

# The First National Security Statement to the Parliament

Address by the Prime Minister of Australia  
The Hon. Kevin Rudd MP

04 December 2008

## National Security Statement

*This Statement outlines the Government's national security policy. It describes the scope of national security; our national security interests, principles and priorities; and outlines the Government's vision for a reformed national security structure.*

## Introduction

The first priority of government is the nation's security.

Mr Speaker, consistent with this priority, I seek leave to present to the house Australia's first National Security Statement.

This statement forms part of the Government's long term reform agenda by setting out our national security policy framework for the future.

The Government's reform agenda embraces the full scope of government responsibilities, including how we build:

- a more secure Australia given the complex array of national security challenges we face for the future;
- a stronger Australia given the long term challenges to our economy;
- a fairer Australia given the levels of disadvantage that continue to exist among us; and
- an Australia capable of meeting the sweeping new challenges of the 21st century, including climate change.

Mr Speaker, today is an historic day in the evolution of Australia's national security policy. For the first time, this country will have a coherent statement of the national security challenges facing Australia into the future, and of the comprehensive approach we propose to adopt in responding to those challenges.

Australia cannot afford a short term, reactive approach to national security.

Our's must be an integrated approach based on a clear-sighted view of our long term national security interests.

Australia must be clear in its analysis of the threats we face, actively manage and address those threats, as well as seize the opportunities we have to enhance our overall national security environment for the future.

What is meant by national security? Freedom from attack or the threat of attack; the maintenance of our territorial integrity; the maintenance of our political sovereignty; the preservation of our hard won freedoms; and the maintenance of our fundamental capacity to advance economic prosperity for all Australians.

This statement provides a strategic framework to drive policy development in the various departments of state with responsibilities for our national security.

It provides context for the Defence White Paper, which will detail the way forward for our defence over the next twenty years.

It will inform a regular Foreign Policy Statement to the Parliament.

It will shape the upcoming Counter-Terrorism White Paper.

As well as guide the development of the Government's first National Energy Security Assessment.

It incorporates the recommendations of the Homeland and Border Security Review commissioned by the Government early this year.

In short, this statement begins the process of binding the detailed and diverse work of the national security community into a coherent, coordinated whole.

The need for a regular national security statement is clear, but it has been long overlooked.

The global and regional order is now changing so rapidly that we must continue to reassess our evolving national security needs. We need periodically to adjust the lens through which we view the challenges to our security and the arrangements we establish to protect and advance our interests. This requires greater institutional agility than in the past.

Increasing complexity and inter-connectedness is a fact of life in the modern, global environment. Classical distinctions between foreign and domestic, national and international, internal and external have become blurred.

At the same time, Australia is a regional power, prosecuting global interests.

The security environment that we face today and into the future is therefore increasingly fluid and characterised by a complex and dynamic mix of continuing and emerging challenges and opportunities.

So while our national security interests remain constant, Australia needs a new concept of national security capable of embracing and responding to the more complex and interconnected operating environment that we will face for the future.

The Principles of Australian national security

Of course, not all security challenges we face are by definition national security challenges.

Some, such as community safety and low-level criminality, quite properly fall outside the scope of national security. Our state and territory governments have constitutionally-mandated responsibilities for these.

This distinction allows the Australian Government to focus on clear and enduring security interests that transcend the scope of state and territory jurisdictional responsibilities. These include:

- Maintaining Australia's territorial and border integrity.
- Promoting Australia's political sovereignty.
- Preserving Australia's cohesive and resilient society and the long term strengths of our economy.
- Protecting Australians and Australian interests both at home and abroad.
- Promoting an international environment, particularly in the Asia Pacific region, that is stable, peaceful and prosperous, together with a global rules-based order which enhances Australia's national interests.

These interests are not only enduring, they are common to most countries that share our values and goals. These interests reflect the fact that nation states continue to protect and promote their sovereignty, but do so in an increasingly interconnected and interdependent world.

The Government will strive to advance the national security interests outlined in this statement based on a number of enduring principles:

1. Australia will seek, wherever possible, to develop self reliance across the range of relevant national security capabilities to ensure an effective contribution to our own security – and to the security of our friends and allies.
2. The *United States alliance* remains fundamental to Australia's national security interests – both globally and in the Asia-Pacific region.
3. As our security is linked inextricably to the security of our region, *regional engagement* is crucial. This includes strengthening our bilateral relationships and effective engagement in regional institutions. It also means seeking to positively influence the shape of the future regional architecture in a manner that develops a culture of security policy cooperation rather than defaults to any assumption that conflict is somehow inevitable.
4. At the global level, we are committed to *multilateral institutions*, and in particular the United Nations, to promote a rules-based international order that enhances our security and economy. We believe those that share the benefits of these systems must also share the responsibilities of supporting and enhancing them.
5. National security policy must also be advanced through the agency of *creative middle power diplomacy* – an active foreign policy capable of

identifying opportunities to promote our security and to otherwise prevent, reduce or delay the emergence of national security challenges.

