based on a nine-dash line which encompasses most of the South China Sea. At its furthest point, it extends more than 1,300km from the mainland of China. Nine artificial features have been built on top of isolated rocks or reefs in the middle of the South China Sea in close proximity to some of the busiest and most important sea lines of communication in the world.

Despite previous assurances that the artificial features would be used for civilian purposes, examination of open source imagery suggests that Fiery Cross, Mischief, and Subi reefs have been developed as military bases, with 3,000m runways, military aircraft shelters, air defence and surveillance infrastructure, and point-defence. They are clearly designed to support air combat and surveillance aircraft. This Chinese strategy is strongly supported by assertive civil coastguard patrol vessels and an aggressive state-subsidised fishing fleet equipped with state-of-the-art communications and surveillance equipment.

Under international law, all of China's construction activities in the South China Sea are illegal. This was confirmed by the permanent arbitration tribunal ruling on the South China Sea at The Hague in 2016. China has simply ignored that finding. Why is China doing this? I would submit that firstly, to establish sovereignty over the South China Sea. Secondly, to establish exclusive access to the economic resources of the South China Sea. Thirdly, to enhance surveillance. Fourthly, to dominate the eastern approaches to the Malacca Straits, China's vital sea lifeline to her energy suppliers in the Middle East. Lastly, to bring the ASEAN nations into China's sphere of strategic and economic influence.

What are Australian interests in all of this? 60 per cent of our trade passes through the South China Sea. We participate in military exercises in the South China Sea. Australian Naval ships and Air Force aircraft have conducted regular surveillance patrols for almost 40 years in the South China Sea. What is the official Australian policy position? Firstly, Australia does not take sides on competing territorial claims in the South China Sea. Australia suggests that land reclamation and construction activities by China and other claimants raises tensions in the region. Australia has particular concerns at the prospect of militarisation of artificial islands or structures, and Australia calls for all claimant states to halt land reclamation, construction, and militarisation. Australia also opposes aggressive actions by states, urges restraint and the need to resolve territorial disputes peacefully in accordance with international law. Further, Australia encourages practical implementation of commitments under the declaration on conduct of the parties in the South China Sea, and urges China and ASEAN members to make early progress on a substantive code of conduct for the South China Sea.

I'd just like to make two key points from the 2016 ruling by the international tribunal from The Hague, because I think they need to be emphasised. Firstly, reefs and rocks used as a basis for artificial features have no jurisdictional limit. In other words, no 12 mile limit around them. The only thing that they would satisfy is a 500m safety distance. That's all. Secondly, no disputes feature within the scope of the ruling in which an island is capable of generating more than a 12 nautical mile territorial sea. In other words, this notion of using the islands to create a 200 mile exclusive economic zone is just not on. It has no basis in the legislation, and I think that has been something that has been a fairly bitter pill for China to swallow.

The United States has conducted five freedom of navigation activities since 2015 to reinforce their right of innocent passage under the United Nations' Law of the Sea. In late May the USS Dewey sailed within 12 nautical miles of the artificial structure at Mischief reef to exercise the right of innocent passage. The Chinese Foreign Ministry, responding to the USS Dewey activity, suggested that the activity was trespassing, muscle-flexing, and not conducive to regional peace and stability. Three or four days ago, the USS Stethem conducted a similar activity near Triton Island, and to date Australia has not conducted any similar activities close to the reclaimed artificial features. However, Australia has emphasised that all states have a right under international law to freedom of navigation and freedom of overflight, including in the South China Sea.

I agree with the Australian policy position. I think testing freedom of navigation close to an artificial structure is not the main game and might lead to a mistake or a miscalculation with major unintended consequences. In my view, our principal interest is to support the maintenance of freedom of navigation for all nations in and through the South China Sea, in accordance with the United Nations Convention on the Law of the Sea. As a trading nation, with 60 per cent of our trade going through the South China Sea, this is an imperative.

The second case of concern is North Korea. In my time as CDF we had seen North Korea engage in brinkmanship across the demilitarised zone. In 2011 they had a handful of nuclear weapons. They were low-yield 10-kiloton weapons with no means of delivery.

