

**THE HON RICHARD MARLES MP
SHADOW MINISTER FOR DEFENCE
MEMBER FOR CORIO**

**E&OE TRANSCRIPT
SKY NEWS LIVE
PYNE & MARLES
FRIDAY, 20 APRIL 2018**

***SUBJECTS: Defence expos; Syria; Defence appointments; energy; banking
royal commission; cyber security; busiest day of the year***

CHRISTOPHER PYNE: Well, good afternoon and welcome to *Pyne & Marles* here on Sky News Live on Friday, 20 April at 1 o'clock Australian Eastern Standard Time. I'm Christopher Pyne and I'm here in Adelaide, and my co-presenter is Richard Marles and I'm pretty sure he's in Geelong, or might be in Melbourne today. Good afternoon, Richard. Where are you, exactly?

RICHARD MARLES: I'm in Geelong, Christopher. Good afternoon to you as well. It's a lovely still autumn day here. You've been travelling on the road, in the US, Malaysia. How did it go?

PYNE: Good! I was in Washington late last week for the *G'day, USA* defence conference which is growing exponentially. It's trebled since I've been Defence Industry Minister, which speaks volumes for the amount of work we're doing.

Then I went to Malaysia for the Defence Services Asia Conference. I'm sure you've been to a few of these big defence trade shows. There's lots of very large cannons, trucks, tanks, not quite aircraft but certainly aircraft parts there. They're quite good fun. We get lots of business done while we're there.

MARLES: Well, really the only ones I've been to are the Australian-based ones, and obviously we have a big one in Avalon.

Now, I don't want to make light of this, obviously, but it has occurred to me that the last two times we've seen America engage in strikes in relation to Syria you've been in the United States. Is that coincidence or do they ask your permission?

PYNE: Well, I think there are probably some far-left Greens who think that I am an operative for the CIA, Richard, but I can confirm that that is definitely not the case. It is quite coincidental, unfortunately, that both times that I've been in Washington in the last two years the Trump administration has taken action against Syria following an appalling acts by the Syrian regime, but I can assure you they're not in the least bit connected. I'm certainly glad that the United States Government has acted, and

so far there's been a pretty muted response from Russia, and let's hope it stays that way because that would be an unfortunate development if it progressed.

MARLES: Well, that is right, and it is really important that a line is drawn by the international community which has some meaning against the use of chemical weapons, which have been outlawed since the end of the First World War. It is an important statement for the international community to make and it does confirm, Christopher, all views that Greens I've met who are absolutely convinced that you are a CIA operative, obviously, this has been borne out

We should get on with the show. It's been a pretty big week, actually, and it started this week with the appointment of Lieutenant General Angus Campbell, soon-to-be General Angus Campbell, as our new Chief of Defence Force. He will take over from Air Chief Marshal Mark Binskin in early July. There was a range of other appointments made at the same time. We're going to have a chat about that this morning.

As you just heard, the energy ministers from the various states have been meeting with the Commonwealth Energy Minister around the National Energy Guarantee being put forward by the Commonwealth Government. We'll talk about that as well.

We've seen extraordinary revelations come forward in the banking Royal Commission. We're going to have a chat about that as well.

Our guest today is Fergus Hanson, who is ASPI's chief of their International Cyber Policy Center, and we're particularly talking to Fergus today given that at the Commonwealth Heads of Government meeting in London cyber security is a critical theme being discussed there.

But let's start with the Defence Chiefs, a big announcement in the Defence world, and indeed a big announcement for our country, earlier this week with the announcement of Lieutenant General Angus Campbell as our next Chief of Defence Force. Have a look at this.

MALCOLM TURNBULL [CLIP]: We need to have the finest minds, the finest leaders, at the helm of the ADF.

ANGUS CAMPBELL [CLIP]: It's a great privilege an honor to serve. It is also an extraordinary responsibility to lead and take care of the men and women of the Defence Force.

JIM MOLAN [CLIP]: He is a very calm man. He is a very considered man.

BILL SHORTEN [CLIP]: Angus Campbell will do, I think, a very distinguished role, as his predecessor, Mark Binskin, did.

MARLES: Angus will do a great job as our new Chief of Defence Force, as Mark Binskin has done during his tenure, but there are a range of other appointments made as well, Christopher. Take us through them.

