

## **Perth USAsia Centre & Defence West**

### **WA Indo-Pacific Defence Conference 2018**

#### **Address by the Honourable Kim Beazley AC Governor of Western Australia**

**Tuesday, 30<sup>th</sup> October 2018**

I would firstly like to acknowledge the traditional owners of the land on which we meet – the Noongar people – and pay my respects to their elders past and present.

I would also like to acknowledge Indigenous Australians more broadly for their contributions to Defence both in the past and today. This includes the 13 Aboriginal Western Australian's who served at Gallipoli, who had to circumvent the law to fight in the battle, to the North-West Mobile Force based in Darwin today – NORFORCE – who draw heavily on Indigenous expertise on remote lands. And of course our own Pilbara regiment headquartered in Karratha with the motto, 'Mintu Wanta' – always alert.

May I also offer a special thank you to the Perth USAsia Centre and Defence West for co-hosting this tremendous conference which promises to be thought provoking. It is good to see such support from Canberra too as evidenced by the key federal Ministers in attendance, who join Western Australia's leadership, in recognition of the increasing importance of this State to not only the defence sector and the Indo-Pacific region, but the world's strategic outlook. But more on that in a minute.

I have attended over the years tens of forums like this – business sponsored, academic sponsored, politically sponsored, military sponsored, NGO sponsored and government sponsored. Usually but not always there is an industry underpinning.

When I was Minister for Defence I recognised, as did John Button the then Industry Minister, that Defence was Commonwealth industry policy. The last bastion and launching pad of self-reliance. Having discovered that, the late John was a constant presence. He had a political reputation of dodging between the raindrops and he did his rain dance on me. Now state governments recognise this defence industry centrality to Commonwealth industry policy and are moving accordingly.

In my day WA was different. Then the WA fascination was effective defence of our Western approaches. The only State which discussed national strategy and military strategy. The others discussed production. Now WA does both and this conference lays testament to this. I believe we will see that combination of strategic thought and industrial endeavour in State Government announcements today. The Conference is taking place however in a new circumstance. Most of the meetings I participated in, though serious, had an underlying atmospheric of unreality and distance. The global central contest was a long way away. The post-World War Two liberal international order broadly acceptable. The American ally focussed on alliance building and reassurance. The neighbourhood internally focussed and capable of unlikely low level threats. Our spending – at least this century – has been too low but in the political circumstances, unremarkable.

Now all that, in the great old Aussie expression, is 'on the wallaby'. The old glue of global politics has wasted. Calculation of allied direction more difficult. The regional correlation of forces as the Soviets used to calculate shifting against us.

When I did the 1987 Defence White Paper our GDP exceeded ASEAN's as a whole and was not too far off China's – about 70 per cent of China's GDP in fact. Now Indonesia's alone will pass us soon. Just as we can no longer be confident of the rules based order, management of allied relations has become equally more difficult. The diplomatic challenge has escalated.

More so has the defence challenge. This conference is now the first I have attended where the urgency is obvious to all and not just a few. There is no better place in Australia to do it than here. Complacency has always been less of a feature of our psyche than elsewhere on the continent.

Notwithstanding the value that each jurisdiction offers Australia, this is the critical State. The State we need to get right. The State most vulnerable. The State where it is almost as problematic defending it as invading it. A State who was home to the largest United States submarine fleet outside of Pearl Harbour during World War Two – reflecting our strategic geography that is once again growing in importance.

We now need to think operationally about the defence of our western approaches. A world where the strategic leitmotif is the 'rules based order' – is one where simple general strategy will do. Where force majeure rules the creation of facts by armed force or pressure is elevated in the rules of the game. That juxtaposition is amply being demonstrated in the South China Sea.

If we examine our strategic assets and vulnerabilities no part of this country draws focus like WA. We are the world's greatest mineral province. As our trade picture has been dominated by iron ore, alumina, gold, and energy resources it has seemed a bit humdrum if vital. It is what is here for the next generation of industry that counts – the fourth industrial revolution.

We have all the minerals which are required for battery and magnet technologies. All that underpin the metals that make new technologies work. We rightly love talking lithium at the moment. We are just starting to talk rare earths.

These 17 elements on the periodic table are now the focal point of a strategic partnership on critical minerals between the United States and Australia. WA is a State who alone sits between China and Russia in terms of rare earth production – resources that are needed for, in the case of the United States, more than 3,000 military items from satellites and nuclear weapons, to joint strike fighters and pretty much anything else beyond a rusty bayonet. WA rare earths also help to support a stable world economy as they are critical to the technology of today and we cannot live without. WA is the only alternative, major world source of rare earths at the moment. China's mammoth production is now controlled by the Chinese State, who may seek, or more likely be forced, to reduce supply to meet its own enormous manufacturing needs.

