TRANSCRIPT

Event

A Conversation with Sir. Angus Houston, Co-Lead of Australia's New Defence Strategic Review

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Air Chief Marshal Sir. Angus Houston AK, AFC (Ret.)
Chief of Australia's Defence Forces (2005-2011); Co-lead, new Defence Strategic Review

Secretary William S. Cohen
Chairman, The Cohen Group

CSIS EXPERTS

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Good morning everyone who’s joining us here at CSIS in Washington, D.C. Good day if you’re tuning in from Australia. I’m Charles Edel, senior advisor and the Australia chair here at the Center for Strategic and International Studies. And I’m thrilled to welcome everyone here today, to our discussion of Australia’s recently released Defense Strategic Review with one of its co-leads, Sir. Angus Houston. Before we begin our conversation today, I’d like to thank Secretary William Cohen from The Cohen Group for partnering with us on bringing this event here today. Now, let me note at the top that there were some disappointing news overnight that, of course, the president has postponed his trip to Papua New Guinea and Australia. But it’s important to note that despite the day to day, the work of government continues apace.

And in many ways, there is no more important work than what we’re here to discuss today. Last year the Australian government announced that it would undertake a Defense Strategic Review, which was intended to allow the new government to review the country’s defense strategy and respond to what Richard Marles, the deputy prime minister and defense minister, has characterized as, quote, “the toughest strategic environment Australia has encountered in over 70 years.”

On April 24th, Canberra released an unclassified version of the DSR, which many observers has held as the most consequential defense review of the last three and a half decades, at least. Today, to discuss the DSR and its findings, we’re lucky to be joined by one of the two co-leads of that study, Sir. Angus Houston. Sir. Angus was chief of the Australian Defense Forces from 2005 to 2011. And prior to that he served as the chief of the Australian Air Force from 2001 to 2005. He retired from the military in 2011 after 41 years of service to his nation.

Air Chief Marshal Sir. Angus Houston was awarded the Knight of the Order of Australia in January 2015 for extraordinary and preeminent achievement in merit and service to Australia through distinguished service in the Australian Defense Forces, continued commitment to serve the nation in leadership roles, particularly the national responses to MH370 and MH17. Along with his role as senior counselor for The Cohen Group, Sir. Angus serves as chair of many charitable organizations and is a board member of the Lowy Institute and a visiting fellow at the Australian National University’s National Security College. More important than all of that credentialing, however, in 2011 he was named the Australian Father of the Year, and in 2012, to beat that, he was the ACT Australian of the year.
Before jumping into our discussion with Sir. Angus, I’d first like to thank Secretary Cohen – chairman and founder of The Cohen Group, former secretary of defense, senator, and congressman from the great state of Maine, and a CSIS board trustee for over 20 years – for partnering with us to host today’s event. I’d like to invite Secretary Cohen up to make some introductory remarks first.

William Cohen: You can tell there’s been no coordination between what Charlie just said about Sir. Angus and my comments here. Totally preempted about the accolades I was going to address to you, Sir. Angus, other than to say I have associated with CSIS for a long time. CSIS has played a major role in certainly structuring our – or, making recommendations to structure our own government. Something called Goldwater-Nichols, many years ago, was undertaken and supported very strongly by CSIS. And but for that support from CSIS, I doubt it ever would have been implemented. So I’m delighted to be here now as a trustee of this great institution. Thank you very much for allowing us to partner with CSIS.

And to say that I’m really anxious to hear from Sir. Angus. He is a quiet man. But he is a – beware of the men who are quiet and say little, and listen a lot, and understand what is going on in the world. Sir. Angus, has been mentioned, has been the co-chair of this most recent strategic study – defense study. And Australia, as you know, has played a major role in the security of the United States and that of the globe. Australia has been with the United States in every war in recent memory. And so we look to Australia as being our key partner, treaty partner going back to 1951, and now broadening that, deepening that, and making it an even stronger relationship.

So, Sir. Angus, I’m pleased to introduce you. I’m glad you’re back with The Cohen Group, having had to disqualify yourself from active engagement with us. And you’re now back home with us, and we’re really delighted to hear you. Thanks very much. (Applause.)

