Australia's Future Threat Space: Strategic Risks & Systemic Vulnerabilities

David Beveridge

Drawing on the Kokoda International Conference "Next Generation Threats to Australia" this paper discusses strategic risks and systemic vulnerabilities affecting national security; suggests that Australia needs to take a whole-of-nation approach and proposes a Federal Government Green Paper as a means for taking this forward. It concludes that non-traditional concerns will lead in future national security planning; albeit the consequences of traditional state-driven threats cannot be set aside. Its findings suggest a changing relativity between non-traditional and traditional security perspectives, perhaps heralding a need to reconsider the current balance of investment.

Introduction

In October 2005 the Kokoda Foundation conducted a major international conference *Next Generation Threats to Australia*.[1] Senator Russell Trood noted in his opening remarks to that conference that we live in an increasingly turbulent and complex world; and this theme is supported by the US National Intelligence Council (NIC)[2] and the World Economic Forum (WEF), which noted that even small events, seemingly inconsequential decisions, or small numbers of ill-intentioned people can have a disproportionately big impact.[3] As Dr. Bruce Hoffman noted in the keynote address to the conference, the evolving and diffuse nature of the threat from Jihadist terrorism and the *corporate* nature of Al Qaeda and its associates will be one such source of future turbulence. Both Hoffman and Trood also suggested that Australia, like other western nations, needs to take a long-term strategic view on planning national security—one building on but wider than the traditional political-military approach to a national security agenda that is wider than Defence alone.

---

[1] The conference aimed to review the national security (not just Defence) agenda. It considered non-traditional as well as traditional categories of threat and Australian vulnerabilities out to about 2025.

[2] See National Intelligence Council, *Mapping the Global Future: Report of the National Intelligence Council's 2020 Project*, NIC, Pittsburgh PA, 2004.

[3] See World Economic Forum, *Global Risks to the Business Environment*, WEF, Geneva, 2005.

The above points raise important questions. Just what are the *strategic risks*[4] to Australia's national security? What kinds of *systemic vulnerability*[5] will Australia face? How should Australia deal with future security challenges? The 200 plus delegates at the conference made a comprehensive start on these questions, and this paper draws on their insights. In the first and second sections the paper addresses the first two questions*;* and in the third it examines their implications for future national security planning.

Survey Inputs

The conference included a survey of the delegates;[6] each delegate (average return rate: 100 people) being asked to assess the relative probability, importance and timing of some 50 threats to national security on a scale of 1 to 10. The paper uses that data to group these threats into ten 'strategic risks'[7]—terrorism, infectious disease, energy supply, failed states, crime, fiscal crisis, social impacts, WMD, state-driven acts, and natural disaster[8]; which are canvassed below. Each risk is examined broadly in terms of threat outcomes; and, where appropriate, through a strategic domain *taxonomy*.[9] A summary of the relevant threat data is tabulated under each strategic risk.[10] And the first nine risks are ranked broadly in a priority order resulting from the aggregated survey data.

---

[4] In this paper a 'strategic risk' is defined as a combination of the probability of an event and its consequence; and threat, vulnerability and time can also be factors. 'Threat' is an activity likely to cause harm to Australia; which could include natural events, accidents or intentional acts. 'Vulnerability' is a flaw or weakness – possibly involving national culture, infrastructure or a policy process likely to be susceptible to exploitation by threats. The time-scale is taken as loosely within the next twenty years.
[5] The term 'systemic' encompasses issues affecting the 'system-of-systems' comprising Australia's governance arrangements. It can be said to involve machinery-of-government, particularly in the 'whole-of-government' sense.
[6] Delegates included many senior practitioners and academics from the economic, health, ICT and law-enforcement as well as diplomatic and defence fields. This can be said to comprise an informed if not 'expert' sample.
[7] The first nine risks were derived from the survey and the conference touched briefly on the tenth—natural disaster—in plenary session.
[8] By way of comparison, the World Economic Forum report (WEF, Op. Cit.) identified 10 risks most likely to have a major or extreme impact on business. These include: instability in Iraq, terrorism, emerging fiscal crises, disruption in oil supplies, radical Islam, sudden decline in China's growth, pandemics / infectious diseases, climate change, WMD, and unrestrained migration and related tensions.
[9] The geo-political domain, where traditional (largely military) as well as non-traditional (for example diplomatic) threats reside; the societal domain, which largely covers non-traditional threats (eg, crime, health); the economic domain, which is generally seen as non-traditional (albeit traditional threats carry economic implications), and the physical domain, (which includes non-traditional threats to the bio-sphere, (un)natural disasters and more traditional threats resulting from geography and weather).
[10] The survey data was used to rank each threat in terms of 'high' (a score from 8 to 10); 'medium-high' (5 to 7); 'medium-low' (3 to 5); and 'low' (below 3). For timing a threat likely to ensue in the near future, i.e., before 2010 was based on a score between 7 to 10; in the 2015 range, 5 to 7; around 2020, 3 to 5; and 2025+, below 3.

