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Australia's national security

an address to the Institute on 28 October 2010 by

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Mr Shoebridge outlines Australia's new national security policy and modus operandi. He enumerates several recent achievements, and then describes the challenges that must now be addressed and their implications for the defence and national security agencies.

I am delighted to speak to you on behalf of the National Security Advisor, Duncan Lewis, about our national security. I will explain the changes made to our national security arrangements over the past couple of years and will recap some of our key achievements, before discussing the challenges ahead. Lastly, I will indicate the implications for the defence community.

Recent National Security Developments

Until recently, there were only two main policy departments with responsibility for national security: the Department of Foreign Affairs and Trade, and the Department of Defence. Today, we have a large national security community. There are over 30 commonwealth departments and agencies with an interest in national security; and the national security community now includes relevant state and territory agencies and the corporate sector. This expansion reflects a more complex, inter-connected and globalised world and the growing prominence of counter-terrorism as a core aspect of national security.

Smith Review of Homeland and Border Security

These changes were triggered by Ric Smith's 2008 review of homeland and border security which addressed how Australia should respond to the changes in our strategic environment. It concluded that a Department of Homeland Security was not the best model for Australia and that, for the most part, the present arrangement of agile and adaptable agencies cooperating together worked well. Smith, however, was concerned about the absence of a strategic policy framework. He questioned whether priorities were clearly understood and whether effort was strategically well directed across the national security community. He also noted the challenge of bringing together the many diverse state, territory and commonwealth agencies to deliver cohesive and coordinated security outcomes.

National Security Statement

The *National Security Statement* delivered to Parliament in December 2008 by the then Prime Minister contained the Government's response to the Smith Review and incorporated the review's recommendations.

The statement outlined the Government's national security policy; described the scope of national security and our national security interests, principles and priorities; and outlined the Government's vision for a reformed national security structure.

The Statement reflected a broadened scope of national security, recognising traditional 'core' national security functions like defence, as well as non-traditional threats, including border security issues, the proliferation of weapons of mass destruction, risks associated with terrorism, cyber security and the security implications of climate change.

While the National Security Statement recognised that Australia's security needs were evolving, it articulated a number of key security interests of the Australian Government and principles that the government would strive to advance, including:

- continuing to develop self-reliance;
- the fundamental importance of the United States alliance;
- the need to further enhance our regional engagement;
- our commitment to multilateral institutions; and
- advancing our national security policy (and national interests more generally) through creative middle power diplomacy.

The Smith Review and the *National Security Statement* triggered a series of changes across the national security community, including the appointment of a national security adviser. Duncan Lewis's principal task as the National Security Adviser is to develop the national security community and to improve its strategic direction. Within this construct, his role is:

- to be the Prime Minister's single point of contact on national security and international policy;
- to be the 'glue' that drives a collective outcome;
- to support whole-of-government national security policy development and crisis response;
- to liaise and engage across the Australian Government, states and territories, business and the community; and
- to promote a cohesive national security culture, especially by developing trusting relationships with key interlocutors.

Recent National Security Achievements

Although the national security community has been living in this new structural framework for less than two

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years, there have been some significant successes worth recounting.

The **National Intelligence Coordination Committee** (NICC) was established in February 2009 as the most senior mechanism for whole-of-government strategic coordination of our national intelligence effort. The NICC has already made a big contribution to improving the way we integrate the foreign, security and law-enforcement intelligence domains to develop national intelligence priorities and more effectively address emerging threats.

The **Defence White Paper** and its strategic reform programme were released in May 2009 to lay the blueprint for the future of Australia's defence capabilities and organisation.

The **National Security Science and Innovation Strategy** was delivered in September 2009 to enhance the application of science to national security and to provide an annual process for our community to communicate its priorities to researchers, entrepreneurs and funding programmes.

The **Cyber Security Strategy** was released in November 2009 to address the challenges posed by an increasingly sophisticated and dangerous threat to national and individual security. In January 2010, the Minister for Defence opened the **Cyber Security Operations Centre** to coordinate and manage our day-to-day cyber security for all government agencies.