Mr. Edel: So, if it’s OK with everyone, we’re going to skip speeches, because there’s a lot to discuss here. We have about an hour. We’ll see, despite being a quiet man, despite being a man of few words, how many questions we can get through. Because there is just a ton in the at least publicly released 110-page version of the Defense Strategic Review that came out.

So let me start at the top. Why did the Albanese government undertake this review? What was it hoping to accomplish?
Sir. Angus Houston: Well, I think you covered most of it in your introduction, but our strategic circumstances have been going downhill for a long time. And I would characterize them myself as the worst strategic circumstances certainly in my lifetime. And warning time for conventional conflict for the first time in my experience had been assessed as going below 10 years. So warning time is reducing. Strategic circumstances are very challenging. And the government – new government comes to power, the first thing they do is order a defense strategic review.

And I think the other thing that’s significant about that, and we want you guys to do it in six months. Now, that’s a tall order when you consider that white papers normally take one and a half to two years. And that’s what we had traditionally done in the past. But such is the urgency of our strategic circumstances, we needed to do this thing very, very quickly. And I would say there’s a high degree of urgency across the board in terms of getting things done.

Mr. Edel: So the new government comes in, decides it’s going to stand up this strategic review and that it needs to proceed at great pace. What happens next? The phone rings, you get drafted in with Stephen Smith. Was it the PM who called? What were the marching orders that you got actually for the breadth and scope of this DSR?

Sir. Houston: Well, the phone call I got was from Richard Marles, the deputy prime minister. And he asked me if I would co-lead this review. And he said that he was also going to ask Stephen Smith. And then Stephen and I talked, and we agreed on how we might do it. And a team of five was formed. And away we went. And I worked very hard over a six-month period. The confidential report delivered the 14th of April. And, as you said, the public version came out on the 24th of April. So just over six months. The government has agreed with the substance of the report. There were 108 recommendations in the confidential version. And they’ve accepted 105. And essentially, one of the things we emphasized is there’s going to be a need for more money. And they agreed that, yes, there would be a need for more money.

Mr. Edel: So while I’d really like to ask you what the three recommendations that weren’t accepted into that – (laughter) – I will hold off on that. Can you tell me a little bit more about – when you spoke to the deputy prime minister, when he asked you to stand up the review, what was the scope of the mission? How broad was this strategic review to be?

Sir. Houston: Well, it was – it was very broad. We were obviously required to assess the strategic circumstances and look at capability, our force posture,
and force structure. I think that’s – if I could cut it down to a few words, that’s the essence of what we were to look at. What was – what they were most concerned about is the Australian Defense Force fit for purpose, given the strategic circumstances we have at the moment, and the fact that warning time had reduced? Do we have the right force posture, force structure, the right capabilities?

Mr. Edel

Not to jump the gun of our conversation – because I do really want to kind of unwrap what’s in here because there really is a lot – we know that the answer is no. That the ADF is not fit for purpose at this point. Before we get there, you talked about the strategic circumstances as the fundamental first step that you were going to drop. And I was hoping you could talk a little bit about the security circumstances, really the security challenges, that the report identifies and how those have changed over time, how those have evolved, even since you were CDF yourself.

Sir. Houston:

OK. Well, where I might start, if we have a look at what’s happened since the Vietnam War, Australia experienced, along with all the nations in the region, 40 years of peace, stability, and prosperity. That was all enabled by the U.S. military presence and military power in our region. There were no conflicts. We had a great period of incredible economic growth. And it was shared by every country in the region. China most of all benefitted from this period of stability.

But unfortunately, that’s all changed in recent times. And we’ve seen strategic circumstances change because the U.S. is no longer the unipolar power that it was back in those 40 years. And we see intense competition between the United States and China. And there’s always the potential for some form of misunderstanding or miscalculation that could result in some sort of serious incident or, even worse, some form of conflict. Add to that the fact that the Chinese have moved in very assertively to suggest – well, assert their sovereignty – their sovereignty over the South China Sea, and the reefs and very small islands that are there.

That contravenes the global rules-based order. And from an Australian point of view, certainly undermines our national interest. The South China Sea is incredibly important to us. A lot of our trade comes through the South China Sea. And at the present, most of our fuel comes through the South China Sea. And add to that the fact that China’s also been involved in strategic competition in our near neighborhood. Areas where we’ve been expected to carry the weight of the security of that region.
So I think that just about covers it all. And the other thing, of course, incredible buildup of military power, the like of which we have never seen since the Second World War. An incredible capability built up in a very short period of time. And no transparency and no assurance, no explanation about why such a huge buildup has occurred.

