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**E&OE TRANSCRIPT
SPEECH Q&A
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SUBJECTS: Defence industry; future Press Club address; foreign ownership; Myanmar; Labor Party; cyber security; China; uniforms worn by political candidates

HOST: You've just, in the last part of your speech, Mr Marles, said that you call upon the Government to mandate that the build would be done by a truly Australian company. As I mentioned right at the outset, you could be the Defence Minister in 12 months' time. Would a future Labor Government mandate that all future major defence projects be done by Australian companies?

RICHARD MARLES, SHADOW MINISTER FOR DEFENCE: Ultimately it's going to be a question of what the program is, but the bottom line here has to be that where there is an opportunity to develop Australian defence industry capability, where there is an opportunity to develop the kind of business that could export around the world and help project Australia, then the answer that question is we need an Australian company doing it.

Now, there are going to be some programs where we're not going to be the builder. We're unlikely, or we would not be in a position, for example, to build the Joint Strike Fighter. So, it's not an across the board point to be made, but the point is that there needs to be a thoughtful consideration of this so that in respect of each decision we are doing what we can to maximize Australian defence industry capability based on design, based on intellectual property, based on the smarts being here so that it can help be a projection of Australia.

HOST: Andrew Greene.

JOURNALIST: Richard Marles, Andrew Greene for the ABC. Thank you for your speech. If we see you as the Defence Minister of the near future, your counterpart is yet to address the Press Club in full on her own. Can we expect that you will do that? And secondly, too, to a report today from the ABC that the Government last month awarded a Chinese-owned company a \$6 million grant. This is a company linked to

Landbridge, which has a controversial lease of Darwin Port. Does Labor support that decision, or does it share any of the concerns have been expressed?

MARLES: Firstly, actually I have two counterparts, so I suspect one of them has presented because he's never shy about standing up, but yes, I would absolutely make a commitment now that if I became Defence Minister I'd be happily prepared to come back here.

I'm not aware of the specific grant that you've described, but I'd make these comments: Labor's position in respect of the Port of Darwin and its ownership by a Chinese state-owned enterprise, we have been on the record expressing real concern about that, and we need to be careful about how we do express this.

As Trade Minister I was very supportive of increased Chinese investment in our economy, and indeed reducing the barriers to that and facilitating it, but a fundamental principle has to be that any cent of foreign investment in this country, be it from China or indeed any other nation, must be subjected to a national security test, and the key pieces of infrastructure like ports go to national security. That's why we took a position in the Port of Darwin decision previously. So, without knowing the detail of the specific grant, hopefully that statement is a guide as to what our view would be.

HOST: Lisa Martin.

JOURNALIST: Lisa Martin from Australian Associated Press. Thank you for your address today. I just want to take you away from defence industry for a moment to the issue of military cooperation. The UN has described atrocities against the Rohingya people in Myanmar as a textbook case of ethnic cleansing. The EU, US, UK and Canada and France have cut ties with the Myanmar military. Would a future Labor government to stop military cooperation with Myanmar?

MARLES: Well, it's a good question and it speaks to, obviously, a sadness in what's occurred in Myanmar, but for me also a bit of a sadness in terms of where we see Australia's strategic and foreign policy. The truth is that as a country which should be a leader and give expression to leadership within South East Asia, Myanmar is a place that in my view we should have had a much bigger presence over the last two decades.

If you go back to the period of the '90s when, in a sense, we saw the high watermark of Australia's engagement in South East Asia with what Gareth Evans did with Cambodia, with what Paul Keating did with the defence cooperation agreement with Indonesia, that spoke to what we see as being an appropriate engagement with South East Asia. I don't think we've seen that since then.

