Marlena and I are delighted to be here today for an afternoon in very good company – to see old friends and to meet new ones.

I have been an active member of the Royal United Services Institute for many years, and it is a special pleasure to address this luncheon as guest of honour. The Institute has a magnificent pedigree which traces its formation to the establishment of the USI of New South Wales in 1888; Victoria and other State groups were established soon after.

The Institute in SA was formed over 100 years ago and shares with its state counterparts, the aim of furthering the study of strategy, national defence and related matters.

This you do very capably, in a non-political way.

To stimulate discussion on security issues is a most worthy undertaking. And what a significant task that is, given the increasingly complex and interdependent nature of security, at home, regionally and globally.

Today, we view terrorism as one of our greatest security threats – a pandemic that I believe will exist for a considerable time. Yet in so doing, we must also consider the impact of other factors on global security, including poverty and climate change; and resource challenges such as energy and water availability, ownership and distribution.

In terms of this country’s contribution to a better and more peaceful global future, I speak regularly on the concept of Australia as a ‘Nation of excellence – the global example’, in which we try to be the best at everything we turn our minds to – individually and collectively.

For it seems to me that if the rest of the world sees us as intelligent, innovative, compassionate and culturally sensitive, not only will we prosper, we will likely do so in a more secure environment.

Clearly we need innovative, lateral thinking to define an integrated agenda for the promotion of a sustainable, harmonious, global community. This must, of course, be combined with strong and preferably coordinated leadership in all sectors of society.

And whilst military power remains the ultimate means of preserving national sovereignty and protecting our national interests, to effectively combat terrorism and other non-state based threats requires a whole-of-government response, and often close cooperation between governments. Importantly, at some point, and hopefully sooner rather than later, the United Nations must establish ways and means of pre-empting genocide, civil wars and mass starvation rather than responding after the tragedy has already occurred. Perhaps it and the Security Council in particular, need a new set of rules and a more responsive structure?
So what do I see as some of the key challenges and opportunities facing our Defence Force, and can we learn from our past?

It is now generally accepted that the likelihood and therefore the extreme consequences of war between the major powers has been greatly reduced when compared with more recent periods of history – for example the Cold War.

Of course there will still be strategic competition between the US and China and there may be periods of tension; Taiwan and North Korea being two such problems; but super power conflict is unlikely.

The reality is that 9/11 re-ordered the strategic priorities of the world’s most powerful country. In this sense, if in no other, 9/11 reshaped the global strategic environment.

For as long as the US regards terrorism as an existential threat, and for as long as jihadist groups target the US and others, including Australia, the fight against terrorism will be a first-order global strategic priority.

Terrorism, by provoking the US into usingassertively its overwhelming economic and conventional military superiority, has strengthened the centrality of the US in the global strategic environment. This is unlikely to change in the foreseeable future.

At the same time each of the major powers has an interest in maintaining a positive relationship with the US. Thus we are more likely to continue to see a generally constructive period in great power relationships, albeit with occasional blips on the radar screen.

Transnational issues – such as unregulated people movements, crime, drugs and environmental degradation – will also be important determinants of the global environment over the next decade. Traditional notions of national security will need adaptation to meet these broader trends.

The challenges they pose are already demanding greater integration of diplomatic, law-enforcement, aid, trade and defence policies to support national and international security.

The Bali and the Jakarta embassy bombings remind us of Australia’s vulnerability to terrorist acts; acts carried out by individuals and groups who appear to have no nation-state sponsors and who seem not to be deterred by conventional diplomatic and military means.

The response itself must therefore circumvent the threat rather than attempt to meet head-on “an amorphous enemy.”

We must strategically outflank it. And whilst not abandoning physical protection against it, military response should not be the sole strategy. The ‘hard-shoulder’ approach as a single answer simply won’t work.

Rather, we must endeavour to reshape global alliances to reduce the pool of states or communities which see the need to employ terrorism. Or, in simplistic terms, we must give people a reason not to resort to violence and terrorist acts in the first place and in particular stop long-term hatred being propagated in the name of religion. How to achieve this is a subject I think RUSI could very usefully address.

So where does all this leave the Australian Defence Force? As I see it, doing pretty much as it has been doing so successfully in recent years, including:

• RAMSI type operations on invitation in the South West Pacific; and what a wonderful example the Soloman’s initiative is of a joint military / civil structure to handle law and order and institution-building complexities in the SW Pacific.
• Maritime border security; very successful, but demanding on ships and crews
• UN operations: perhaps Africa – genocide prevention, humanitarian relief and so on;
• Coalition operations: the Middle East;
• Countering terror: local, regional, global;
• Pandemic Disaster support: civil evacuation, emergency medical support.

And just about all these situations will occur at very short notice, meaning we will have to operate with the manpower, equipment and doctrine in being. What we can’t afford is hollowness in our combat, logistic and training support units, and it is good to see Defence now having the resources to address these deficiencies.

And in utilising our skilled uniformed manpower effectively we must continue to be able to build, dissect and merge our force elements, sub-units, functions and assets into task-specific battle groups or task forces, incorporating police and other civil
agencies as required.

It is also pleasing to note the considerable strength of the South Australian ship-building industry within the context of Defence capability sustainability. The Australian Submarine Corporation (ASC) is one of Australia's largest repositories of naval high-end skills, maintaining close working relationships with over 1,400 suppliers, capability partners, universities and specialist providers.

Initially established in 1985, ASC was chosen in 1987 as the prime contractor for the design, manufacture and delivery of the Royal Australian Navy's fleet of six Collins Class submarines. For 21 years, they have built on these strengths and commitments which led to their selection as shipbuilder for the Hobart Class Air Warfare Destroyer Program. This project will see the most advanced and complex warships ever built in Australia being constructed here, in South Australia by South Australians.

And that, ladies and gentlemen, deserves a round of applause.

Today, with ASC evolving into one of Australia's largest specialised defence shipbuilding organisations, the challenge remains for us to continue to nurture and retain our trade skills within local industry for much the same reason that we must retain the war-fighting skills of our soldiers, sailors and airmen.

In concluding, I think we would all agree that the natural human tendency is to want to solve the sort of complex problems I have earlier outlined one at a time. The reality is that most issues are interconnected in some way, and our military commanders, be they a corporal section commander in a rifle battalion, or a joint task force two-star commander within a National Command element, need to be prepared for this.

So above all, we must continue to encourage lateral thinking in our leaders.

Ladies and Gentlemen. I commend the USI of SA for promoting informed strategic debate in this country. I urge you to strengthen your links with the public, business, industry, universities and governments to ensure that Australia continues to develop and then maintain its regional and global reputation for military excellence.

Thank you.