Mr. Edel: And indeed – these are my words, not the DSR’s words – not only the opaque buildup, but the increasingly assertive use of that increased military preparedness by Beijing.

This makes sense to me, changed strategic circumstances prompting a changed defense policy. When you begin to look at the document, I will hold it up for everyone, or at least my printout of it. It actually comes in color and glossy, and you can download it right off the government website. You know, one of the most striking things that comes out of this is that shift in defense policy that you discuss in the report, that we have a shift from a defense of Australia policy to something that is now to be called national defense.

That might sound innocuous, but that’s a fairly robust change. And I was hoping you could unpack the logic of what that means, but also what new things will be required to have a national defense strategy, as opposed to simply a defense of Australia.

Sir. Houston: OK. Well, for the last, I guess, 50 years or so we’ve had a defense of Australia. I would say, a defense of Australia policy and, associated with that, a balanced force in the ADF. And that balanced force and that DOA, defense of Australia, policy was arranged against potential for a low-level regional threat in the Indo-Pacific. Clearly, clearly, there was no major threat on the horizon. So that served us very well for many years. And with this decline in our strategic circumstances, clearly that wasn’t fit for purpose, that approach.

And so we had to go to what we call national defense. And national defense needs to be nested in a much broader policy, which would also include statecraft and diplomacy. A national strategy, if you like. And in terms of national defense, what is important is that we have active statecraft, active diplomacy out there basically trying to create a favorable balance – regional balance of power in our region. And we need to do that working with our partners and allies. But at the end of the day, we need to have a different approach to defense policy. And I guess national – we call it national defense. And there’s a long list of characteristics. Perhaps I’ll just highlight the top four items, because I think they are probably the most significant ones.
The first part of national defense, I guess I've already referred to it, a defense strategy and policy that takes account of the whole-of-nation broader strategy. Number two, we need to enhance our alliance with the United States. That also includes basically the rotational presence of the United States in Australia. We should further develop that. And the alliance is incredibly important to our security. That's not to say that – (background noise) – sorry –

Mr. Edel: That's OK.

Sir. Houston: We obviously need to be as self-reliant as we can. But given our circumstances, we need that alliance. And the alliance, by the way, has served us very well through many, many years.

And a third thing is we need a different approach to defense planning. DOA just doesn't cut it. Defense of Australia just doesn't cut it. We need something that has a much sharper focus on where the threats are and where the risks are. And we now are embracing a net assessment approach to the risks and threats that we face. And then, lastly, we have a – recommended a military strategy of deterrence through denial. And we must have the capability to be able to hold an adversary at risk in our northern approaches.

And on the map here you can see those northern approaches. I think this map speaks 1,000 words, because you can see exactly where a threat to Australia might come from. And it's imperative that we are able to operate in those northern approaches north of Australia. I might leave it there. But a map is – we call this the land bridge. And I think it's a very useful aid when we start talking about Australia’s strategic circumstances.

Mr. Edel: I'm really glad that you didn’t point to the strategic threat emanating from New Zealand, right over here. (Laughter.) But, look, what I found –

Sir. Houston: Just to take it a little bit further, you can see where the geography is important. The Indian Ocean, Pacific, and, of course, the Southern Ocean as well. And Australia and New Zealand do focus on the Southern Ocean, but at this stage it’s nice and secure.

Mr. Edel: Well, look, the four pillars that you just described I think are really interesting, do represent a fundamental shift, maybe an acceleration of what came out of the Defense Strategic Update of 2020. But that first pillar, that this is more than just defense, this requires statecraft, this requires diplomacy, is well taken. But this is primarily a document
focusing on defense policy. And I do want to return to something that you said earlier, and have you lay out what was the review’s assessment of the ADF’s preparedness. Because there’s some pretty striking language in the document.