If you think about what is the opportunity or the area where we should perhaps have been more involved over that period of time, the answer to that question is Myanmar. There's been good things that have happened in Myanmar in that period of time in terms of the end of autocratic rule and a genuine opening up of the media and democracy, and I think actually there was an opportunity there to see a greater

defence cooperation program with the Myanmar military, but what has occurred now with the Rohingyas makes that, in my view, completely untenable. I mean, it's an appalling atrocity that we are seeing there. The refugee crisis that's been given rise to as a result of it is as pressing a refugee crisis as we have and the most pressing refugee crisis in our part of the world.

I think that makes it very difficult, that until that circumstance is resolved, to continue or to have any defence cooperation with the Myanmar military.

Now, actually making that comment pains me because I feel that in time it's exactly the kind of country we should be working with and it's exactly the kind of military that you would want to have exposed to the way our military operates, but right now, given what has occurred to that minority, I think it's totally untenable.

HOST: Andrew Tillett.

JOURNALIST: Mr Marles, thank you very much for your speech. Andrew Tillett from the AFR here. I just want to talk about the bipartisan commitment to increase defence spending to 2 per cent of GDP. If you are defence minister in 6 to 12 months' time which, you know, given whenever the election is, is Labor committed to the same trajectory of the Government to reach 2 per cent, or do you reserve the right to maybe slow that down to get it out? And secondly, the Integrated Investment Plan attached to the 2016 White Paper, are you committed to that and the timetable for that, or do you reserve the right to try to rework that to, sort of, maybe change some of the projects and equipment that the military wants?

MARLES: Again, good questions. We support a commitment of taking our defence spending to 2 per cent of GDP. We, in terms of the integrated investment program, the starting point is going to be, in my view maintaining continuity in relation to that.

Now, let's flip the answer, in a sense. In saying that you would that, we would maintain that as a starting point, to say up front that you're going to do everything exactly as has been laid out by government, irrespective of who that government is, by decisions that were made years ago, is a big call. I mean, all these programs need active management, and we will be that, and it wouldn't matter which government's been in the past or which government's going to be in the future, you're going to see changes and you should, because there are going to be changing circumstances which give rise to that. But our starting point is one of continuity, and perhaps it's worth making that point in the context of what's going on at the moment with the kind of defence industry hoopla that you see on the part of the government right now.

The Government will spruik an idea that basically every ship being built, every piece of metal being cut, found its origins in a decision made by them, but that's obviously wrong. That is obviously wrong.

The LHDs, which have been commissioned under this government, began in the Howard era, continued throughout the Labor period. The submarines, the future submarines, have their origin under Kevin Rudd. The reality is that defence procurement is something which happens over a long period of time. Each

government builds on what is being presented to them and leaves their mark, but it is really important in the national interest that what underpins it is a fundamental continuity. That's what exists now, despite what you will hear Christopher Pyne say, but in terms of how we would run things that's how it would be going forward.

HOST: Primrose Jordan.

JOURNALIST: Thank you so much for your speech. Primrose Riordan from *The Australian*. I have a question first about something not defence-related, so forgive me there. There is a push underway in Victoria to replace a stability deal with a different factional arrangement in Labor. Do you support this alliance? Do you support this alliance, and secondly, if you don't, do you believe it's gone too far for the original deal to be saved?

And secondly, on cyber security, we're seeing new warnings of state-sponsored attacks across the globe and particularly we've seen the attribution recently. Considering the recent attacks on government departments and on a defence contractor, how much of a threat do you think this is to Australian defences and what would you be doing differently?

MARLES: Well, let me deal with the first question quickly. I really enjoy being the Shadow Minister for Defence and that's where I like to focus my attentions. I've made it a practice not to talk about the internal matters of the Labor Party. That's a good practice, but the other thing is you'd really require a whiteboard and about a three-hour lecture to try and explain it to people, so it's not really practical to convey anyway, but what I would say is this: people who are engaged in that kind of work genuinely do so with sincere motives about trying to provide the best possible kind of political stability for Labor governments. That's how I go about that work when anyone asks me to get involved in it, and that's how I'll continue to do it in terms of trying to provide stability for, I hope very much, a future Shorten Labor Government, and stability for the Andrews State Government in Victoria.