Strategic Risks

RISK 1. TERRORISM

Threat from	Probability	Impact	Time
Terrorist Attack in Australia	high	high	near
Terrorist Attack on Australian Offshore Infrastructure	medium-high	medium-high	near
Attack on the ADF in the Middle East	medium-high	medium-high	near
Terrorist WMD Attack on Australia.	medium-low	high	2015
Terrorist Coercion of Australian government	medium-high	medium-high	2015

Terrorist threats were highly ranked by the conference, with the potential for attacks in Australia itself and on its offshore infrastructure a particular concern. On top of this, delegates saw a WMD attack by terrorists as a real nightmare. Much discussion centred on the way terrorist acts carry both social and fiscal implications; and how Australian social activity could engender terrorist responses. The issue of consequence was also debated; for while direct deaths and damage from terrorist attacks might be limited, indirect effects such as long-term contamination, panic and economic stress could be considerable.

While terrorism can involve asymmetric warfare (placing it in the geo-political [military] domain), it is also a societal (law-enforcement) issue. Any inability to cross-link agencies with a foot in each of these domains would be a serious liability; particularly in our ability to respond in the aftermath of an attack as much as to prevent it. Indeed Dr. Hoffman identified this as a prime contemporary weakness; asserting that planning for post-incident response measures had generally fallen behind prevention and this imbalance required attention. He also noted that while the public might have some understanding for a failure to predict attacks there would be little popular sympathy for a failed response.

RISK 2. INFECTIOUS DISEASE
Pandemics, whether deliberately engendered or natural, were ranked amongst the highest potential next generation threats: especially as they would have significant corrosive societal as well as economic impacts. The conference heard arguments for and against the likelihood of a major outbreak of disease, such as influenza. And it was generally concluded that globalisation, with its associated mobility of people, goods and services, as well as a potential for terrorist use of biological weapons, is likely to increase the risk of pandemics.

Threat from	Probability	Impact	Time
An Influenza Pandemic	high	high	near
Economic Effects of a Pandemic	medium-high	high	near
Animal & Plant Disease	medium-high	high	2015
Other Human Virus Pandemics	medium-high	medium-high	2015
Human and Animal Diseases from Deliberate Action	medium-low	high	2015
Plant Disease from Deliberate Action	medium-low	medium-high	2015

Prospective weaknesses include the potential for panic resulting from and a shortage of effective health services able to prevent, detect, counter and/or respond to the spread of infectious disease. And the research effort and time required to develop and sustain effective vaccines presents a key liability. While this risk is part of the physical domain it has serious consequences for all three others. In the economic domain for example a delegate cited the potential for any deterioration in animal or plant health to impact severely on Australian economic drivers and our economic stability.[11]

RISK 3. ENERGY SUPPLY

Threat from	Probability	Impact	Time
A Disruption to Energy (Oil) Supply	medium-high	high	2015

The discussion focused on oil. The conference itself ranked a disruption to oil supplies high: both in probability and consequence. That said the expert prognosis[12] seemed relatively optimistic, the view being put that world oil consumption out to 2025 could be met from proven reserves, without the need for new reserves. Furthermore, the view was that new technology is enhancing recoverable reserves, making Australia well positioned to respond to long-term changes in oil supply conditions. Any ramifications of supply disruption were considered likely to occur at the international level, with Australia unlikely to suffer any comparative disadvantage.

It should be noted however, that others take a less optimistic view. For example the NIC considers sharper demand-driven competition for resources, perhaps accompanied by a major disruption of oil supplies to be among the key uncertainties for the future.[13] More recently US Senator Lugar has argued "No one who is honestly assessing the decline of

---

[11] Australia exports 70% of its beef production and has food and fibre exports valued at $32billion per annum. The loss of such trade would have major economic and social impacts.
[12] Presentations were made by Dr John Tilley, Director Australian Institute of Petroleum and Dr Paul Graham, CSIRO Theme Leader Energy Futures.
[13] NIC, Op. Cit.

American leverage around the world, due to our energy dependence, can fail to see that energy is the albatross of U.S. national security".[14] As Lugar implies, the future threat may not be so much the paucity of supply (on which there is disagreement)[15] as the impact of competition engendered by globalisation.[16] Whatever the outcome a disruption to Australia's energy supplies would carry significant societal and geo-political as well as economic implications for our national security.