Sir. Houston:

Well, I think the preparedness we’ve found is consistent with the defense of Australia balanced force. And there wasn’t – there wasn’t an increase in the preparedness of the force evident in what we looked at. Given the strategic circumstances, I think it’s very urgent to increase the preparedness of the force, make it more ready for what might lie ahead. And, you know, that’s going to take – that’s going to take time. You can’t turn a switch and go from where we are or where we were to a higher rate of readiness. It takes investment in sustainment of capability. It means investing in more people. And it means sorting out some of the very great challenges we have.

And if I could just run through a couple of those it might put it in context. First of all, our northern bases. Our northern bases, Tindal has been invested in quite heavily and Darwin’s been invested in. So right in the center of our north we’ve had some investment. But the other bases, the bare bases that were put in back in the last century, they’re in great need of remediation. So they would be the platform from which we would basically hold an adversary at risk. And you need to have a platform to do that. And so there’s a lot of work that needs to be done to remediate the northern bases.

The second thing is fuel. Fuel is a real problem for us. We’re talking about supply. We’re talking about distribution. And we’re talking about storage. There’s much work needed in all of those areas. I mentioned earlier that most of our fuel comes through the South China Sea. So we’ve got to have a look at alternate ways of getting fuel to Australia. We’ve got to engage the civilian support that provides us with our fuel and talk to them about how we – how we do distribution in a more effective way and how we store fuel in a more effective way.

And to that end, we’ve recommended – we set up a Fuel Council. This will be a whole-of-nation Fuel Council. Industry will be heavily represented, and they will assist us in working out the best way to maintain a diversification of supply so we’re not locked into one source of supply and also some of the issues with distributing fuel to our north. Our north is served by very limited communications. And we have to find the best way to ensure we can get the fuel to where the ADF’s capability will be based in a contingency situation.
Then finally, if I can just use the Air Force as an example, and there’s a reference in the report to it, the Air Force is really manned for benign circumstances. We need to increase the manning of critical personnel, air crew. So we’ll need to ramp up our air training system. We need a really good, scalable training system so that we can crew these incredibly important platforms, so that we can operate at high tempo. At the moment, high tempo would be beyond us.

Mr. Edel: So those three ones that you just laid out, in terms of northern bases, in terms of fuel, and in terms of manpower – specifically for the Air Force, but I think that’s much more of a broad point that you’re making.

Sir. Houston: That’s just an example.

Mr. Edel: No, I’m also hoping that you can actually draw back for a second to lay out some of the other key recommendations for how the ADF needs to be postured moving forward. Because this does, as you’ve already said, portend a real shift in what the defense strategy is, moving towards a deterrence by denial. But what other things does this entail moving forward, than what were highlighted in the report?

Sir. Houston: Well, I suppose if you – it’s a very complex and – 108 recommendations. And I’m not going to list all of those. I can’t. Some of them are highly classified. But if I can draw it down to six points. First of all, investing in the nuclear-powered submarine as part of AUKUS. That is an absolute imperative. We’ve got to do it as quickly as we can. And obviously it’s going to take quite a bit of time.

Number two, developing long-range precision strike against moving targets as quickly as we can. We have a capability already, but there’s much more we need to do if we’re going to go long range. And that is clearly a priority. That also means we have to increase the supply of long-range weapons into our inventories. And one of the things that we’ve strongly recommended is that the guided weapon explosive ordnance organization that was set up two years ago get on with the job of manufacturing the sort of strike missiles that we will need now and into the future.

So that is a key priority. We have the capability, I think, industrial capability, to be able to do that. But we’ve got to get going. The announcement on the guided weapons explosive ordnance was made two years ago, and nothing has happened until the report came out. I’m pleased to say we’re seeing pretty quick action already, urgent action, to get that properly set up so it can deliver what we need. The
third item was improving the ADF’s capability to operate from the northern bases. Again, this current budget we see $4 billion committed to the northern bases. And that’s a very urgent requirement.

The fourth thing is lifting our capacity to take disruptive capability that’s developed by our scientists and others, so that we can take it to capability as quickly as possible. And then finally, investing in the growth and retention of our people. Right now we have shortages of skilled people across the board. And again, the government’s responded very quickly to our recommendation. Current budget that came out about 10 days ago, almost a billion dollars is going into people.