In respect of the cyber question, it is a really good question and again, if I'm being honest, I like this as much as any area is where I feel like I wish I wasn't the wrong side of 50. I feel that that is a significant handicap in trying to actually understand what is going on here, but what is really clear is that cyber is continuing to grow as a field that is shaping our strategic circumstances. It's continuing to grow as an area which represents a significant threat to our nation, and it is utterly important that we invest heavily in it, and there is significant investment now so I don't say that as a form of criticism, but it's important that we continue to heavily invest in growing our cyber capabilities to meet that threat.

What I do think is that were - and there's a lot of water to go under the bridge, but, you know - were we lucky enough to be elected at some point in the next little while I would imagine that for me, or really for whoever is the Defence Minister over the next few years, cyber will occupy an ever-growing amount of that person's attention, and so it is critically important

HOST: Given that as you've just said it's a significant threat to our nation, who is at most risk, government agencies or private companies like those small companies that bid for defence work?

MARLES: Again, good question. I think it's both. I think what we have seen with shareware attacks, for example, is that there are real threats to private industry and so part of this is actually building a resilience within our private sector economy and obviously particularly that part of the economy that interacts and digitally interacts with the defence establishment. It's really important that we do that, and so it's critical that a function of government - and again to be fair it is a function which is being pursued by this government - is to educate and build resilience within the private economy.

I also think there is a threat to, you know, us as a state and to government agencies and government departments. Indeed, any kind of briefing that you get nowadays in relation to how warfare is conducted, it's a critical element of it.

We are investing heavily in much, much smarter equipment. One of the things which really does separate the Joint Strike Fighter from previous generations of aircraft is the cyber smarts about it, but that implies a much greater degree of cyber in the way war is conducted, so it's going to have to be a part of the way defence operates as well.

HOST: Primrose Riordan, my apologies. Nic Stuart.

JOURNALIST: Thanks very much for a terrific speech on your first love, defence. What I'd like to do is just explore a little bit about it. Is Lockheed Martin Australia, for example, an Australian company? If so, why can't I buy shares in them? Do they have to come over here to become an Australian company, or is that just empty words?

Again, on the empty words issue, you've talked about the fact that the Government is going to come up with a future frigate announcement in the near future. They won't, however have started any cutting of steel. There's still plenty of opportunity for us to go for a shipbuilder like Austal which you've spruiked very positively.

Austal are building the American frigate, or might be, they're certainly tendering for the American frigate, and yet they haven't been allowed to tender for our frigate. Do you think that you'd reopen the entire process, because no work's been done yet so that'd be a very good opportunity?

And again on that, whether or not they're words or actions. What point would, for example, sailing through the East China Sea within 12 kilometres of a Chinese-occupied island be, or occupied rock depending on where you come from? Could you deliberately provoke China or would you instead choose a sensible way of moving with negotiations?

HOST: How many questions did we get there, Nic?

MARLES: There's a fair bit in there, so let's go through it. Certainly try our best not to deliberately provoke China. Don't reckon that's a good idea.

We're not going to be reopening any process. We're not going to be reopening any process. I want that to be clear and I made that point in the speech. We will not be entertaining any sovereign risk, so it is for this government to get it right now. These are critical decisions that this government faces right now.

But I do take your point that there is time. Whilst the designer will be determined in the next month or so, the build solution will not be determined until the end of the year on the current timeframe and it's really in respect of that process that we are today arguing for an Australian builder, a truly Australian company to be the lead builder in that program.

As to what that means, we saw that there was an utterance from Christopher yesterday in relation to this, where there was a desire to see greater commitments to Australian boards, Australian ownership and the like. That does matter and so that's an important step forward, but ticking the boxes alone in that respect is not enough. It's not enough.

Ultimately what this is about is making sure that the companies that are engaged here, obviously, are Australian, but are building Australian capability, building intellectual property and design capability in Australia, and ultimately being a projection of Australia.