RISK 4. FAILED STATES

Threat from	Probability	Impact	Time
A Failed State in the SW Pacific	high	medium-high	2015
A Failure in East Timor	medium-high	medium-high	2015

This geo-political risk may appear to have a lesser impact than others identified here; however state failure can have a negative influence in the economic domain, carry potential societal impacts and have implications for the physical domain (for example, Australia would also be influenced by a climate change that induced failure elsewhere). Finally, as noted by one delegate, some 2 billion people live in weak states and 20 million in failing states and this has a global impact—to the extent that the US feels threatened more by failing than by rising states.

The potential for a failed state, particularly in the South-West Pacific, was highly ranked by the conference. Such an occurrence would have several consequences for Australia. For example, transnational criminals would almost certainly find it easier to operate out of a failed state; while increased migration—legal and illegal—could be another consequence. The conference also noted that political failure was not the only possible cause, for some states might become unviable due to the impact of rising sea levels. Weaknesses here could include the shortage of trained Australian manpower available for overseas deployments, together with potential impacts on our regional relationships. The conference was also concerned

---

[14] See Senator Richard Lugar, 'Address to the Brookings Institution 90th Anniversary Leadership Forum', Monday, March 13, 2006, Washington. Lugar also asserts "… oil will become an even stronger magnet for conflict and threats of military action, than it already is."
[15] Deputy Prime Minister John Anderson noted 'the world could reach peak production of oil and gas far sooner than predicted because of the rapid increase in energy demands in China" (*ABC News Online*, 20 May 2005). See also Richard Reese (1997), 'Oil and the Future', <http://www.eco-action.org/dt/oilfut.html>, for other perspectives particularly on rising demand versus falling supply and the implications for priorities.
[16] For example there is speculation that increasing oil prices could change the current global power dynamic. See Hamish McRae, 'World Power Balance will shift as oil reserves dwindle', *Canberra Times*, Thursday May 4, 2006. McRae argues that increasing demands from India and China combined with declining oil reserves will result for example in Russia and Latin America becoming more important as would the oil rich nations of Africa. He also suggests that this could increase the potential for some unpredictable 'future shock'.

about the way this could affect Australia's relationship with Indonesia. And the potential impact of failure in East Timor upon Australia's energy supplies was another important concern.

RISK 5. CRIME

Threat from	Probability	Impact	Time
Large Scale Criminal Operations in Australia	medium-high	medium-high	2015
Criminal Exploitation of Australian ICT Networks	medium-high	medium-high	2015
Criminal-Terrorist Coordinated Attacks	medium-low	high	2020

The threat from domestic and transnational crime carries serious economic and societal implications. To highlight the impact, one delegate noted that crime in Australia costs $19 billion per annum plus another $13 billion in law-enforcement costs (this represents 5% of Australian GDP or twice our defence costs). The conference also noted that crime can have geo-political impacts. For example, criminal acts can affect the components of national security such as the economy, health, education, political legitimacy, social welfare and social cohesion.

Criminal threats were ranked medium-high across the scale. Interestingly, the exception to this ranking occurred when the potential for criminal-terrorist partnerships was discussed, with the consequences of such collaboration considered especially dangerous. In order to control organized crime, it will be important to continue and (where appropriate) extend current successful partnerships between military, police and intelligence agencies developed primarily to counter terrorism. Indeed, a failure to do so would comprise a significant weakness.

RISK 6. EMERGING FISCAL CRISES

Threat from	Probability	Impact	Time
Economic Effects of a Global Financial Reform Failure	medium-high	medium-low	2015
A Global Recession	medium-high	medium-high	2015
A US Recession	medium-high	high	2015
The US Deficit	medium-low	high	2015
Europe / Japan Economic Reverse	medium-low	medium-high	2020
An Economic Reverse involving China or India	medium-low	medium-high	2020

Fiscal crises are not normally considered a national security risk; nonetheless they have clear societal and geo-political implications. The conference considered the current configuration of the global economy quite robust and resilient; with damage likely to be as a consequence of other events rather than from any planned disruption; but it also noted that the success or failure of globalisation will be a crucial issue. Regionally the participants' view was that the future global economy is likely to have an increasing Asian face and a decreasing US position. This development together with the symbiotic relationship between the US and China will offer opportunities and vulnerabilities for Australia.

Recessionary problems were rated likely, but most were considered manageable and possibly not even discrete threats to Australia. As noted by one delegate, Australia's present vulnerabilities centre on the nation's current account deficit, most of which involves overseas debt. This is maintained on the basis of the national credit standing, which could be affected by external as well as internal threats. But the overall risk was considered manageable, unless circumstances severely degrade the flow of trade, transportation, and capital flow (or there is a systemic shock such as from a pandemic).