The **National Security College** was established at the Australian National University in December 2009 to provide an opportunity for members of the national security community to further their development and understanding of national security issues.

The **National Security Information Environment Roadmap for 2020** was launched in December 2009 to provide for the first time a single strategy to address the barriers to information sharing and articulating a clear end-point, while dismantling the outdated notions of information stovepipes and a restrictive interpretation of the need-to-know principle.

The **Counter-Terrorism White Paper** delivered in February 2010 set out our counter-terrorism objectives and the means by which the government will pursue them.

In 2010, the first ever comprehensive and coordinated **national security budget** was provided, allowing government to weigh options and resources needs across portfolios to best achieve our national security priorities.

The Challenges Ahead

It is always prudent when discussing the successes we have had to remind ourselves of the challenges ahead. Of the many possible challenges that may face us in the years to come, I will focus on just three: the fiscal environment; the changing geo-strategic environment; and cyber security.

Fiscal environment

In the current fiscal environment, maintaining national economic prosperity and stability is an important part of our national security. Australia is the 13th largest global economy by measure of our gross domestic product (GDP). We have been one of the most successful nations

throughout the recent global financial crisis, with Australian national debt as a proportion of GDP low in comparison to nations such as the United Kingdom or other European countries like Spain or Portugal. Before the financial crisis struck, Australia enjoyed 17 consecutive years of economic growth, across three different governments. Further, although Australia is part of a region which is home to many of the world's largest standing armies, our spending on national security overall is approximately 2.3 per cent of GDP – roughly equivalent to our spending on the aged pension.

But for the national security community, including defence with its agreed trajectory of real budget growth, the times of economic plenty are over. We all need to be mindful of, and take into account, the increased financial constraints when developing policy for the future. The coordinated national security budget is a good example of how our national security *modus operandi* has changed over recent years. This year, for the first time, we developed and delivered a coordinated national security budget for the government. The benefit of such a model is that it provides ministers with a holistic view of spending across the national security spectrum and assists in prioritising budget bids, so as to make the most of the resources available to the national security community.

Geo-strategic dynamics

The second great challenge lies in the geo-strategic dynamics in our region as we enter the Asia-Pacific century. You will be aware that at the third G20 leaders meeting in Pittsburgh in 2009, leaders designated the G20 as the premier forum for international economic cooperation. This shift from the North Atlantic G8 to a G20 reflects the economic weight of China and the Asia-Pacific. The countries of the Asia-Pacific represent over half of global production and close to half of world trade. They contain 60 per cent of the world's population and account for 70 per cent of global carbon emissions. In 2010, the countries of the Asia-Pacific will account for 75 per cent of global economic growth. The G20 summit in South Korea in November 2010 is already shaping to demonstrate the continued success and productivity of this forum.

Cyber security

Lastly, and a matter of increasing concern for the national security community, is cyber security. The cyber domain has emerged as a real threat to our national well-being, not just strategically or in terms of our national security, but also in terms of our economic well-being. In many ways, our modern government and indeed our modern society make us more susceptible to breaches of our security. Advancements in technology have enabled easier travel and increased movement of people, and given us the ability to instantly communicate with people across the globe. Today, for example, 72 per cent of Australian households have home internet access, compared to only 16 per cent ten years ago.

These advances have given us unprecedented access to information and communications, but they have done

the same for those who wish to do us harm. In 2009, the Department of Defence investigated around 200 electronic security incidents on its own networks per month, and approximately 220 incidents in total during the year from other Australian Government agencies. Private sector systems are also at risk from cyber attack, and Australian companies are attractive targets due to the sensitive commercial information and expertise that they hold, including in research and development fields. As we know, successful cyber attacks can be damaging. In 2007, Estonia suffered large scale cyber attacks against the government, parliament, banks, newspapers and broadcasters' websites.