Now, the example that I used was Thales because I think Bushmaster is a perfect example of that. I mean Thales obviously has a French parent, but Bushmaster is clearly a projection of our nation. Bushmaster is a product of Australian defence industry. The intellectual property about it lives here, the people who have built it live here and it is seen around the world as an Australian product, so it can work that way.

I think, you know, yes I think you can put in place some specifics as Christopher did yesterday, but it's more than that. You've actually got to live it and actively manage this so what we've got is genuine industry capability here.

That's where I think that there is a disjunction between the rhetoric we see from the Government but the kind of substantive policy which is emanating from the department. I mean, even yesterday with the Defence Industry Capability Plan which was which was launched, you see these words: *'these industrial capabilities have been identified as those that must be developed and supported by Australian industry because overseas sources do not provide the required security or assurances.'*

I mean, it's almost as if what they're saying is that the only place for Australian defence industry is to fill the gaps that can't be sourced from overseas. I don't reckon that's how Britain would see it for their defence industry, and I think it's how America, how Spain, how Italy, how Sweden, how Israel would see it. You know, we need to build an industrial capability which is actually more than just filling the gaps that overseas can't provide and being something which is a projection of our nation. It's

the deep policy around that that I don't see in this and I don't see as being expressed by this government despite the kind of fast tempo beat of the press releases and announcements that they make.

HOST: Michael Keating.

JOURNALIST: Michael Keating, Keating Media, Shadow Minister. According to defence experts Australia has a defence policy but is yet to articulate what conflict we're getting ready for. How do you see the conflict that we will be involved in? What you think is a measure of our relative capability?

MARLES: Well, again a good question. That's a big question. I don't think of that in terms of the development of our capability, that it's about imagining a specific conflict, but it is obviously about surveying the global landscape in terms of the kind of threats that are faced by us as a nation, but also the kinds of occasions on which our defence force might be deployed.

You know, if you go to the White Paper what you get is in essence a set of three concentric circles: defence of the continent; an assertion of ourselves in the region - these are my words now - and then being a good global citizen. Fair enough.

I wouldn't contend that. I feel a little intellectually unsatisfied that our strategic environment can be described by the most simple Venn diagram that you learn in Grade 5, and yet that has been the basis upon which we've had that put in our Defence White Paper for a long time. It's not that it's wrong. It's fine, but I don't think it goes the whole way in terms of talking about the kind of situations that we find ourselves in.

I described earlier about the absolute necessity, I think, for Australia particularly to be taken seriously. We are a middle power. We have lots of choices. We can play big, we can play small, and those choices actually are not obvious.

It's not like Luxembourg which is obviously going to be doing whatever France and Germany's doing, it's not even like the US which, obviously, is a very complex environment but its principal strategy is simple: they seek to be a global power.

For us it is much more complicated. We live in a part of the world where we're not part of a bloc. We're not like an African country which can take its cue from other members of the African Union, or a European country that can take its cues from members of the European Union.

We have to figure this stuff out for ourselves and that actually defines our circumstances as much as anything, it really does, and what that means in turn is that it's got to be a principle basis upon which we go about our strategic policy that we must be learners. I have never heard that, but we must be learners. That has to be at the heart of our strategic policy, and you can't be learners unless you are present: present in the great councils of the world like the UN Security Council; but present in playing our part in the great crises of the world, such as we have been playing our part in assisting and supporting in the Middle East.

So, that's really critical to us as well, and all of that is about us being taken seriously. We are not present unless we are taken seriously, and so for me increasingly I kind of think that's the dominant idea and that's what should shape the way in which we think about how we're going to be involved.

So, yes we obviously need to have a Defence Force which can meet the challenge of defending our continent. We obviously need a Defence Force which can help us project within our region, and we need a Defence Force that can play our role globally. But I think it's really critical for Australia, and the ADF is an acute expression of the way in which we go about our business in the world, that we play big and that ought to be part of the way we think about how we develop our capability.