History shows us that you don't win wars without resources to wage and sustain battle. Resources can also galvanise a nation's diplomatic power, energise your industry and economy, or more soberly, mark you as a target to be seized by others. It's incredible to think that one single mine a couple of hours' drive from Perth produces a third of the world's lithium, with WA expected to produce half the world's supply soon. When you think that the first heavy rare earth mine outside of China is gearing up in WA. When you think that as of last week only 17 per cent of the State is under exploration for minerals foreshadowing more great discoveries. When you think of all of this, consider the strategic value of our State and its desirability to others who may someday seek to seize it.

The point is when you have such assets how do we remove temptation. That is operational. What do we need to deter, to permit our diplomacy to function unstressed. Here in WA at this conference, that is in effect one of the things that you are thinking through.

Since the 1980's our thinking on general strategy and WA's relevance to it has been done by successive governments at the Commonwealth level well. Self-reliance focused us on a two ocean defence structure. The Indian Ocean achieved a degree of centrality in our thinking. We have even persuaded our ally into a similar perception symbolised when PACOM's title was changed to INDOPACOM.

Then we started to deploy strategically in a way that became potentially supportive operationally. A two ocean Navy and bare bases for the Airforce notable. We now need to build based on stationing and exercising capacities to secure the minerals province by combat elements of all three services. We have to demonstrate a capacity to move key combat elements to all points on our approaches and north-west with forces familiar with the environment. That is deterrence.

Sustainment and credibility requires industry, something which for WA we have thought less about. But we have evolving industrial capability here. We have evolving training and exercising capabilities here.

For example, the Australian Marine Complex in Henderson is a critical asset, both to the State and the nation. It hosts several of the world's most respected defence companies, not to mention world-class fabrication and construction capabilities. In fact, Henderson is the only place in Australia which offers a hub of world class Defence companies co-located together with some offering expertise available nowhere else on earth.

We are witnessing at Henderson a logistics, repair and building hub vital for our armed services and our allies. Austal and Civmec are constructors of our warships but most of the primes like BAE, Thales and Raytheon have a presence as well. The lift capability to remove vessels from the water to work more freely on them is substantial. Likewise for our allies and ourselves, WA offers significant training opportunities via the Kimberley's Delaware Tracking Range, bombing and noise ranges, Stirling's underwater tracking range and with Collins' diesel electric war gaming.

We are also home to a range of innovative small to medium enterprises producing exceptional defence technology ranging from world-leading communication equipment for special-forces, to advanced sensors and drones, and truly remarkable ship stabilisation kits. We have emerging technologies and industry capacities that others can only envy. We must build upon this.

Australian Security Intelligence Organisation director general Duncan Lewis recently warned that 'countries were trying to access classified information about Australia's global alliances, as well as its military, economic, and energy system'. He added that foreign interference is at unprecedented levels.

President Trump since his election has rattled most members of the Western Alliance precisely at the point it has been most comprehensively challenged. That worries us but our deep engagement with the United States has been untrammelled. This is largely because of the value to both of us of our intelligence, scientific and industry collaboration. Our joint facilities near Exmouth in Western Australia offers critical space surveillance and defence capabilities which are becoming ever more relevant as nations push to find asymmetric solutions; solutions which were once perhaps more low-tech and tactical, and now arguably more high-tech and strategic.

Australia has looked to maintain a technological edge in terms of defence for many decades now. We maintain this edge against potential adversaries but we cannot be complacent. We will not hold this advantage. That is the risk.

In that regard, the Commonwealth's Defence Innovation Hub should be considered. It will no doubt deliver some invaluable capabilities and work towards maintaining our technological edge. But is it enough? Strategists like Peter Jennings may be right, and an American-style Defense Advanced Research Projects Agency that 'operates as a standalone agency working outside the mores of Defence' might work best. I think the case for doing more in cyber – not just protecting our systems but having a formidable cyber offensive capability that acts as a deterrent – is also compelling.

The Cyber Security Cooperative Research Centre headquartered at Edith Cowan University in Joondalup has some exceptional expertise, and I trust they will form a key pillar that drives our technological edge forward into the future. After all, this is a technological battle Australia cannot afford to lose, and the cyber domain must surely feature prominently in any strategic equation for the foreseeable future.

This is a noble work. We are at a critical point. This is not an exercise in worthily filling intellectual space. We are going to have to argue for more resources for Defence but they must be spent well. Here in WA we are at de-facto ground zero for the contemporary era. It is important we insert our considerations into the broader Australian debate.