PYNE: Well it's a big change this week at the top of the Defence services. It's a big turnover of the brass, as we call it. The only person who has remained in their role as Chief of the Army - Chief of the Air Force, I should say - is Leo Davies, but we have a new Chief of the Army replacing Angus Campbell, of course. That's Rick Burr. We have a new VCDF, the Vice Chief of the Defence Force, in a fellow called David Johnston, who used to be the head of the Joint Operations Command, and Mel Hupfeld from the Air Force has replaced David Johnston as head of the Joint Operations Command. So, we have a new Chief of the Army, new Chief of the Defence Force, new Vice Chief of the Defence Force, new Chief of the Joint Operations Command, and a new Chief of the Navy, as well, Mike Noonan, because Tim Barrett, the Chief of the Navy, has also retired mid-year.

So it's an unusual thing in Defence. We turn over almost all the chiefs at once. It's not something that happens coincidentally. It's actually a strategy to bring in fresh thinking, new leadership. Of course, as you would know, Richard, these people coming up through the ranks over a very long period of time and it's a very consistent and calm change. It's not like bringing in a whole new ideological view about anything. They've been preparing for these roles all their careers, so it'll be a very interesting time going forward.

MARLES: The majority of the three-star ranks, the three-star general ranks, are now being changed. They are the service chief level, and in Australia we have one four-star rank and that is the Chief of the Defence Force, so it is a really big change.

I've been incredibly impressed by how the military engages in succession planning. They all know each other. They all have a very strong sense of what lies ahead of them and they bring people on who are behind them.

I think Angus Campbell is a great choice as our next Chief of Defence Force. I first met Angus when he was our general, a two-star, commanding our Middle East operations back in 2011. He's performed a number of roles since then, including, of course, most recently as the Chief of Army and the head of Operation Sovereign Borders.

He's a person who is highly competent, a very safe pair of hands, but very creative, very empathetic, and a very innovative thinker and I think he's exactly the kind of person that we need to have at the head of our defence forces going forward over the next four years.

PYNE: Well, Richard, it's certainly the case that the Australian Defence Force handles succession planning much better than we do in politics. I think we're probably the least capable of handling succession planning in our part of the world, but Angus Campbell will be a great CDF, and I'm looking forward to working with him now and for many years into the future, which means you stay in your job and I stay in mine.

We've also had a big week in terms of energy, and today the energy ministers met in in to discuss the National Energy Guarantee. Let's have a look and see how that's unfolded over the course of the last few days.

JOSH FRYDENBERG [CLIP]: Unresolved, this is harming all Australians.

BILL SHORTEN [CLIP]: Mr Turnbull can't make a decision because his own party hate him more than Mr Turnbull can look after the people of Australia.

TONY ABBOTT [CLIP]: It's absolutely essential that the Lidell power station stays open.

FRYDENBERG [CLIP]: Under the National Energy Guarantee we will value the reliability and the dispatchability that comes from thermal generation, of which coal and gas are two types.

PYNE: Well, Richard, we seem to be making progress on the National Energy guarantee. I heard Mark Butler, your shadow spokesman, talking about this this morning on the radio. It seems to me that the Labor Party are moving much more closely towards the NEG than they were a few months ago. Is that is that a correct reading?

MARLES: We want bipartisan policy in this country, because that's what needs to happen if we're going to provide the indicators to the market which allows the investment and the private money flowing so that we can keep energy prices down.

But here's the issue, Christopher: if you listen to the press conference that occurred just before our show, after the energy ministers broke up, there's still a long way to go before you land the NEG and the levels that you've got attached to this, the numbers you've got attached this, just aren't in the land of the real.

You're talking about a 26 per cent reduction in emissions from the electricity sector by 2030. If that were to happen you would actually need to ensure that no renewable energy was brought online during the 2020s, and yet we've just heard Queensland say that what's fundamental to them is the pursuit of their renewable energy policies, and if you do have an NEG, ultimately, which has substance in it coming out of these meetings, how are you going to get that past Tony Abbott?

PYNE: Well the reality is, Richard, that 26 per cent is the target. If we exceed that, nobody is going to be complaining.

What the Government wants to do is have reliable power at affordable prices and we want to end the fighting, so I'm glad that Labor is coming on board with the National Energy Guarantee. It's a big improvement.

The fact that these state ministers and Josh Frydenberg met today and they're still in discussions, they're going to come back in August after some more work is done, I think is a really important development and what it shows is that we're trying to resolve what's been a 10-year impasse, because the consumers and the people of Australia are much more important than the egos of individual politicians trying to make a point. People want reliable power at prices they can afford.

MARLES: I mean, that's obviously that's right, but you haven't got peace in our time. You need to have numbers which back up the NEG which actually are in the land of the real. Right now that is not the case, and you're a long way from landing this thing and the thing we don't understand is if you actually did land it with the states, how on

earth would you get that past Tony Abbott, because he does not live in the land of the real but he exercises a lot of power over your show.