RISK 7. IMPACTS ON THE SOCIAL FABRIC

Threat from	Probability	Impact	Time
Demographic Divisions in Australia	medium-high	medium-high	2015
Deterioration in Australian Social or Political Cohesion	medium-low	high	2020
Reduced Australian freedom of manoeuvre due to International Organisations	medium-low	medium-high	2020
Coercion of Australian Government by a Non-State actor	medium-low	medium-high	2020

The survey posed questions on likely impacts on Australia's social fabric— our national integrity—resulting from internal divisions and external pressures. While non-traditional the relevance of these threats to national security is self-evident.

Demographic divisions were ranked as a medium-high potential future threat, particularly as Australia faces a changing ethnic mix and an aging population base.[17] The potential for deterioration in Australian social and

---

[17] To date, Australians born overseas have tended to average around 23% of the total population, with only around 6% from countries with some internal dissension; and by and large, migrants have been readily absorbed. But this may change in the future. Australia's mid-2002 population of 19.7m is projected to grow to between 23-31.4m by 2050. Significantly, the median age is projected to increase from 35.9 years in 2002 to around 42.3 in 2020 and 49.9

political cohesion and for threat from external players was rated lower. Delegates generally agreed that while Australia is a strong, cohesive and resilient nation possible external developments, such as the potential for destructive anti-Americanism or an anti-Muslim response engendered by terrorism, could create instability within Australia. Other potential longer-term issues addressed included the ability to sustain national resilience in the face of a long war on terrorism, and in the shorter term to respond to direct Jihadist attack or other pressures such as from multi-nationals, environmental groups or regional nations, eg., such as previously from Malaysian ex-Prime Minister Mahathir in the ASEAN context or more recently from Indonesia in regard to Papuan asylum seekers.

RISK 8. WMD

Threat from	Probability	Impact	Time
Chemical, Biological or Radiological (CBR) Attack by a Non-state Actor	medium-high	high	2015
WMD Attack on the ADF in the Middle East	low	medium-high	2015
WMD Attack on the ADF in SE Asia / S Pacific or in NE Asia	medium-low	medium-high	2020
CBR Attack on Australia by a State	low	high	2020+
Nuclear Attack on Australia by a State	low	very high	2025+

Weapons of mass destruction (WMD) are a global concern, as well as in the Asia-Pacific region and ultimately to Australian territory. Perhaps the greatest concern is that they can significantly enhance both traditional and non-traditional threats in the geo-political domain. While delegates did not think their use likely in the near term, many were concerned by the possibility of a non-state actor using CBR weapons. Again, the driver for this concern was the impact of such an attack, particularly since effects can persist for many years after the event. State-perpetrated CBR attacks were rated as lower in probability, but the potential impact was considered marginally higher.

Delegates reserved the very highest rating for the consequences of a nuclear strike on Australia, albeit this was considered of low probability and only feasible in the long term. Delegates also noted that WMD attacks (whether terrorist or State engendered) would have a corrosive effect on society, giving them clear societal and economic implications in addition to their physical impact.

---

years in 2050. See Australian Bureau of Statistics, *Year Book Australia 2005*. And these changes are not unique to Australia—many developed economies will experience the situation where declining birth-rates and ageing combine to present economic problems.

RISK 9. STATE-DRIVEN ACTS

Threat from	Probability	Impact	Time
Australian Fifth Column Support to an Enemy	medium-high	medium-high	2015
Coercion of Australian Government by a State	medium-low	high	2020
Attack on Australian Off-Shore Infrastructure	medium-low	high	2020
Attack on the ADF in SE Asia / SW Pacific	medium-low	medium-high	2020
Resource-Motivated Infringements on Australian Territory	medium-low	medium-high	2020
Attack on the ADF in NE Asia	medium-low	medium-high	2020
Attack on Australian Off-Shore Territories	low	high	2025+
Invasion of the Australian Mainland	low	high	2025+

The risk from state-driven acts lies most clearly in the geo-political domain, albeit each threat would carry societal implications and consequential economic impacts. The highest rated threat—fifth columnist activities—was so assessed by delegates as it is closely related to state-sponsored terrorism and reflects an element of the concerns about social cohesion. The remaining risks were generally assessed as lower on the scale and with longer time-horizons than the others, but rated highest in terms of their potential consequence. On the less conventional side, it was also noted that refugee flows—caused by economic pressures, global climate changes and persecution by despotic regimes—could lead to infringements of Australian territorial sovereignty.

While nation states are likely to remain relevant in the near term, the conference noted this may not necessarily hold in the future. The NIC also picks up on this, suggesting that political Islam will have a significant global impact in the period leading to 2020, rallying disparate ethnic and national groups—perhaps even creating an authority that transcends national boundaries.[18] The degree to which such entities will act like a state is uncertain and is an important question for Australian security planners.