And then the final one, deepening our diplomatic and defense relationships with our partners and friends. And that’s where this statecraft comes in. The statecraft needs to really lift to a new level so that we can engage all the small countries in the South Pacific, all of the nations in our region and Southeast Asia and, of course, our very important partners the United States, the Quad partners, and a whole raft of bilateral, trilateral, and many-lateral relationships that we have. And also, a couple of really big, multilateral relationships. We’ve really got to get out there and use the opportunities.

Mr. Edel: I want to stay on the force for a second before we get to the statecraft or before we get to the budget, because I think that’s a really important point of discussion. As former CDF, I imagine that some of the recommendations – there’s some things that are on the chopping block, indeed must have been difficult. And I’d like to hear in particular your take about the future of the Australian Army, because there is a fairly large restructuring that is talked about for the Australian Army. Can you talk about the army’s role in the new DSR?

Sir. Houston: Well, I think the army is probably the service that’s most affected by the move from a balanced force to a more focused force. And the focused force, because we’re going to be operating in the north, it needs to be able to operate in littoral areas in northern Australia and offshore islands. And there hasn’t been a sharp focus on that previously. So that’s a major change for the army. And we have to invest in the modern landing – heavy landing craft that can carry armored capability and everything we would need if we’re involved in a conflict in the littoral of our own nation, or perhaps a country offshore.
So that's a high priority, highest priority for the army. And in addition to that, army needs to provide a long-range strike capability. We're buying HIMARS and we're involved in the development of the missile family that will come with that through the next few years. That will give us a very potent long-range strike capability. And we want the army to also have a maritime strike capability.

In addition to that, we talked a lot about –

Mr. Edel: Do you mind if I actually stop you right there just to ask about that particular point?

Sir. Houston: Yeah.

Mr. Edel: Because when we moved from army to navy, one of the critiques that the DSR has received is that a fairly fulsome report, yes, but on the navy, it punts. It calls for another review, another quick review, but about what the navy’s future shipbuilding requirement should look like.

Sir. Houston: OK, yeah.

Mr. Edel: Please.

Sir. Houston: Yeah, I'll come to that. Let me just finish off with the army. The north, there's a lot of infrastructure. There's not many people live up there, so there's going to be a requirement for the army to protect the infrastructure in the north, OK? So that will be a job for the army reserve.

Now, getting to the ships, the navy. And we have an officer in the audience is from the navy. Great to see you here today. And essentially, the navy – we think the navy needs to have much better lethality. To have tier-two type ships. The offshore patrol vessels being totally unarmed just isn't acceptable. So we think – we think that increased lethality is very important in our tier-one ships and our tier-two ships.

And the key question for us as well, what's the right mix? Particularly as the thinking over here in the United States is suggesting that there's probably a need to move to smaller ships. So we felt that there was a need for further analysis into all of those things. And in terms of shipbuilding, we have to think of all of that in the context of a policy of continuous shipbuilding in Australia. And what do I mean by that? Just
continuous shipbuilding, where we keep churning ships out on a regular production line.

So we’ve got, obviously, shipbuilding going on at the moment. We had a concern about the delivery of the capability, what it would look like. We were concerned also about the cost of the program. We are concerned about the associated schedule and the risks. And at this stage, the first vessel off the line that’s under production at the moment would arrive in the early 2030s. We think we need more than lethality before we get to that point. And of course, we have to consider our continuous shipbuilding policy as well.

Mr. Edel: With the idea of more needed sooner, that generally equates with more expensive as well. And I do want to talk a little bit about the budget. Why was it not provided in actually granular number in the DSR itself? Let me quote Peter Leahy, the former chief of the Australian Army, has written publicly just last week that, “the review moves the dial towards strategic reality, but it hasn’t yet introduced the necessary budget.” A less charitable reading than that would be to say that the rhetoric that we have in the DSR is disconnected from the budget that we’ve seen put forward. And I would just ask you, can we judge the DSR independent of the budget that the government puts forward?

Sir. Houston: Well, look, I think this is – governments decide on budgets, right? Let’s start at the beginning. We have a recommendation in the report: More money will be required for defense to implement this report. There is a clear-cut recommendation. The government has accepted that recommendation. Bear in mind, this has been produced in six months. There are 3,300 lines in the integrated investment plan, right? Each of those lines has a sum of money associated with it. So I guess what we’ve seen thus far, current budget, $52 billion – in fact, $52.6 billion. That’s double the budget that I had when I was CDF.