Since then, they've made substantial advances in their missile technology. They have been developing longer-range missiles: solid fuel rockets, which have greater reliability. This year so far they've conducted 11 tests. It's becoming quite a fast-paced development programme. I would say, very quickly, the Fourth of July missile test is being treated by some media sources as a demonstration of weapons capability. I don't see it that way. First of all, this is not an operational missile. It's a test missile. I think there's still a real challenge for the North Koreans to miniaturise their warheads so that they can be carried on an intercontinental ballistic missile. We know nothing about their guidance systems and how they would target their missiles on a particular target. We don't know anything about the flight characteristics. All of that may be such that the development of the capability will take quite a while yet, so we shouldn't be concerned that tomorrow one of these things will be fired at the United States with a weapons payload with a nuclear weapon on it.

I guess there's no doubt though, they have advanced with their missile programme. They're also working on reducing the size of their warheads, and many commentators have suggested that they'll have 100 warheads by 2020. They also have an ambition to develop a hydrogen bomb, and a second strike capability. A second strike capability is a capability that you put on a mobile platform. The preferred one is a submarine. Already they've demonstrated a capability to fire a missile from a submarine underwater.

All of this is illegal under international law, and of course in contravention of UN Security Council resolutions. Sanctions have been in place, sanctions enforced by the United Nations for many, many years, but it has little effect on the North Koreans, and particularly Kim Jong-un. It's an intractable problem with no easy answers, but just to summarise where they've got to, they're developing an intercontinental ballistic missile nuclear capability which could strike Australia or the United States. They're developing a second strike capability using submarines, and Kim Jong-un's intent is that he's prepared to use nuclear weapons. He's said so already. As a former military professional, capability plus intent gives you threat, and that's what we've got in this particular set of circumstances.

What are the options to resolve this intractable problem? I think as you've probably seen in the media, there are no easy answers. There's no silver bullet. A pre-emptive strike would be a disaster because there are literally thousands of artillery guns on the other side of the demilitarised zone, and some of those guns only 50kms from the city of Seoul. If there were to be a pre-emptive strike, I'm sure there would be a counterstrike, and the counterstrike would be against the people of South Korea.

Sanctions don't seem to have worked. What about some talks? The six party talks from a few years ago seemed to progress for a while before they finally ran out of steam. Then the final thing is using China's leverage over North Korea: 90 per cent of North Korea's trade comes through China. China buys North Korean coal, provides heavy oil, and actually ensures the survival of the regime.

That's the major objective here. Kim Jong-un's major objective is survival. He wants his regime to survive. He saw what happened to Saddam and Gaddafi when they gave away their nuclear programmes. We all know that they were eventually killed in their respective countries. Gaddafi was dragged out of a pipe and killed in the street. A primary and secondary nuclear strike capability which can hit regional and international targets would give Kim Jong-un the leverage to achieve his objective, and would deter major attacks on his regime, thereby ensuring regime survival.

Previous negotiations to de-escalate the situation and denuclearise the Korean peninsula have gone nowhere. Over breakfast two weeks ago, my friend Jim Clapper, the former Director of National Intelligence in the United States, described a visit he conducted to North Korea that happened a few years ago. What he found was a state that was completely cut off from the rest of the world, with no basis for constructive, let alone trusting, relationships. Paranoia was very evident everywhere he went. Jim suggested to me that one of the things to do in the first instance might be to establish communications between North Korea and the United States by establishing a small diplomatic entity. Not an embassy, but an entity below embassy level, to get a process of communication and familiarisation going. I think that would be something that should be explored, because we've got to do something here. Nothing else has worked thus far.

Another practical option would be to engage China's assistance. The problem with China is that China has this immense leverage, however if they apply too much pressure the regime will collapse. That will create a vacuum, and the South Koreans would probably fill that vacuum very quickly and would end up sitting right on the border with China. China likes to use North Korea as a buffer state against South Korea and the American presence there. My own view is that we need to explore some way of using diplomacy to get a process started to resolve this awful situation. To sit back and do nothing is not an option. We have to go and engage the North Koreans, perhaps with the assistance of the Chinese, so that some of these issues can be addressed and hopefully resolved into the future.

With the probability of North Korea developing a capability that might be able to strike Australia, I think the Australian government needs to have a look at how they would deal with that sort of threat when it manifests. There are a couple of options there. The air warfare destroyer can carry a missile that can intercept intercontinental ballistic missiles. The other thing we could do is go for some of the technology that's available in the United States. The THAAD systems one of which was going into the border of South Korea but is on hold at the moment.