But we do need to move on. The Royal Commission into banking has been going on this week. There have been extraordinary revelations coming out of it and Craig Meller, the CEO of AMP, has lost his job as a result this morning. Have a look at this.

ANTHONY ALBANESE [CLIP]: They voted against the Royal Commission on more than 20 occasions, even when members of their own backbench were crying out for this Royal Commission.

SCOTT MORRISON: Bill Shorten might be interested in political point scoring about this issue. In fact, he's only been interested in political point scoring.

[CLIP FROM ROYAL COMMISSION]: Adviser is aware that the client is dead continues to be charged.

MORRISON [CLIP]: As disturbing and distressing as these things are, we need to ensure that our responses are well considered.

MALCOLM TURNBULL [CLIP]: We will look forward to the completion of the inquiry.

MARLES: We've got revelations that banking fees have been charged to people who have been dead for a decade. AMP have now come clean about the fact that they were charging for advice they never gave and never intended to give, and along the road were lying to ASIC about it. Now Craig Meller has lost his job. This is carnage. I assume you accept that the Royal Commission is a critically important thing to have happened?

PYNE: Well, thank goodness the Government has been putting in place the laws that will ensure that anybody who's been breaking the rules will be brought to justice, because that's the critical thing, not point scoring about the royal commission. Labor was waving their arms a lot, wringing their hands, huffing and puffing - didn't come up with the terms of reference for a royal commission. We did. We initiated the Royal Commission. It's a government-initiated banking Royal Commission.

There'll be good recommendations coming out of it. There may well be along the way those people who fall by the wayside because they'd been doing the wrong thing, and we've put in place the laws that strengthen ASIC, give more money to ASIC, give it real teeth so that it can pursue people wherever they might be who'd been doing the wrong thing by the consumer. That's the important thing: once again, the Government getting on with the job while Labor wants to play politics.

MARLES: Christopher, I mean, I admire you on the front. To be presenting that as the line right now, given how we have dragged you kicking and screaming to this area of policy and reform within it-

PYNE: -It's our initiative-

MARLES: You're saying the banking Royal Commission is your initiative? You did everything to prevent this from happening.

PYNE: We've initiated it. Rubbish.

MARLES: You initiated it because you because you were dragged by the collar to the starting line. There is absolutely no doubt-

PYNE: -It's the Government's Royal Commission.

MARLES: The Government's Royal Commission because Labor made you do it, along with-

PYNE: -Oh, rubbish. You didn't even have a terms of reference.

MARLES: We absolutely had a terms of reference. It just took you forever to actually get to the starting line.

If you're now trying to claim credit for this, that's fantastic, because the rest of Australia knows where this thing's at. What matters is that this is uncovered, these sort of practices are uncovered, and we actually see that we bring about reform within this industry which is so necessary given the appalling practices which we've seen play out.

I think we've run out of time. We're going to a break. Join us afterwards when we will be talking with Fergus Hanson.

[AD BREAK]

PYNE: Welcome back to *Pyne & Marles* here on Sky News Live. Our guest this afternoon is Fergus Hanson from ASPI, the Australian Strategic Policy Institute. He's the head of the cyber security section of APSI and he's going to talk to us this afternoon about some of the developments there. Thank you very much for joining us, Fergus.

FERGUS HANSON: Thanks for having me on the show.

PYNE: So Fergus, the Prime Minister's said that the focus of CHOGM in London this week for him is going to be developments in cyber security. What can we expect out of CHOGM, in terms of cooperation around cyber?

HANSON: Well, Theresa May has, I don't know she called it the greatest moral challenge of our time, but I think she called it one of the greatest challenges we're going to be facing is the cyber threats that the West faces. Russia has been engaging in just this sort of thing and seems to enjoy the spotlight of recklessness. It's been accused, just a couple of days ago, of interfering in critical infrastructure networks, potentially to lay the foundations for an offensive cyber attack. It's been accused, a couple of months ago, for the NotPetya attack that caused over a billion dollars worth of damage to multinational corporations around the world. Of course, we've had the recent poisonings in the United Kingdom. So, it's just been engaging in a litany of attacks across a range of domains, and I think there's going to be a real

focus in trying to push back and have a united front in terms of telling Russia that that kind of behavior is just not acceptable.

MARLES: So Fergus, cyber does seem to be a growing threat. I have to say that from my knowledge base I often find it hard to get my head around what's at stake here, like can cyber bring down critical infrastructure within nations, but ultimately my question is: do you think that governments, and particularly Western governments, are devoting enough resources, building up enough of an effort here to deal with the threat that's present?

HANSON: Well, especially in the field of work that you're both involved in, I think Western states are really struggling. How do you deal with foreign interference in elections and in democracies?