6. Australia must also apply a *risk-based* approach to assessing, prioritising and resourcing our national security policy across the defence, diplomatic, intelligence and wider national security community.
7. The Commonwealth must work in partnership with state and territory governments where our national security responsibilities coincide or necessarily complement each other in an increasingly interconnected operational environment.

Our national security interests must also be pursued in an accountable way, which meets the Government's responsibility to protect Australia, its people and its interests while preserving our civil liberties and the rule of law. This balance represents a continuing challenge of all modern democracies seeking to prepare for the complex national security challenges of the future. It is a balance that must remain a conscious part of the national security policy process. We must not silently allow any incremental erosion of our fundamental freedoms.

#### National Security Challenges for the Future

Today we live at the dawn of the Asia-Pacific century. With it comes the potential for fundamental change in the global order, resulting in both economic opportunities and potential security concerns for Australia.

While the likelihood of conflict between the major powers is currently low, their interactions still largely shape the international order in which Australia must operate.

The Government believes that the future strategic stability of the Asia-Pacific region will in large part rely on the continuing strong presence of Australia's closest ally, the United States.

The most crucial relationship, in East Asia and globally, will be between the United States and China. For Australia, the relationships between China, the US and Japan will affect our security and our economy, given the importance to us of our relationships with

each of these nations and the material impact on the wider region of any significant deterioration in the relations between them.

The rise of India will also be an important new factor in the strategic stability of the Asia Pacific region. India will need to respond to the growing threats of domestic terrorism and manage its relationship with Pakistan. Global growth, trade patterns and financial flows are also being increasingly shaped by India and other emerging powers.

South-east Asia will continue to be of great national security interest to Australia because of geographic proximity and the processes of continuing political and economic change. This diverse range of countries will, over the long term, experience continued economic growth, development and improving governance. But a number will also be faced by ongoing challenges of terrorism, insurgency and communal violence.

Australia will also continue to cooperate closely with New Zealand in the continuing security challenges faced by the island states of the South-west Pacific. This history of cooperation between Australia and New Zealand goes back to the ANZAC spirit forged in the trenches of World War One. Today our two nations continue to strengthen our cooperation, not just through combined military deployments to places such as Timor Leste, Solomon Islands and Tonga, but through a wide range of economic, diplomatic and security initiatives.

In response to this changing landscape, we need to both help shape our region through constructive engagement as well as be prepared for any unforeseen deterioration in the strategic environment.

### National Security Policy Responses

Australia's national security policy builds on a number of enduring capabilities. First, an activist diplomatic strategy that is aimed at keeping our region peaceful and prosperous. Second, making sure that we have an Australian Defence Force that is ready to respond when necessary, in a range of situations from combat operations to disaster relief. Third,

building and maintaining national security agencies and capabilities that work effectively together.

It is in Australia's interests to be proactive about shaping the strategic environment in the Asia-Pacific, and our own future, through regional engagement. Our diplomacy needs to be pervasive, formative and influential and it needs to be resourced for the challenges that Australia faces now and into the future.

Our alliance with the United States will remain our key strategic partnership and the central pillar of Australian national security policy. Closer engagement with the US gives us the tools to better meet the security challenges of the future – both regional and global.

The Government has also decided to strengthen security policy cooperation with a number of regional partners including Japan, South Korea, Indonesia, Malaysia and Singapore. I have visited all of these countries and discussed opportunities for strengthening our security cooperation.

The Government also wishes to expand our security policy dialogue with China and our security policy cooperation with India.

We have proposed the development of an Asia-Pacific Community by 2020 as a means of strengthening political, economic and security cooperation in the region in the long term. Many of the challenges we will face cannot be addressed by one country alone. Enhancing the regional architecture is an important step in working towards combined solutions. It is also about inculcating and institutionalising the habits of cooperation – as our friends in ASEAN have so successfully done over the years within their community.

In pursuit of our national interests, the Government is committed to an Australian diplomacy that will be more activist than in the past – in the tradition of creative middle power diplomacy.

Australia's national security policy calls for diplomatic resources that are more in depth and more diversified than currently exist. This must be built over time. Given the vast continent we occupy, the small population we have and our unique geo-strategic circumstances, our diplomacy must be the best in the world.

The pursuit of Australia's international interests and the welfare of Australians abroad also require this commitment given that at any one time there are about one million Australians abroad – many experiencing a growing number of security needs.

These increasing challenges have not been adequately reflected in the historical resourcing of the Australian foreign service relative to comparable governments around the world. Over time, this must change.

Creative middle power diplomacy must be reinforced by a robust defence policy. The Defence White Paper is mapping the strategic terrain we will face out to 2030. It will include the emergence of new challenges, such as changing levels of military spending and capability in our region, as well as new threats such as cyber warfare.

The Defence White Paper will identify the military capabilities and force structure that the Australian Defence Force requires to protect Australian interests and where necessary operate with our friends and allies.

But it must go further than that. We need greater rigour in defence planning. We need greater efficiency in Defence spending. And we need greater certainty in the allocation of resources through the Defence Budget. The White Paper will foreshadow a range of reforms that will improve the management of Defence to ensure Australia is able to maintain a world class defence force for the long term.

The contributions our men and women in uniform are making around the globe today must not go unremarked.