Enough said about that. The third case of concern is the Southern Philippines, and the return of foreign fighters. The Southern Philippines has been a very unstable place for many years. The island of Mindanao has had various Muslim insurgent groups on it ever since I can remember. Perhaps one of the most lethal of them is the Abu Sayyaf, who have taken hostages, often Western hostages, sometimes kidnapping them from resorts in Malaysia, and then holding them for huge sums of ransom.

The situation in Marawi in Southern Mindanao at the moment is different. What we have are fighters loyal to Islamic State taking over a town in the Philippines. Although the Filipinos are fighting back, it's a very serious situation because they've essentially occupied a large part of that town for the best part of two months now. Some of the foreign fighters are from Indonesia. Others from Malaysia. There's even some Chechens there, if the reporting in the media is right. They've shown a great propensity to kill anybody who gets in their way, including civilians. They're holding a large number of civilian hostages.

The reporting I've seen suggests (and that's open source reporting, I don't get to see what's behind the green door anymore) that this place is becoming a beacon for foreign fighters who come from our region returning to somewhere where they can continue the fight. It's a very serious problem. I think the Filipinos will need the assistance of ourselves and other regional powers to deal with a very difficult and challenging problem. We don't want a caliphate, a permanent presence of Islamic State, established on our doorstep in the Philippines. We don't want all the returning fighters coming to this, what might be seen as a safe haven for jihadist fighters coming to our part of the world. If we allow it to fester, we'll end up with more terrorist attacks in our region and Australians on holiday in places like Bali and across the region will become targets. It's imperative that we deal with this and we cut it out as quickly as we can. I think the provision, the government providing two P-3 aircraft to surveil the very poorest borders around Southern Mindanao, is a good start. We need to do more though, and not just us. I think we need to encourage the other nations in the region to be there with us, and also together with the United States, and help the Filipinos win this fight. It's one we can't afford to lose.

To finish off, let me talk about the way forward for Australia. The ANZUS Alliance. I am a very strong supporter of the ANZUS Alliance. It's still the cornerstone of our defence policy. A lot of people were saying, when President Trump came to power, "It's time to recalibrate the arrangement. It's time to change it." No. We need it just as it is. No recalibration. If anything, we need to further strengthen and develop the Alliance, because what lies ahead is a much more uncertain world and the value of that alliance will increase and certainly not diminish. There's no substitute for the Alliance. We do have a tendency to take it for granted.

Going solo, as some people have suggested, or having an alliance with ASEAN, is just not a practical proposition. If we go solo, expect to pay more in taxes because we will have to double the amount of defence spending to about four per cent of GDP, because we get so much value out of the Alliance. We get benefits in being able to acquire the most modern and highly capable technology available to man. We have a wonderful intelligence relationship with the United States. To develop our own intelligence systems to cover everything that is currently provided through the American system would cost an arm and a leg. That's not to say we're not providing our portion of the intelligence, we are. The Americans rely very heavily on us in this part of the world, but if we cut off the Americans tomorrow we're in big trouble.

Interoperability — right now, Talisman Sabre is being conducted down in Queensland. We're the only people in the world that allow somebody to come ashore and 'invade' Australia. Only for a few weeks, but they come ashore, we get to operate with them, we develop very high levels of interoperability across all of our force elements, and it's absolutely invaluable. If we didn't have that, we would not be able to compete on the modern battlefield. We have to prepare for uncertainty in the future. The best way to ensure we have the highest level of capability is to work closely with the most advanced military nation on the planet.

I think the second point I want to make is we need to maintain and embrace a strong network of bilateral, trilateral, and multilateral relationships in our region. We've been doing this for a number of years, but we need to deepen it further, because the better the relationships with the other regional countries, the safer we are. We're getting more and more effective at working with countries such as Singapore. Indonesia, the relationship with Indonesia is much better now than it was when I was CDF. We're seeing joint patrolling, we're seeing some really good joint exercises, and so on.