The final word on this risk was put by Professor Babbage in his concluding remarks. "State-driven threats would most likely be aimed at coercing the Australian Government to change its stance on a key issue. At the operational level they might include attempts at undermining Australia's domestic cohesion, damaging IT or economic infrastructure and various forms of military attack. Whilst this category of threat is relatively unlikely and

---

[18] See NIC Op. Cit.

will probably not arise in the short-term, were it to actually arise the consequences would be profound."

RISK 10. NATURAL DISASTERS

This issue was touched on briefly in general discussion but the size and complexity of the agenda precluded substantive consideration. However, Professor Babbage noted in his closing address that non-planned natural events would include threats driven by natural phenomena such as earthquakes and tsunamis. And this concern is reinforced by the recent disasters in the region and the impact of hurricanes like 'Katrina' on the eastern seaboard of the USA.

Future defence and security implications of risks and impacts from the physical environment were canvassed by the UK Defence Ministry's Joint Doctrine and Concepts Centre (JDCC).[19]

> The effect of global warming, principally rising sea levels, changing climatic belts, and climatic instability, do not in themselves pose direct threats to global security. It is judged that these will probably contribute to the risk of internal or interstate conflict where tensions are present for other reasons, but will not directly cause conflict. However, it is probable that global warming will increase the vulnerability of those fragile states that are not able to manage the consequences of the change. This is likely to increase the demands for (UK) military participation in humanitarian assistance and humanitarian disaster relief operations.

The JDCC findings are likely to apply with equal force to the Australian situation.

Systemic Vulnerabilities

This section examines four vulnerabilities that can be said to affect Australia's national security 'system-of-systems'. The first two—the shift from a US uni-polar to a multi-polar world and ICT dependency—are global as well as national conditions. The last two—multiculturalism and governance—are internal but also affected by global conditions.

A MULTI-POLAR WORLD AND THE US ALLIANCE

The conference noted that while Australia's geo-strategic environment in 2006 appears generally benign, forces and conflicts could change this.

- Regionally there were questions over the future relationship between China, India and Japan; this could affect Australia's national security directly or indirectly through economic disruptions.

---

[19] See Joint Doctrine and Concepts Centre, *Strategic Trends*, Ministry of Defence, London, 2003.

- Further questions remain concerning the stability of the China-Taiwan relationship, North Korea's future and weapons programs, and the future of the Middle East; with concerns about Iraq, Iran's nuclear ambitions and the Arab-Israeli conflict.

- One specific concern centred on how North Korea's possession of WMD could change the strategic dynamic of North-East Asia, which could eventually threaten Australian territory in the future.

Dr Coral Bell, in particular, noted the potential for a transformation from a US unipolar to a multipolar world by 2020. In her view with the rise of other superpowers, namely the European Union, China, India and Japan, the world of unchallenged US supremacy will be over. Likewise, the rise of secondary powers, especially Asian states like Pakistan and Indonesia, will result in a greater number of powerful and capable nations. In this world of multi-polar alliance, the US will have different priorities than those they have now. This transformation will greatly affect Asia; and the US alliance, currently considered by many as Australia's greatest security asset, may not always be so if significant conflict occurs between the US and other rising powers—principally China. This will present complex systemic challenges for Australian policymakers.

ICT DEPENDENCY

Information and communications technology (ICT) is a fundamental cross-cutting 'effector' with positive and negative systemic implications for managing threat and risk within and across the geo-political, economic, social and physical domains. ICT is a pervasive feature of modern society and likely to be more so in the future. There is a high level of dependency on ICT in Australia and this is growing. For example, the percentage of Australian households with computer access increased steadily from 44% in 1998 to 66% in 2003, with Internet access similarly increasing – from 16% in 1998 to 53% in 2003.[20] These figures are indicative of an ongoing trend that will ultimately see computer (and mobile phone) access as a perceived individual right.

The conference rated physical attacks on systems and sabotage on the part of trusted insiders of most concern to future ICT infrastructure; with attacks on the IT control systems of chemical or biological facilities potentially the most serious. Australia will be especially vulnerable in telecommunications, electric power distribution, and the Internet, which increases the importance of ensuring resilience and self-sufficiency for critical areas. Obsolescence was also identified as a concern as many key utilities—water, power, gas—run on obsolete hardware and software platforms. *Single system dependencies* arising from a concentration of ownership are also a

---

[20] See ABS, *Year Book 2005*.

concern.[21] Others noted that *information security* will be a primary concern as will the outsourcing of key ICT services and business process management to overseas agencies.