In Afghanistan, our objective is to reduce the spread of terrorism by helping Afghanistan build a more peaceful and stable state and so reduce the risk of that country once again becoming a safe haven and a training base for terrorist organisations with global reach. Through these efforts, Australia is also demonstrating its capacity to play an active role in enhancing international security – both with our allies and with the wider international community.

In Iraq, we have changed the configuration of our commitment following the professionalism demonstrated by the Australian Defence Force in achieving the mission they were set. We have expanded our program of assistance in Iraq to build a relationship anchored in economic development, personnel training and humanitarian initiatives, to help the people of Iraq recover from the war and hardship of recent years.

Australia will also need to continue to guard against espionage and foreign interference on the home front. Australian policy, military and intelligence institutions, directions and capabilities are attractive intelligence targets for foreign powers. And Australia is also seen as a potential alternative source of sensitive defence, intelligence and diplomatic information shared by our allies. Electronic espionage in particular will be a growing vulnerability as the Australian Government and society become more dependent on integrated information technologies. Both commercial and state-based espionage, while not visible to the public eye, are inevitable. This challenge must and will be met with full vigour.

The Government's approach to national security encompasses more than just traditional statecraft and classical military capabilities. Counter-terrorism and protective security challenges were catapulted into prominence with the attacks of September 11, 2001 in the United States. Of course, Australia had previously been exposed to terrorism through serious terrorist attacks in Australia. This led in the 1980s to the establishment of domestic terrorism protection and response capabilities, which have been refined over time to provide world class response arrangements to protect our community.

But the threat to us from those responsible for the September 11 attacks and their sympathisers is different from that of the past. Australia has been explicitly and publicly mentioned as an 'enemy' by Islamist extremists and Australians have been specifically targeted in Bali, Baghdad and Jakarta. Even in the terrorist attacks in Mumbai last week, two Australians lost their lives and a number of others were injured. In our own community, individuals have also been convicted by Australian courts on charges relating to preparing for attacks in this country.

Terrorism is likely to endure as a serious ongoing threat for the foreseeable future. Extremism leading to violence or terrorism continues to pose a direct threat to Australia and Australian security interests.

Next year, the Government will release a Counter-Terrorism White Paper responding to the continuing threat to Australia from terrorism and, where appropriate, make adjustments to our counter-terrorism policy arrangements. This will include our bilateral arrangements and capacity building activities with regional countries.

The Australian Government is committed to combating terrorism to protect Australians and Australian security interests, and to promote international security. Effective mitigation of terrorist attacks involves the combination of an appropriate security response with broader strategies to enhance social cohesion and resilience and lessen the appeal of radical ideology.

Australia's security and law enforcement agencies are playing a critical role in protecting Australian citizens, both at home and abroad. The Government is committed to ensuring that our agencies are resourced appropriately to meet the challenges of terrorist threats. And we will continue to work with the states and territories and with international partners to ensure that our responses are comprehensive and effective.

Beyond the threat of terrorism, concepts of national security have continued to evolve since the end of the Cold War.

The proliferation of weapons of mass destruction, including the possibility of such weapons falling into the hands of terrorists, is a threat of increasing international concern. Efforts to strengthen the global non-proliferation regime must focus on both state and non-state actors.

The Australian Government is strongly committed to increasing Australia's role in international efforts to strengthen nuclear non-proliferation and disarmament, and will work with our friends and neighbours to advance practical, effective steps to achieve this goal. That is why we have established the International Commission on Nuclear Non-proliferation and Disarmament.

Intrastate conflict in our region and beyond will continue to flare. It will be caused by weak state institutions struggling to cope with a complex mix of political, socio-economic, cultural, criminal and religious factors. And it will bring disastrous consequences to local communities when it occurs.

Australia has made major long term commitments to help resolve conflict in Solomon Islands and Timor Leste. But the risk of fragile states disrupting stability and prosperity in our region is an ongoing challenge. The Government is committed to a policy of cooperation with the island nations of the Pacific through Pacific Partnerships for Development and in particular helping them to reach the Millennium Development Goals. This is designed to build the basic capacity for long term economic capacity building – essential to long term political stability.

The humanitarian implications for the people affected in these conflicts are also of concern to Australia's national security and foreign policy interests. We expect to make practical contributions in times of crisis, commensurate with our role in the international community. Failure to do so at source also runs the risk of refugee outflows to neighbouring states, including Australia.

The list of non-traditional threats or new security challenges is also growing.

Transnational crime – such as trafficking in persons, drugs and arms; people smuggling and the illegal exploitation of resources – will remain a continuing challenge.

These activities can undermine political and social institutions, inflict economic and personal harm or contribute to other forms of violence. And it is here that the role of non state actors is critical.

The Government is committed to deploying all necessary resources to prosecute those criminals who seek to undermine Australia's border security. We will work with our partners in the region to shut down the illegal operations of people smugglers and see them put in jail where they belong. The Government has recently agreed to a series of new measures at a cost of \$44.1 million to further combat people smuggling in cooperation with regional partners.