Third point, we need to enhance the region's ability to respond to developments that threaten collective interests. For example, the South China Sea. We need to help all of those nations that are in and around the South China Sea to develop their patrolling capabilities so that they can look after their interests, their legal interests, and they can resist the coercive approach, the assertive approach, that has been mounted in recent times in the South China Sea. I think Australia needs to support and assist in further development of the regional security architecture. In Europe they have this incredible architecture that addresses any crises that come up from time to time. Our system in our part of the world is still underdeveloped. We need to make it more effective, and more capable.

I think we need to make space for China. The areas where we can really engage the Chinese are perhaps in the regional disaster relief responses. Humanitarian assistance responses. We could have some sort of entity set up somewhere in the region, which is a centre of excellence for humanitarian assistance disaster response. We could get the Chinese to play a leading role in doing that. Essentially then all the nations in the region would respond to whatever the disaster is. Say another Asian tsunami. We could all work together to common purpose, and that will improve relationships and will, I think, help China adjust to the rest of the people in the region. Of course, if you remember MH370, the Chinese put six ships with helicopters down into the Southern Ocean, and they stayed there for an incredibly long time. They demonstrated a great capability to contribute in that search. Peacekeeping is another area that they're very much involved in. We should work with them in the peacekeeping arena. Ship visits, and of course passage exercises.

In terms of enhancing Australia's relationship with China, I think we need to develop a deeper understanding of China. We need to engage, but we need to also hedge. We need to develop a constructive relationship through the strategic partnership that was first announced in 2013. This is an annual leadership dialogue involving the Prime Minister, the Foreign Minister, and the Treasurer. I think that's a key mechanism to get closer to China. The annual leadership dialogue, I think, has great potential. The more engagement we have at the ministerial and senior official level, the better.

My experience of dealing with the Chinese? I used to have a strategic dialogue with the Commander of the PLA every year. The Secretary of Defence and I used to go to China, and the next year he would come to Australia. We developed a really good relationship. A really good relationship. I could tell him anything. I could be as direct as I wanted to be with him. Likewise, he was just as direct with me. The Chinese are very direct people, so you've got to be direct and firm with them. You can't pussyfoot around, you've got to state your position. You've got to state what you want to happen. If you do that in private, it works wonderfully well. What you've got to avoid is the punch-up in public. They don't respond to that, and they think it's disrespectful and impolite. Understanding their culture is important. If you understand their culture, are sensitive to it, you can create enormously good relationships with them. You can cover any subject that you wish to.

You won't be surprised by this one: I think we need to disabuse any nation, and we've seen this in the United States, any nation using any form of influence in Australia to interfere in Australian politics. To interfere in Australian domestic affairs. I think we need to be very, very firm on that. It's quite clear that nations are starting to use information warfare to influence the electorates in other countries. We've got to find a way to defend ourselves from those sorts of attacks. Of course, there's the cyber-attacks as well. I think we're doing a good job in recognising the need for a capability there, but we need to develop a very good cyber defensive capability. I think we're pretty well served at the moment, but there's more that can be done. And we need to encourage our Chinese friends to comply with the global rules-based order.

I think we need to maintain the two per cent of GDP defence funding, and we need to continually increase our self-reliance. There may come a day when our interests and the interests of the United States will go in different directions. In those circumstances we need to be as self-reliant as possible. We need to implement the Government's White Paper'. It is a good one. I like the integrated investment plan. It fills all the gaps, particularly in the enabling capability areas, and the force structure that's laid out is a fantastic force structure. Indeed, by 2021 we will have the best air force in the world. It will be the first truly fifth generation air force. Our air force is already the envy of all of our friends, including the United States.

On the defence industry; we need to have a vibrant defence industry because defence industry is a fundamental input to capability. Defence scientists and defence industry saved me and my troops in Afghanistan. We developed counters to those deadly improved explosive devices that were command activated. Without the scientists, and without defence industry, we wouldn't have been able to do the job. We need to continue our counter-terrorism and counter radicalisation-strategies. I've mentioned cyber-attacks already.

Finally, all I would say is we need to advocate and encourage all nations to adhere to the rules-based international order. We need a code of conduct. It has served this region, and every country in this region, very well through 40 years of peace, stability, and prosperity. If you don't have a code of conduct, you will not be able to pursue the prosperity that we've enjoyed for so many years.

Thank you very much for listening to me. It's been a pleasure to be here.