These statistics and incidents show us that securing the integrity of government information is a strategic imperative. Naturally, the government's cyber-security policy is evolving constantly in anticipation of, and not just in response to, technological advances, but it is a real challenge to remain ahead of the curve.

Implications for Defence

I wish to offer you some thoughts on what the new arrangements and future challenges may mean for the national security community, particularly defence. In some respects, the changes that our national security community have undergone in recent times have had a more noticeable impact on those larger departments and establishments that were core members of the traditional national security apparatus. Smaller or more recently 'arrived' agencies are pleased to have a seat at the table contributing to policy, while the larger players can sometimes wonder what kind of impact the new arrangements will have on their interactions in the new, broadened national security community.

Despite the current economic settings, however, the changes that have occurred in our national security community have not fundamentally changed how Defence relates to the government. The 2009 Defence White Paper has provided a very clear (and growing) future Defence budget for Defence to plan against. But this planning needs to take account of a changing strategic environment. The first major change in the strategic environment is the changing global distribution of power in the Asia-Pacific region. As the Defence White Paper spelled out, Australia's strategic outlook over the coming decades will continue to be shaped by the changing global distribution of economic, political and military power, and by the future role and weight of the United States. The United States alliance will remain important to Australia. The challenge for Australia, and ultimately for Defence, will be to carefully balance our strengthening relationships with China, India and Japan against our strong ties and alliance with the United States.

The other significant change in the strategic environment that affects Defence is the broader fiscal environment. Defence spending is constantly under intense scrutiny and pressure. Although the pressure has always existed, the global financial crisis has added to the pressure. The 2009 Defence White Paper identified the government's key capability priorities for modernising and enhancing the Australian Defence Force, and in particular

the major capabilities that will need to be delivered to build Force 2030 and to remediate the current and projected force. A commitment by government to a real increase in funding of 3 per cent per annum for the next decade is within a context where: the real cost of military equipment continues to rise; the operational demands for our defence forces remain high, leading to urgent capability and force protection needs that must be prioritised and budgeted for; the call on the national budget from other priority areas is considerable; and the global financial crisis and continuing fiscal constraints intensify these pressures.

The United Kingdom's recent strategic defence and security review demonstrated how current economic conditions have led to very difficult decisions being taken by the British Government to cut defence spending by around 8 per cent over four years, including substantial cuts to both United Kingdom defence personnel and equipment programmes. The Australian Government, in contrast, has committed to providing increased funding to defence out to 2030. This planning security will still require difficult decisions in the future to prioritise defence capability goals and ensure investment is focused where emerging strategic circumstances dictate it is needed the most.

The Defence strategic reform programme will assist by fundamentally improving the way Defence does business, in terms of both efficiency and effectiveness, and will help to ensure the goals set out in the 2009 Defence White Paper can be delivered. This programme will deliver gross savings over the decade of around \$20 billion, which is being reinvested in defence capability. The programme must succeed if Defence is to fund the capability options brought forward in the White Paper (Force 2030) within the funding envelope agreed to by government.

Conclusion

The Smith Review and the *National Security Statement* have led to an expansion in the national security community. The community is working closely and collaboratively, however it faces challenges, key among them a tight fiscal environment, a dynamic geo-strategic region and cyber security. A complete understanding of this wider strategic environment in which our national security policy is developed and prosecuted is needed for one to contribute to the policy process and the public debate on these important issues. I hope that the topics I have covered have gone some way in painting such a picture.

The Author: Michael Shoebridge, who has degrees in economics and law, joined the Department of Defence as a graduate in 1993. He gained experience across a range of policy areas and on secondment with the United Kingdom's Ministry of Defence. He was promoted to the Senior Executive Service in 2002. In 2005, he became Counsellor Defence Policy at the Australian Embassy in Washington D.C., and, in 2007, Deputy Director of the Defence Intelligence Organisation. He assumed his present position as head of the Defence, Intelligence and Research Coordination Division in the Department of the Prime Minister and Cabinet in 2009. [Photo of Mr Shoebridge: Department of the Prime Minister and Cabinet]