Organised crime more broadly is a growing concern for Australia, one the Government is determined to combat. The Australian Crime Commission has estimated that organised crime costs Australia over \$10 billion every year.

The Government will develop two initiatives in the related areas of border management and serious and organised crime. We will strengthen border management by simplifying arrangements and improving coordination across all agencies.

Second, we will clearly define the role of the Commonwealth in combating serious and organised crime and enhance coordination among Commonwealth agencies.

Let me return for a moment to the serious matter of people-smuggling, that is, the organised, unauthorised arrival of people by boat to Australia.

The arrangements the Government has inherited involve a wide range of government agencies but lack unified control and direction, and a single point of accountability.

The Government has decided therefore to move quickly to better enable the existing Australian Customs Service to meet this resurgent threat to our border integrity. To this end we will in coming weeks establish new arrangements whereby the Australian Customs Service is augmented, re-tasked and re-named the Australian Customs and Border Protection Service. This arrangement will create in the Australian Customs and Border Protection Service a capability to task and analyse intelligence, coordinate surveillance and on-water response, and engage internationally with source and transit countries to comprehensively address and deter people smuggling throughout the operating pipeline from source countries to our shores. The co-location of agencies and capabilities in this way is a concept strongly supported by the Homeland and Border Security Review.

In terms of other new security challenges, it is increasingly evident that the sophistication of our modern community is a source of vulnerability in itself. For example, we are highly dependent on computer and information technology to drive critical industries such as aviation; electricity and water supply; banking and finance; and telecommunications networks.

This dependency on information technology makes us potentially vulnerable to cyber attacks that may disrupt the information that increasingly lubricates our economy and system of government. A number of actors may carry out such attacks ranging from hackers, to commercial entities and foreign states. The same technology also provides tools for terrorists, who use computers to share information, recruit, communicate and spread their message of hate and violence. They exploit the freedom provided by the internet and the power of tools such as encryption to operate beyond the law.

The Government will enhance Australia's e-security and is considering the recently completed e-security review.

The irony of technology today is that, while on the one hand we are seeking to invest in sophisticated information, intelligence and military technology, on the other, we have to

protect ourselves from the extreme use of basic, readily available technology and hardware by terrorist groups.

As a consequence of rapid advances in technological capability, Australia must remain technologically and scientifically alert, agile and robust so as to anticipate and respond to new and emerging threats arising from the ongoing technology revolution. To achieve this, the Government is now developing a National Security Science and Innovation Strategy which embraces the full breadth of national security threats arising from the rapid changes to the technological capabilities of those hostile to Australia's national security interests.

The impact of globalisation and advances in technology mean that the partnerships between industry, governments and the community that have evolved since 2001 are vital and will remain an important part of any future national security policy.

Of course, crises may not be caused by human action alone. Even today, we recognise the potential for disease, especially a pandemic, to have dramatic consequences for the economies and societies of our neighbours, and for Australia. A pandemic is bound to create real physical and social hardship and policy challenges for Australia, whether it has a direct impact upon us or not.

In addition to these changes, a range of new and emerging challenges such as climate change and energy security, unless properly dealt with by effective policy action, will have long term security impacts – locally, regionally or globally.

Over the long term, climate change represents a most fundamental national security challenge for the long term future.

Less attention has been given to the security implications that climate change could bring to Australia compared with other traditional security threats. Significant climate change will bring about unregulated population movements, declining food production, reductions in arable land, violent weather patterns and resulting catastrophic events. This

is an area of emerging consequences which will require the formal incorporation of climate change within Australia's national security policy and analysis process.

Demographic changes will also affect the region with total population exceeding four billion by 2020, or 56 per cent of the world's total. The demographic changes in our region will mean that by 2020 when we look to our north, we will see a very different region to the one we see now – one where population, food, water and energy resource pressures will be greater than ever before.

The Government is committed to ensuring Australia's long term energy security. We are developing a strategy to make sure Australia has access to adequate, reliable and affordable energy now and into the future. An important step in this process is the National Energy Security Assessment or NESAs. The NESAs provide a comprehensive assessment of critical energy policy challenges per sector and identifies how these challenges could affect long term energy security. This assessment will be an important input into the Energy White Paper, which will put in place policy settings to ensure Australians enjoy reliable energy security into the future.

Given the breadth, depth and complexity of Australia's emerging national security challenges and the range of inter-connected policy responses to which they give rise, Australia will need to develop a new level of coordination in national security policy matters both within the Commonwealth and across all levels of government.

#### Australia's National Security Structure

One of the fundamental assets we have to promote our national security objectives is our underlying strength, resilience and cohesion as a nation.

We are the world's largest island nation.

We are rich in physical resources.

Australia's 'soft power' assets are also significant.

We are a modern, democratic and tolerant country.

Our population is relatively small, highly urbanised and educated.

Our economy is competitive, outwardly-focused and resilient.

And internationally, we have a proud record of contribution to global security and economic stability.

We are widely respected for our ideas and our actions. We can, and do, make a positive difference in the world.

Australia also has a wide range of dedicated tools to actively achieve our national security interests. These include our technologically advanced and well-trained defence force Australian Defence Forces and Australian Federal Police, our highly effective diplomatic service and our well coordinated international development assistance efforts.