MULTI-CULTURALISM

Multiculturalism has become a normal condition in Australia. DIMIA notes

> Multiculturalism … recognises and positively accepts that Australia is, and will remain, a culturally diverse country … . It seeks to ensure that this diversity is a positive force in our society … .[22]

However, as was noted at the conference there is a growing concern over the increasing potential for ethnic or religious-based violence in Australia. Up to now Australia has been able to absorb migrants from Europe and more recently South East Asia. By and large this influx has been successfully integrated and disruptive social problems have been rare. But some delegates noted the possibility that future intakes of migrants could include a number of disaffected Muslims who want to live according to their own values, and may seek to change the social system of the destination nation.

Others have noted this. Angela Shanahan points up the potential implications of an increasing Muslim population, claiming that in 50 years it could comprise around 25% of the Australian population. She argues that large pockets of disadvantage amongst Australian Muslims contribute to increased crime rates and speculates on the ability of the 'shadowy recruiting world of Islamic fundamentalism' to exploit the grievances of young disaffected Australian Muslims.[23] Many will take issue with her and there are certainly questions over her assertions of criminal links; yet her argument highlights an Islamic fundamentalist desire for autonomy rather than inclusion within the existing social system.

GOVERNANCE

A lack of strategic leadership in terms of long-range assessment and decision-making and its impact on Australian governance was an underlying concern during the conference. This results from the habit and mindset of '*political short-termism*'[24] involving both our political decision-makers and

---

[21] One delegate noted that 80% of global internet traffic travels on Cisco equipment, and even though Cisco is risk averse and expends time and capital on risk mitigation, this concentration of responsibility presents a significant vulnerability.

[22] See DIMIA paper 'Australian Multiculturalism for a New Century: Towards Inclusiveness', 1999, http://www.immi.gov.au/multicultural/_inc/publications/ nmac/index.htm.

[23] See Shanahan, Angela, 'Remove blinkers to focus on reality of high Muslim fertility', *Canberra Times*, Saturday Feb 18 2006.

[24] The conference noted that political short-termism is inherent in Western democratic political systems where the focus is on winning the media battle on a daily basis. The media cycle is getting shorter and shorter and in politics it is important to get the upper hand in each cycle. This might be particularly so for Australia, paradoxically because few genuine security crises emerge and the media is constantly looking for stories, and can therefore more easily lose their

their supporting bureaucracy but a tendency to *systemic complacency* is also a contributor.[25] Systemic complacency results in part from short-termism but also from the nature of contemporary government business. Governance architectures are compartmented (ministries and their departments of state) using a central coordinating body (cabinets and coordinating departments[26]) to identify, rationalise and integrate policy in a whole-of-government way. These arrangements are quite functional but there is often a conflict between the speed at which the world works in the information age and the more measured pace of government response.

Future Australian national security architectures will need to adapt to and foster, if not effect change in a broadened and inter-related domestic, economic, and external environment; and be able to do so in terms of a faster tempo. To do so successfully requires that policy- and decision-makers have a broad, well-integrated and up-to-date awareness of the national security environment; and this approach must likewise drive the inputs that inform this 'situational awareness'. Achieving this requires an ability to understand the national security environment, identify important policy issues and their connections, and to make rapid and effective decisions. Governance arrangements are a primary systemic vulnerability with human as well as process dimensions.

Issues Arising

On risks it can be said in summary that terrorism leads the field, pandemics are also a real concern; and these risks are followed by oil supply, crime, failed states, natural disasters, and emerging fiscal issues; yet state-driven threats cannot be ignored and WMD would make both state and terrorist attacks significantly more dangerous. This is a complex if not complicated environment, which Figure 1 attempts to portray. Key issues that emerge from this picture are the key role of governance and the largely non-traditional and '*coupled and consequential*' nature of the issues. The risks and vulnerabilities are coupled, in terms of their essentially cross-connected nature, including from the global to local levels; but they are also consequential, inasmuch as the effects generated by some feed off and are exacerbated by others;[27] and all can be said to impact on the social fabric. Indeed their interrelated nature, perhaps more than the existence of the individual issues themselves, has implications for planning and managing Australia's national security.