So there have been significant increases, to the point we’re now running at 2.1 percent of GDP. There are not a lot of countries in the world, in the Western world, who invest at that level in defense. In addition to that, this current defense budget – that was an increase of 2 percent over the previous year. And then in terms of the government’s plans for the DSR, the deputy prime minister has made it very clear that there’s a commitment to increase from 2.1 percent of GDP to 2.3 percent in the medium term. So I think that’s good.

The other thing is there’s an allocation of $19 billion in the four years going forward for the DSR. Seven-point-eight billion dollars of that
will come from a reprioritization of the integrated investment plan. And that’s a – that’s a major undertaking, as you could imagine. And then just to lay out what came out of the last budget: $9 billion for a nuclear-powered submarine, $4 billion for long-range strike, $4 billion for the northern bases, and a billion dollars for people. So there has been investment. And I think Peter’s being – Peter knows how the system works. At the end of the day, it’s not for the Defense Strategic Review to basically allocate a budget for the recommendations. That is always the job of government.

And the National Security Committee of Cabinet spent a lot of time looking at this, together with the other reviews of budget that are done by Australian government, to come up with this. Bear in mind – the other thing you should bear in mind, that the – when this government came to power, there was a $42 billion pressure on the defense budget already. So that was a huge challenge, particularly in an environment where they came to power on a promise to improve cost of living, to improve health care, to improve old age care, and a number of other things. So there are great demands on the budget. And I think we’ll see where it goes into the future. Two-point-three percent – I would have given my eyeteeth for that when I was CDF.

Mr. Edel: Yeah. You know, one of the things that I find most intriguing to emerge out of the entire report is this move towards net assessment, right? Which really predicates spending levels and preparedness based not on numbers, but in response to a dynamic, evolving situation. So sometimes, you know, it’s worth asking the question about whether or not hitting percentage goals is as important as keeping pace with how quickly others are moving in the area.

I guess one final question for you before we take some questions from the audience. And I think you’ve started laying this out about metrics for success. Again, you’ve laid out a full report, a full suite of recommendations. But I guess the question is, what would lead you to conclude that the work of this has been successful? What metrics would you look at for judging whether or not this is actually implemented?

Sir. Houston: I haven’t thought about metrics at this stage. We have put in place, right at the end of the report, you’ll see there’s going to be oversight of the implementation at three levels. And I think that’s going to be a very searching process. So defense is going to have to demonstrate progress against their implementation plan on a very regular basis. And initially, that will be probably on a monthly basis. And then once things settle down, a quarterly basis. So you will have a – first of all,
the first level will be the CDF and the secretary. The next level is an independent and external group of people. And above that is the National Security Committee of Cabinet.

And each of those bodies will – the CDF and secretary will report to the external overseers. And then the external overseers we'll put a report into the National Security Committee of Cabinet, which will obviously be carried there by the deputy prime minister, as the defense minister.

Mr. Edel: Well, I commend you, especially, on that recommendation that's tucked away towards the back of this, because as we always say strategy is a two-step game. It's not just conception. Its execution. And there actually are some provisions here about oversight and implementation. So do commend you on that.

We could go all day. I have many more questions. But I do want to pause, go out to the audience to see if there are questions. We have a microphone. If you wouldn't mind identifying yourself and asking a concise question for Sir. Angus.

Mr. Zack Cooper.

Q: Hi, Sir. Angus. Good to see you again. Zack Cooper from the American Enterprise Institute.

I want to ask a brief question about Indonesia and the reception that the DSR got there. And, you know, I know you did a lot of thinking and outreach on Indonesia specifically, because the strategy really has a lot to do with the approaches to Australia, which means Indonesia is key. So I'd just be interested in how you thought the report was received there and some of the interactions you've had with government and experts. Thanks.

Sir. Houston: I haven't followed closely the reaction in Indonesia. But I will be going up there, as we have a program called IKAHAN – you know that, I think. And myself and some other senior people, Peter Leahy as well by the way. (Laughter.) I'll have a go at him when he gets to Indonesia. (Laughter.) But we go up, and we interact with our colleagues in Indonesia who we used to work with years ago.