Our border security and transport security agencies have generally performed well although there remains a capacity for further improvement.

We have well-established and well-integrated intelligence agencies that collect intelligence and assess the implications for our security environment – although once again, there remains scope for continued improvement.

Furthermore, legislative, regulatory and administrative oversight measures provide an integral framework from which our overall efforts are empowered.

It is also important to recognise that our national security assets extend beyond the Commonwealth Government to include the states and territories, who are first responders to security incidents within their jurisdictions.

We have highly capable police services which respond to a spectrum of challenges from threats to public safety to terrorism; and emergency response organisations that protect the community in our most vulnerable times.

The Commonwealth will also provide physical and financial assistance to states and territories during an emergency when requested to do so; and coordinate assistance to Australians affected by emergencies overseas.

I would like to emphasise two other assets, outside of government, which make an important contribution to our national security—they are business and the general community.

In some areas, up to 90 per cent of our critical infrastructure is owned and operated by the private sector. Our economy and our future as a trading nation depend on our ability to protect national assets such as our airports, ports, bridges, and water and power facilities from catastrophic failure. We will work with the private sector, and state and territory governments, to protect this infrastructure and the people visiting our national icons and monuments and other places where large numbers of people gather.

The business community has a great deal of knowledge and expertise and plays a vital role in our combined efforts. The wider community also plays an important role in national security. The Government knows that it is essential to engage with the Australian people on the threats we face and the role the wider community can play in responding to those threats.

Through community engagement we can achieve important national security outcomes ranging from sustaining support for our forces deployed overseas, undermining the influence of violent ideologies and preserving the social cohesion of our diverse society. Just as neighbourhood watch programs promote security at a local level, so we recognise the contribution all Australians can make to promoting security at a national level.

In Australia we have a strong tradition of volunteering to support our communities, especially in times of emergency, demonstrating the innate resilience and collective responsibility we all share as Australians. This trait is a great strength within our community, a strength the Government will continue to encourage and nurture for the future.

But it is one thing to have great institutions of state, effective partnerships between governments and with business and the community. We also need to be smart about how we use these to protect and promote national security.

I believe that Australia's national security community is highly effective and has proven highly adaptable. But in an increasingly complex and interconnected security environment, we need a more integrated national security structure that enhances national security policy coordination.

The House will recall I commissioned Mr Ric Smith, former Secretary of the Department of Defence and Ambassador to China and Indonesia, to report on the best and most efficient way to coordinate our overall national security arrangements.

Mr Smith has now finished his work. We have considered his report and strongly agreed its recommendations. The Office of National Security within my department is preparing to implement these recommendations.

The Government in opposition made a number of commitments on national security upon coming to office. Perhaps the most hotly debated was the proposal to create a Department of Homeland Security.

The Smith Review considered the option of achieving greater cooperation by creating a Department of Homeland Security, and did not recommend that model for Australia. The Government has accepted this strong advice. Mr Smith's advice is that big departments risk becoming less accountable, less agile, less adaptable and more inward-looking. What we need is the opposite.

At the same time, Mr Smith has concluded that existing national security departments, agencies and capabilities do need better coordination.

The Government has therefore concluded that the best solution for Australia is not another agency, but a new level of leadership, direction and coordination among the agencies we already have. We will therefore build on the existing community of relatively small, separate agencies, ensuring they remain nimble, accountable and above all, properly joined-up.

This will create integrated arrangements that enhance national security policy coordination and action. The arrangements will focus on optimising and refining mechanisms for strategic planning and coordination. In short, the ‘function’ of central policy coordination is being adopted but implemented by a different means.

The first new step in creating our national security structure will be to appoint a National Security Adviser (NSA). The NSA will be the source of advice to the Prime Minister on all policy matters relating to the security of the nation, and to oversee the implementation of all national security policy arrangements.

Today I am pleased to announce Mr Duncan Lewis as the first National Security Adviser. Mr Lewis has served governments of both political persuasions with distinction. Also, as a former SAS commander, Mr Lewis has a distinct combination of military and civilian experience.

Why do we need a National Security Adviser? Put simply, to provide improved strategic direction within the national security community; to support whole-of-government national security policy development and crisis response; and to promote a cohesive national security culture.

The National Security Adviser will be appointed at the Associate Secretary level within the Prime Minister’s Department and interact directly with agency and department heads. The National Security Adviser’s responsibilities will complement the roles and

responsibilities of the current heads of agencies by enhancing whole-of-government coordination. This new position will be assisted by a Deputy National Security Adviser and a Group within the Prime Minister's Department that includes the Office of National Security—an election commitment we delivered on in December last year. The Office of National Assessments will remain a separate entity within the Prime Minister's portfolio.

One of the first tasks I have asked the National Security Adviser to undertake as part of his responsibilities is to establish an executive development program in national security. This program will initially be aimed at senior officials, with a view to broadening over time to include counterparts in the private sector, academia and the non-government sector. This new initiative will enhance the capacity of senior officials across the broad national security community to achieve whole-of-government outcomes and to lead cultural change within their own areas. One of the options under consideration for delivery of this program is a National Security College.