HOST: Shadow Defence Minister we're close to time. Are you prepared to take two more questions? Thank you. John Millar.

HOST: Thank you, Sabra. John Millar, freelance.

Mr. Marles thank you for a very erudite address, and you address a number of technical issues. Over the years, battles and indeed wars have been won on technical matters, from Baron von Richthofen, who's record in the First World War despite flying an anachronistic and inferior Falcon triplane, and it's usually the other way round. You could say that the Battle of Britain was won by technical superiority, slight though it was, of the Spitfire over the Messerschmitt 109, but aerial battles have become increasingly less important and the last one I can think of was in the Korean War, with the MiG-15 against the Sabre. Despite that we are buying another fighter aircraft, an air combat aircraft, the Joint Strike Fighter, despite the fact we haven't used an air-to-air aircraft for something like 60 years. I know that generals and possibly air marshals keep on fighting the last war, it is 60 years, an awful long time-

HOST: -Is there a question coming, John?

JOURNALIST: -if the Labor Party continue with this expensive and anachronistic purchase?

MARLES: Well, look, obviously I don't quite accept the premise of your question, but the answer to it is simple and that's yes. We'll obviously be pursuing the Joint Strike Fighter. Any serious briefing of what capability it provides makes it clear that it is the absolute diametric opposite of being anachronistic. It gives us an immense capability and being able to have that capability as a nation I think is really important in terms of the defence of the continent.

But going to what I said in terms of us being taken seriously I'd go one step further. I understand the point that you're making, in terms of the existence of dog fights in an aerial battle, but just bear in mind in the last two years we've been using our Hornets and our Super Hornets in a conflict. This time last year that's what we were doing. So, this is not something in the dim past. This is something very much in the present and actually did us proud in terms of what they have done about building back the nationhood of Iraq.

So ,you know, that we have that capability I actually think is really important for us, and the Strike Fighter is going to be critically important going forward as we live in a world with fifth generation aircraft.

HOST: Tim Shaw.

JOURNALIST: Tim Shaw, Radio 2CC Canberra. Thank you so much the address, Richard Marles. Prime Ministers Gorton and Whitlam proudly fought for our country and then went on to serve politically as prime ministers. The last time the Defence Minister was here with your counterpart, with your former colleague Senator Conroy, they both promised a review about the electoral responsibilities of those to wear their uniform proudly and for that to appear in election advertising ahead of the next federal election. Where does Labor stand now on candidates who wish to represent the Labor Party, have served the Australian Defence Force, and wish to show that pictorial record of their service to the nation? Where does Labor stand today, and if you don't have a policy will you meet with the Minister and talk with the incoming new chief of the ADF on this very important matter? Dr Mike Kelly is here, Andrew Hastie and others have served our nation. Why couldn't they serve as politically as they do and reflect on that service from the ADF?

MARLES: Well, you mention Mike who is here, and Mike has served our nation in a way I never will before he ever entered parliament. That's a huge part of Mike's contribution to our nation and we are very much the beneficiaries of the fact that Mike has been willing to continue that service through our parliament, and you're right Andrew Hastie is an example of a person on the other side who's done the same. I do think that having a diversity of people representing us in Parliament is important and that diversity includes those who have worn our nation's uniform. I don't actually know the answer to your question, if I'm being honest. I'm very happy to speak with the Minister and others to work out a settled policy in relation to that.

I'm reluctant to freelance in front of the camera, because always ends in disaster, but I guess all I would say is that it does make sense to me that as all of us as politicians present who we've been and what we're about in terms of the service that we provide as politicians, we all do that, I feel that's the principle that should apply across the board, but exactly how the uniform gets presented in the context of the campaign I get is a sensitive issue. I'm not sure the answer. Happy to talk people to talk about it though, with the other team, to work out a consistent policy.

Did I get that right? I'm getting a wink from Mike, so hopefully I did get that right.

HOST: Everybody please join me in thanking Richard Marles.

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