And twice a year, we have an interaction. And we talk about everything, things we probably couldn't talk about when we were in uniform. And it'll be very interesting. I'm sure I'll be asked to talk
about the DSR. And I'll be very interested to see how that process goes at that stage. So wouldn't like to make a comment prior to going there.

But, as the map shows and as history shows, Second World War, Indonesia is very close to us. We need to be very close to Indonesia. Indonesia is a very important country to us. And a lot of that soft power statecraft needs to go into Indonesia. And we'll continue to maintain the very good relationship we have, defense to defense. We exercise with them on a regular basis in all domains. And I think the relationship's never been better.

Mr. Edel: Sir.

Q: Thank you. Matt Sieber from Kymeta Corporation.

Sir. Angus, thank you very much for your comments and your openness about the DSR. You mentioned quite a few – I guess, you talked about the less than 10-year warning. But then you talked about many long lead items, like submarines, shipbuilding, infrastructure improvements, things of that nature. Are you able to talk about what moves the needle fastest to improve Australia’s position for national defense?

Sir. Houston: Well, I'll go straight to the submarine, is obviously going to be out there. But, you know, we're going to have Virginia’s in the early 2030s. At the moment, the ships that are being built, they won't arrive until the early 2030s. I think the Virginia will be there before the ships that are being manufactured in Australia at the moment. So I would go straight to one thing: Guided weapons and explosive ordnance. We need to put the priority into every form of guided weapon that is relevant to our force. I'm talking about not just the really long-range weapons, but also we need more other weapons as well.

We shouldn't – we need to go for what we can get quickly. And one of the missile families that I'm sure we will spend a lot of time looking at and working with is the Kongsberg JSM/NSM. They produce a missile that can be – you can put two JSMs and a JSF in the bomb bay. It's the only missile that will fit in a JSF. So I'm sure we'll be looking at that. In fact, it's in the report. And the other one is the same missile is also able to be used as the NSM on naval ships. So I think there needs to be some movement there urgently. And if we can get a manufacturing setup of that missile in Australia, that would be a very good thing.

Let's go to the – perhaps, the more expensive and exotic missiles. We need to be able to manufacture those in Australia too. So, obviously,
the two companies that are involved in GWEO are going to be Lockheed Martin and Raytheon. And they both produce families of missiles that we'll be procuring anyway. But we think it's also important to develop a capability of some of those missiles in Australia, manufacture them in Australia.

Mr. Edel: All right. I'm going to go to a question first that we received online from Gary Sprott of the Indo-Pacific Defense Forum.

Gary wrote that the DSR notes the importance of, quote, "working with partners investing in their own defensive capabilities." Sir. Angus, can you talk more about Australia's efforts to enhance the security capabilities of Pacific Island countries, such as PNG, Vanuatu, and others?

Sir. Houston: Well, perhaps I'll talk about Papua New Guinea. We've had a long, long relationship with Papua New Guinea. We've always – we've always provided them with assistance to develop their defense force. I can remember as a very young officer going up there and working with them with the Pacific Islands Regiments. Very fine soldiers. And really enjoyed the experience. But going forward, there are capabilities that they want to develop. And we need to invest in those capabilities. For example, an air capability. And we think there's great scope to develop an air wing that will be very useful to them. We already provide them with patrol boats, but we probably need to develop even further the sort of support that we provide them.

And the other thing is we need to exercise with all of these countries. And Papua New Guinea is a very challenging environment, as we saw in the Second World War. And I think exercises in New Guinea will be very valuable to developing the sort of capability we need and also providing everybody involved with familiarity with a very demanding and challenging environment.

Mr. Edel: Ma'am.

Q: Hi. Jennifer Hall from Project 2049. Good to see you again.

Would you be able to add a little bit more color or information to just the priorities it's giving in the space domain? So I know that there are some concerns from the larger Australian budget that the space programs are maybe in a precarious position, but maybe possibly being impacted. Would love to hear about just your assessment.
Well, just very quickly, just one of the things we didn’t get to is the Australian Defense Force. It will be a fully integrated defense force across the five domains. Obviously, sea, air, land, space, and cyber. And they will be the domains. The space domain is very, very important to us. And we’ve recommended moving it out of Air Force and placing it under the joint capability commander. And it will obviously be funded through him. We’ve had some really good assistance from actually the General Crider has been down there assisting the commander of the Australian space command, Cath Roberts – Air Vice-Marshall Cath Roberts. And it’s moving forward apace.