The second new element of our national security architecture is a strategic policy framework. This framework will guide and coordinate effort across the national security community by setting priorities, allocating resources and evaluating performance. As a corner-stone of this framework, I intend to present periodically a National Security Statement to Parliament. This statement will set priorities and shape detailed policy development. The National Security Adviser will work towards a coordinated budget process for national security, to advise on the best allocation of resources across portfolios to most effectively achieve our priorities and to assist in the preparation of Australia's first national security budget.

The final element of the strategic policy framework is an evaluation mechanism, coordinated by the National Security Adviser. It will consider performance against whole-of-government outcomes in light of the priorities set out in the National Security Statement and help inform future resource allocation.

We will, of necessity, make choices concerning the relative priority to be afforded to future national security capabilities and policies, and the effective and efficient use of

existing resources. The new strategic policy framework will ensure that we do so in an informed, accountable and whole-of-government manner.

In terms of our governance arrangements for national security, at the Ministerial level, the National Security Committee of Cabinet, which I chair, remains the peak Commonwealth ministerial decision-making body on national security matters—and the main vehicle for coordinating the Government’s efforts in this regard.

The Secretaries Committee on National Security, known as SCNS, remains the peak inter-departmental committee which considers national security policy and operational matters of an ongoing nature in addition to all matters to be put before the National Security Committee of Cabinet. Reflecting the Government’s new approach to national security, the Secretaries Committee will broaden its agenda, and expand its membership, to strengthen its coordinating role on homeland and border security matters—similar to the pivotal role it plays in regard to international security policy. The National Security Adviser will act as Deputy Chair of SCNS under the Secretary of the Department of Prime Minister and Cabinet.

The third, and new, element of our governance arrangements is the establishment of a National Intelligence Coordination Committee, or NICC. This committee, which the National Security Adviser will chair, will ensure the national intelligence effort is fully and effectively integrated. This will make sure that our intelligence efforts—including foreign, defence, security and transnational law enforcement intelligence—are closely aligned and accord with Australia’s national security priorities.

The Office of National Assessments will continue to exercise its statutory responsibilities, while working closely with the National Security Adviser and the Office of National Security. The Director General of ONA will continue to provide independent assessments on international political, strategic and economic developments to the Prime Minister and senior national security ministers.

The fourth, and again new, element of the governance arrangements involves improving our national crisis management capabilities. The Government will consider the recommendation made by Mr Smith to establish a Crisis Coordination Centre to support government decision making during crises.

The Crisis Coordination Centre would subsume the existing Attorney-General's Department coordination centre. The centre will improve inter-agency whole-of-government management of major crises and be supported by new facilities for secure ministerial participation in rolling national security crisis management.

I have asked the Attorney-General to develop the detail of this proposal in consultation with the National Security Adviser and relevant ministers for consideration through the Budget process.

## Conclusion

The fundamental purpose of the Government's periodic national security statements is to set out whole-of government national security priorities.

In this, the Government's inaugural National Security Statement, as noted through my preceding comments, our new priorities include:

1. improving the coordination of national security policy with reform of the structure of national security decision making through establishing for the first time a National Security Adviser;
2. implementing the recommendations of the Smith Report on Homeland and Border Security.
  1. this includes the initiatives I have announced on organised crime, border security and science and innovation;
3. enhancing ADF capabilities;
4. strengthening the US alliance;
5. strengthening our cooperation with regional partners;
6. promoting an Asia-Pacific Community;
7. actively pursuing nuclear non-proliferation and disarmament through the International Commission on Nuclear Non-proliferation and Disarmament;
8. enhancing economic development in the South-west Pacific to underpin long term security;

9. enhancing Australia's e-security capability; and
10. incorporating the implications of climate change and energy security into the formal national security decision making framework.

This inaugural national security statement outlines the new approach the Government is taking to address current and future national security challenges.

It is intended that this become a regular statement to the parliament of the state of Australia's national security and the new and emerging challenges that we face.

Just as the annual Budget Statement provides an annual review of the state of the economy.

Our world and our region are in a significant period of transition.

Australia will therefore need to be adept at adjusting our policies and capabilities as appropriate in order to maintain our enduring objective of a secure Australia and a strong Australia in the face of unprecedented changes and challenges that lie ahead of us in this the century of the Asia-Pacific.

#### Summary and Conclusions - Report of the Review of Homeland and Border Security

*This document outlines the summary and conclusions of the Report of the Review of the Homeland and Border Security which was undertaken by Mr Ric Smith AO PSM and presented to the Australian Government on 27 June 2008.*

#### Summary and Conclusions

At any time Australia faces threats from a range of sources which in different ways can put our institutions of state, our people, our economic assets and our technology at risk. These hazards include espionage, foreign interference, terrorism, politically motivated violence, border violations, drug trafficking, cyber attack, organised crime, natural disasters, industrial accidents and biosecurity events. In 2008–09 the Australian Government will spend an estimated \$4–4.5 billion in countering, mitigating and responding to these hazards.