---

long term perspective. The impacts of short-termism are also cumulative and can easily eclipse the necessity for long term planning. For example in terms of a policy focus driven by the election cycle.
[25] These trends are also cited by the WEF as of major concern in the business sector. WEF, Op. Cit.
[26] The Departments of the Prime Minister & Cabinet and Finance, and the Treasury.
[27] Terrorism for example can feed off and exacerbate the effects from pandemics, failed states and crime—and vice versa.
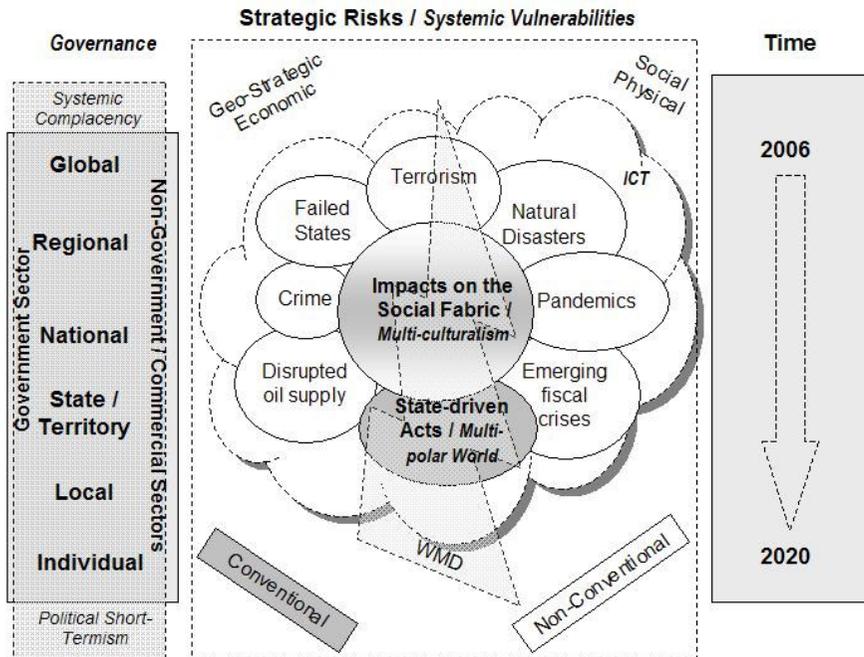
Figure 1. A Pictorial Summary[28]

Three issues can be said to arise from this assertion:

- Whether the current national security arrangements and machinery-of-government will be effective in a more dynamic future setting;

- The ability of Australia's strategic culture to cope with the complexities involved; and

- The contemporary focus on traditional (Defence) versus non-traditional (diplomatic and first responder) agencies, especially in Federal Budget terms.

---

[28] In the pictorial summary the central box shows eight primary risks clustered around the 'social fabric' with WMD depicted as an effector/enhancer for Terrorism and State-driven Acts. ICT provides a 'connected' environment for them all. Multi-culturalism and the Multi-polar World are superimposed on a relevant risk. The left-hand box illustrates the fundamental position of global to individual Governance relationships involving both government and non-government sectors—and here the twin issues of political short-termism and systemic complacency are also superimposed. And a relative time-frame for each issue can be roughly deduced from their relationship to the box on the right hand of the diagram.

NATIONAL SECURITY MACHINERY

Present arrangements for planning and managing national security in Australia focus on a 'whole-of-government' dimension. At the federal level this is achieved primarily through the coordinating departments; and below federal level via a range of Federal-State processes—such as the Council of Australian Governments—below that arrangements are much less structured. Consultation tends to fall within specific portfolios or respond to particular needs (e.g., consultation to develop the 2000 Defence White Paper, and arrangements for major events such as the Olympic Games, and in the private sector by the Business Council of Australia).[29]

While satisfactory these arrangements are not necessarily optimal and others have remarked on this.[30] Australian security responses should comprehend all the dimensions of policy (including political, economic, military, law enforcement, social, physical, legal and technological); and do so in a more cross-connected way, laterally within the nation as well as vertically in the national polity. Given the inherent complexity and non-traditional nature of national security issues it may be more appropriate to conduct 'whole-of-government' policy within a 'whole-of-nation' approach.

A 'whole-of-nation' approach would benefit from a generally accepted definition of both the 'national interest' and 'national security'. The more recent DFAT and Defence white papers refer to both terms, but this is limited to the portfolio context. For example: DFAT notes "the purpose of Australian foreign and trade policy is to advance the national interest – the security and prosperity of Australia and Australians";[31] and the Defence White Paper (and updates) refer to national security but without actually defining the term.[32] Interestingly the Canadian National Defence College notes

> national security includes freedom from military attack or coercion, freedom from internal subversion and from the erosion of the political, economic and social values essential to our quality of life.[33]

This definition provides a useful start-point, breaks away from the military-centric thrust in many definitions of national security, and could also provide a cultural 'circuit-breaker' for a broader national security approach.

---

[29] See Business Council of Australia, 'Aspire Australia 2025', available at www.bca.com.au.

[30] For example Rear Admiral Simon Harrington noted that 'Australia's bureaucracy is largely structured to reflect obsolescent conceptual divides between war and peace, and internal and external threats'. Simon Harrington, *The Next Big Challenges*, Scoping Studies: New thinking on security, ASPI, October 2004.

[31] See *Advancing the National Interest: Australia's Foreign and Trade Policy White Paper*, Commonwealth of Australia 2003, p. xiii.