It’s a very brand – it’s a brand-new capability. But it’s growing apace. And we’re very happy with how it’s going at this stage. And, of course, I just – the government recently made the decision on program 9102, which is satellite communications. And those satellite communications will be provided by Lockheed Martin, a very sophisticated and comprehensive SATCOM system. Does that give you what you want? You wanted more than that, I take it?

Yeah. I guess I just wanted to make sure that wasn’t being deprioritized in the defense space.

No.

OK.

No.

Yeah.

Quite the contrary, in fact. I can’t speak about some of the things that we want to do there, because it’s highly classified and very sensitive. But believe me, it’s a very, very high priority. Absolutely key to the best utilization of the Australian Defense Force. So it’s not – it’s not a sort of a side organization. It is one of the domains in an integrated defense force. And if you just think about some of the things I’ve talked about today, space has a very big part to play in all of that.

One of the questions that we received online, but it’s really a topic of constant conversation here in Washington, D.C., is export controls, and the U.S. export control regime. And I guess I would ask specifically, from your experience when you were CDF, if you can think of instances where the U.S. export control regime – I’m talking about
ITAR, I'm talking about tech transfer – posed problems for planning or even for force preparedness for Australia.

Sir. Houston: Well, in my time, it wasn't a problem. And I say that because what we were dealing with was the Middle East. We decided we wanted C-17s. The C-17s were delivered in less than two years. We decided we needed an air combat aircraft to cover the gap between the F-111 and the JSF. So we were able to obtain Super Hornets in less than two years, bought through FMS, of course, which is the best way to buy a capability like that. But I guess where it comes in is not so much in the sort of operational environment we've experienced in the recent past. It's where we want to go in the future. When we want a particular item, it's a torturous process to go through all the various controls and approvals that are required for us to obtain, say, a strike weapon.

I think that's where it really comes into play. And one of the things about AUKUS, AUKUS pillar two, that I hope we really get sorted is all of those sharing of information, sharing of technology, ITARs, all of that we need as part of AUKUS pillar two to level the playing field so we can get the kit much quicker, and without all of the steps that are required at the moment. So I think that's where it – that's where it comes in, and that's where it's more relevant. It's when we start procuring stuff. It can be quite a long process.

Mr. Edel: That's a – it's an interesting note to conclude on. You started with the conversation about whether or not the Australian Defense Forces are fit for purpose. There's a question here too for U.S. allies about whether or not the systems that we have are fit for purpose for the new environment that we are facing at this point.

Before we wrap, I just want to ask – we got to space towards the last moments. Is there anything else that we really need to take away that we haven't covered? We really have covered a fair amount but, as you said, probably not all 110 pages' worth.

Sir. Houston: Well, just a few words about the Australian Defense Force. I just, in response to the question, we are going to – we're going beyond joint. We're going to integrated, a fully integrated defense force. We'll still have an Army, Air Force and Navy, but we've got those other domains as well. And the chief of the Defense Force will have command – he already has command – but he will have control of the personnel management function. So promotion of officers, career management of officers, will be handled by the CDF.
This is a marked change from where we've been in the past. And I think this is a huge step in the right direction because people were promoted by their service chief. So if they were in a joint appointment, they were always worried about what dad thinks, what does dad think about my performance here in the joint environment? And sometimes in the joint environment, you have to do things that probably are not appreciated in the single service. So I think this is a better way to do business. It will provide for a much more effective way to run a very critical officer call of the Australian Defense Force. So fully integrated and, I think, in a much better way. I mean, the joint operations work fine, but this will make them work even better.

Mr. Edel: Well, I really do want to thank you for running through the gamut here of all the restructuring that is recommended – everything from what the new promotion process will look like, and the oversight – to the oversight to the entire enterprise, to the desire to accelerate long range strike, to northern bases, to the way that Australia even can acquire the new capabilities that it’s looking for here. This really is a momentous document. I commend you, and Stephen Smith, for pulling this off within six months, as you said, it was executed. And I hope that everyone here can join me in thanking Sir. Angus for taking the time to share with us today, but really for the work that he and his team put into pulling this. Thank you. (Applause.)

(END)