Some of the threats Australia faces are as old as our society. Globalisation has however magnified many of them and enabled new ways of delivering them. It has also generated new threats. At the same time, expectations of government have grown, and the pace and velocity of government business have increased.

One response to these changes would be to create new organisations or merge existing ones—some countries have done this. This approach raises several risks. It could disrupt unduly the successful and effective work of the agencies concerned and create significant new costs. Large organisations tend to be inward-looking, siloed and slow to adapt, and thus ill-suited to the dynamic security environment. For a number of the agencies concerned national security considerations are embedded with a broad range of other service delivery, policy, program and regulatory functions which could be jeopardised by restructuring them around their security roles.

The other response would be to recognise and build on the strengths of existing institutions but to identify weaknesses and address them. This is the approach this Review considers is more appropriate for Australia. It has several benefits. It would recognise that our existing arrangements are generally effective and that for the most part our departments and agencies are working well with each other. Above all, the smaller, separate agencies which comprise this model are likely to be more agile and accountable than large agencies.

In building on the existing Australian model, two things are required. First, the departments and agencies concerned, both those dedicated to security functions and those which contribute to national security as well as performing other functions, should be regarded as a community. This is important both to enable the Government to make strategic judgements across a wide range of hazards, including on the allocation of resources, and to ensure that the agencies benefit from access to each others skills, experience and other capabilities. Second, the departments and agencies concerned must be well connected and networked, and cultural, technical and other barriers minimised.

Strategic framework, leadership and connectedness

While Australian Government agencies are committed to whole-of-government performance and generally understand their roles in the broad national security community, there is a need for an overarching policy framework and for strategic direction. Such a framework would better equip the Government to plan and evaluate the activities of agencies and to ensure targeted resource allocation that reflects current priorities.

These needs could be addressed through periodic statements by the Prime Minister about the Government's approach to national security, and the articulation of its strategic priorities. Strategic direction would be reinforced by reporting on whole of government outcomes and decision-making enhanced by a coordinated national security budget submission which would provide more rigorous cross-portfolio data than is presently available.

The appointment of a National Security Adviser, with a deputy, in the Department of the Prime Minister and Cabinet would provide a new level of leadership and help ensure that agencies are properly joined up. The NSA's focus would go beyond coordination and committees—which could in fact be streamlined—to promoting a cohesive national security community culture, including through training, secondments and joint units. The NSA would also facilitate the Commonwealth's work with the states and territories which contribute many of the powers and capabilities needed to support the national security effort. The Attorney General's portfolio would continue to be a locus for a wide range of national security issues within the Commonwealth.

This better integrated and more strategic approach would be supported by broadening the mandate and membership of the Secretaries Committee on National Security to embrace the full range of national security issues. Within SCNS itself and in the National Security Committee of Cabinet there should be scope for more forward looking strategic policy discussions. Key areas for this high level whole-of-government deliberation could include strategic policy frameworks for border management, the role of the Commonwealth in combating serious and organised crime, national intelligence priorities

across the foreign, defence, security and law enforcement domains, and a national security science and innovation strategy.

While crisis management by the Commonwealth has generally been done well ‘on the day’, the current hazard-specific approach and the absence of consistent national arrangements for handling significant crises exposes the Government to several areas of vulnerability. The role of the existing National Crisis Committee should be expanded to provide the Australian Government with an all hazards central coordination body equivalent to those in other jurisdictions, and appropriate crisis management facilities created both for ministers (an Australian Ministerial Briefing Room) and for operational coordination by officials (a Crisis Coordination Centre).

The increasingly enmeshed nature of foreign, defence, security and law enforcement intelligence points to the need for a single, overarching framework for national intelligence coordination and priority setting. There is also a need for a closer relationship between the Australian Intelligence Community agencies and the intelligence analysis units established within non-AIC agencies in response to newly emerging threats. In an environment in which the sharing of intelligence and data is critical, intelligence and law enforcement agencies must ensure that their relationships are seamless.

While there have already been significant improvements in access to national security information, some legislative, technical and cultural barriers to information sharing—within and between governments and the private sector—remain. These should be addressed by the NSA, supported by a National Security Chief Information Officer. Leadership will be critical in creating the appropriate culture and fostering the mindsets required to achieve greater integration across the national security community.

### The agenda beyond terrorism

Particularly since 11 September 2001, the national security agenda has emphasised counter terrorism arrangements and focused on prevention, preparedness and immediate response. This reflected the growth in the terrorist threat to Australian interests and the

potentially extreme consequences of an incident. That focus has led to substantial investment and development of capabilities, and high levels of inter agency and cross-jurisdictional cooperation. Having regard to what has been achieved in this area, the Review considers that it is timely to provide an additional focus on other threats and hazards.

**Emergency management** across all hazards has received limited senior attention within the Commonwealth. But non-terrorist disasters, such as industrial accidents and natural disasters, are frequent and have significant impacts—natural disasters are estimated to cost Australia on average over \$1 billion a year. While emergency management is primarily a matter for the states and territories, the Commonwealth does have important roles in contributing money (particularly recovery assistance), providing some capabilities and facilitating national coordination, capability enhancement and interoperability. It also provides assistance in response to natural disasters overseas, and plays a part in capability development in countries in our region.