[32] See *Defence 2000: Our Future Defence Force*, Commonwealth of Australia 2003; and the 2003 and 2005 Updates.

[33] Paraphrased from Elinor Sloan, *Security and Defence in the Terrorist Era*, McGill-Queens Uni Press, Montreal, 2005, p. 3. Sloan also notes that political etc values include national sovereignty, democracy and the rule of law, individual rights and freedoms, and a certain measure of economic well-being.

STRATEGIC CULTURE

The second issue is attitudinal rather than structural; and goes to a concern evinced by several delegates over the need for flexibility, sharper strategic assessment, better decision-making, and more effective implementation where national security is involved.[34] In this context the conference noted a need for a new style of strategic leadership and world leading personnel selection, education and training systems; and this is captured by Professor Babbage's closing remarks:

> A strong theme that emerged in several of the conference sessions was that if Australia's national security system is to be sufficiently flexible and adaptable to meet the wider range of security challenges now emerging, there will be no substitute for the very highest quality personnel.
>
> Several conference delegates suggested that a thorough review of defence and broader national security personnel education systems would be timely to ensure the achievement of world-class standards. To be fully effective this must encompass and foster a new style of participatory strategic leadership in all the various contributors to Australia's national security: policy-makers, first responders, the military, and the private sector.

BUDGETS: TRADITIONAL VS NON-TRADITIONAL PRIORITIES

The preceding discussion suggests a changing relativity between non-traditional and traditional national security priorities, and perhaps heralds a need to reconsider the current balance of investment between Australia's national security instruments and priorities. A brief review of current budget arrangements shows a weighting towards national defence rather than national security.[35]

Of course this is difficult to avoid as the high consequences of state-driven activity will continue to demand a traditional military 'insurance premium'. That said, a fundamental question for the future may be whether or not Australia will be able to continue to meet this 'military premium' in the face of the needs of non-traditional 'first responders'—law-enforcement, border control, health, transport security, and intelligence.

OTHER IMPORTANT QUESTIONS

These are only some of many issues calling for resolution. In his concluding remarks to the conference Professor Babbage identified the following questions for future study:

---

[34] See also WEF, Op. Cit. for a discussion on similar governance and leadership gaps in relation to the business space.

[35] Comparison is difficult and can be invidious. But with that caveat the 2006-07 Defence Portfolio Budget Statement includes $12.6 billion for approved major capital equipment upgrades over 2006-2010. A similar figure for investment in border control and national security (primarily intelligence and airport security) is around $2.7 billion (see ABC NewsOnline Budget Report, Tuesday 9 May 2006. <http://www.abc.net.au/news/newsitems/200605/s1633928.htm>.

> How should Australia's national security tools be designed and by whom? How should the relevant national assets be marshalled and who will pay? How should new national security instruments be organised? How should they be managed and commanded? How should national security instruments be maintained?

Summary Conclusions

Two key conclusions can be drawn from the preceding discussion.

- There appears to be a changing relativity between non-traditional and traditional national security priorities and this may herald a need to reconsider the current balance of investment.

- Sub-optimal national governance structures, directed by short-termism and inadequate strategic perspectives, may be potentially Australia's most crucial vulnerability.

The principal issue arising from the conference may not be so much the risks, threats or vulnerabilities identified therein (significant though they are in and of themselves) as the need to address these systemic issues.

Finally the paper also suggests a need for a whole-of-nation approach to national security. One way of testing this would be through a Federal Cabinet Green Paper,[36] which might involve inputs from all levels of government, and from business, non-government and academic sectors, social groups and interested individuals. The Green Paper could canvass machinery-of-government issues, such as the utility of existing institutional relationships; and different conceptual approaches to deal with future security threats—for example, an 'effects-based approach'.[37] It could also draw on a comprehensive environmental scan, which should examine all of the strategic domains involved and look outside the box in regard to future shocks. Ultimately this Green Paper could give rise to a Federal/State (coordinating) Policy White Paper on Australian Whole-of-Nation Security Arrangements.

David Beveridge is a member of the Kokoda Foundation and a former Australian Public Service official and Australian and British Army officer who has worked in Defence and PM&C, and for the Director-General of Security. Currently he consults on national security issues and is a PhD candidate at UNSW@ADFA. db103214@bigpond.net.au.

---

[36] A Green (Discussion) Paper is normally prepared at the direction of a Minister and is used for the purposes of public discussion and comment. It can be used to canvass issues prior to developing a White (Policy) Paper articulating Government direction or decisions.

[37] The EBO methodology uses a coordinated set of actions directed at shaping the behaviour of friends, foes and neutrals in peace, crisis and war. This applies as much to the management of national policy as it does in the defence domain.