I think there's two parts of this. One is the physical security of our actual election processes, and we have a fairly uncyber electoral process with pen and paper and pencils for voting. There is a digital component to that, in terms of how the results are transmitted.

The real piece of this is the information environment, and there I think democracies are really struggling to understand how we secure that information environment so that we're not having this phenomenon of fake news or interference from foreign governments in our electoral system.

If we just even take the Bennelong by-election that we had recently, there you had, for example, the Labor Party using WeChat to communicate with the electorate there, and that, because that was an account that had to be registered in mainland China, it was subject to the full force of Chinese government censorship. So you had, in that case, the Chinese Government censoring what the Labor Party could communicate with the electorate in Bennelong. So, there is a more subtle example of how this infrastructure can be manipulated by foreign governments and is already being shaped by foreign governments

Another one I think where we're just not ready yet is how do we translate the information that the intelligence agencies might be seeing, for example, if they're starting to see foreign interference in our elections in our media system. How do they translate that and communicate that into the public domain? It's just not something that they're used to doing and they're not they're not gripped up to do at the moment.

PYNE: Fergus I think one of the challenges of this, and I'm interested in your views on this, is convincing small and medium enterprises that the chain is only as strong as its weakest link and that they will actually have to focus and put real resources into cyber security. Otherwise they won't be able to work in the Defence industry domain, and I think that is something we still need to convey to small and medium enterprises here in Australia. They've been pretty lucky, I think, so far.

HANSON: Well, that's right. I mean, we had the example when the Government released the last Australian Cyber Security Center annual report that example of an Australian defence contractor who was using default passwords, clearly very rudimentary cyber security defences, and I think in a couple of domains there's an absolute need for these companies to have much tighter cyber security. Defence

industry is one where that's absolutely critical. You can't be giving away the pieces of the puzzle and having them stitched together in an adversary state. That's one example.

The other one, I think, is companies that would otherwise be subject to export controls, so Wassenaar countries covered by that agreement. If you're not allowed to export a product overseas in normal circumstances physically you shouldn't be able to export it by default by having lax cyber security.

MARLES: So Fergus, do the tools exist to protect yourself in the cyber domain, encryption and the like? Are they fail safe, or are there in fact some things which just shouldn't be put into the cyber domain?

HANSON: Well, I think there's no such thing as fail safe for anything in this space. Everything is potentially vulnerable. No-one can give an ironclad guarantee, but there are definitely better standards and the Australian Signals Directorate has put out a lot of guidance in terms of how governments and companies can and can lift their standards. So far, I think, there's a long way to go.

In terms of some things shouldn't be connected to the Internet, absolutely there's, I think if you take for example nuclear weapons, there's an example where you probably want to have extremely ironclad protections around that to make sure you're risking as little as possible.

But then it's a sliding scale: do you put health records online? You put lots of personal information online. There's lots of questions to answer in that space.

MARLES: Fergus it's been really fascinating to chat to you and it is the dilemma. I mean the cyber world has completely revolutionized our lives in such a positive way, but it does open up a whole lot of vulnerabilities along the way and it's been great to get your insights about that. Thanks for joining us.

HANSON: Thanks having me on the show.

MARLES: And that brings us to the question of the week, which is inspired by the fact that next week is Anzac Day, and the question is what is the busiest day of the year for a local MP? Now for me Anzac Day is a very busy day of the year, but Christopher, what's your busiest day of the year as a local MP?

PYNE: Well my busiest day of the year is Australia Day, I must say. Australia Day starts for me the night before Australia Day and then runs right through the night of Australia Day. I cover about four different citizenship ceremonies.

On Anzac Day, I was interest to hear the other day you saying that it was your busiest day of the year. For Anzac Day I'm almost over by the time I've done my dawn service and gunfire breakfast, I'm moved on from that stage after that. I basically get the rest of the day off which is fantastic. So, my busiest day is Australia Day.

MARLES: For me it's completely the opposite. I find that I do do things on Australia Day, but I have to work quite hard to find those things to do.

For me Anzac Day starts with the pre-dawn service at 4.15AM at Johnson Park in Geelong and could go right through to the evening, but I tend to conk out mid afternoon.

We think that that might be something to do with the fact that we are, it's regional versus city, maybe, has something to do with why there is a difference in that, but it is a fascinating conversation you and I had about what was the busiest day of the year.

We have run out of time. Next week is Anzac Day, but join us again on Friday when Christopher and I will be having a chat again on Sky News at 1 o'clock on *Pyne & Marles*. We'll see you then.

[ENDS]

Authorised by Noah Carroll ALP Canberra