A more integrated national approach to emergency management would optimise efforts and address fundamental gaps such as the lack of effective arrangements to deliver community warnings and of a national emergency plan to deal with catastrophic disasters. To help address the current distinction between responses to terrorism and other disasters, the National Security Adviser, or the deputy, should chair the Australian Emergency Management Committee, and the work of it and the National Counter-Terrorism Committee should be better integrated.

**Serious and organised crime**, as an ever present threat to the safety and prosperity of Australians and a challenge to the integrity of our institutions, is as important as any other security threat, with an estimated cost in excess of \$10 billion per year. Crime is increasingly sophisticated and transnational. The states and territories have major roles and the Commonwealth needs to engage effectively with them in this area. The current arrangements for coordinating Commonwealth efforts and priorities are limited. There are some gaps in national efforts, such as limited sharing of police capabilities and case management databases, and more attention could be given to criminal intelligence

collection and analysis. A strategic framework for Commonwealth efforts in relation to serious and organised crime should be developed for consideration by government.

**Electronic attack** is a significant new means of compromising national security and enabling criminal activity. Governments, businesses and individuals are increasingly vulnerable to such attacks. The Commonwealth has a special role to play in this area given its high level capabilities in e-security and the cross-jurisdictional nature of the threat. It is however difficult to quantify the magnitude of the problem and the potential economic and social consequences, particularly of a large-scale cyber attack. An independent risk analysis of the e-security environment should be commissioned to better inform the strategic direction of our efforts. Current arrangements within the Australian Government for ensuring effective e-security generally work well, although it is an area in need of consistent senior policy attention. In some areas roles and responsibilities should be clarified to avoid confusion and possible duplication of effort. These issues should be addressed as part of the current e-security review being led by the Attorney-General's Department, which has the lead role in this area.

To date the Commonwealth's role in **research and capability development activities** has been focused predominantly on counter-terrorism. More could be done to reach beyond counter terrorism and support research in other areas of national security. There should also be more formalised coordination between peak national committees in the areas of counter terrorism, health and emergency management to ensure Australia has the capabilities it needs in the current threat environment.

#### Better protecting Australia's borders

Controlling the border is critical to effective national security. Australia has to date retained control of its border, but this is a complex task which will become significantly more challenging in the longer term with substantial projected growth in activity across our border and within our maritime zone. Rather than bringing key border functions together into a 'single border agency', a whole of government strategic planning framework would better suit Australia. Such a framework should cover the full range of

border management functions across all agencies, bringing them together to ensure they are consistent and complementary and that investment is appropriately prioritised.

Some particular border security issues will require further attention:

- New data analysis and biometric techniques are available that would improve the identity and national security checking of non-citizens. Investment in this area will be required if Australia is to remain at world's best practice.
- Quarantine services and the set targets for intervention do not sit well with the more advanced risk management approaches taken in relation to other border services. This is likely to be considered as part of the current Quarantine and Border Security Review.
- Aviation security measures—including policing and screening of passengers and cargo—must be kept under review to ensure they are consistent and continue to be appropriate and effective. These measures must keep pace with forecast growth in the aviation sector. Consideration is needed of the implications of international flights into more Australian airports and of air cargo security issues. In view of the links between criminal activity and security threats at airports, the enhanced police presence at major airports which followed from the Wheeler report serves an important purpose. But the current Commonwealth-led model faces significant management challenges and should be reviewed in consultation with the states and territories.

Australia's **maritime domain** is large. Managing the threats is legally complex and involves many different agencies. Despite the challenges, risks posed by illegal foreign fishing and people smuggling have been well managed to date at the operational level and relationships between agencies are sound. Agencies are satisfied with the increasingly effective role of the Border Protection Command. Customs' processes for planning their strategic capability requirements are maturing and should place the Government well for the major decisions that will be needed as the existing patrol boat fleet ages.

That said, there is scope to streamline the legal framework for maritime enforcement activity, to improve the budget information available to government, and to better integrate search and rescue and other operational functions. While the Government could choose to re-name the Border Protection Command as a 'Coastguard', the current substantive arrangements should be retained and built upon rather than revamped.

## Partnerships

Addressing the threats we face is clearly not a task for one agency, or any one government, acting in isolation. Many current threats are cross jurisdictional or transnational in nature. In many areas it is businesses or the general community that are threatened. And the capabilities and capacities to take action for identifying, preparing for, responding to and recovering from incidents lie not just with governments but also with business and the community.

The Australian Government therefore depends on a series of partnerships to help in its task of safeguarding Australia. The NSA will need to work closely with both government and industry partners, and should do so on the basis of a clear appreciation of the appropriate role of the Commonwealth in critical areas.

## **States and territories**

States and territories have a primary role in responding to many of the threats we face. They have engaged with the Commonwealth in developing common national approaches to counter-terrorism. The National Counter-Terrorism Committee is a salient case of Australia's nine governments working effectively together to counter a particular threat. In other areas the Commonwealth's role is regarded with varying degrees of equivocation by state and territory governments. As noted above, there is scope for greater national collaboration in areas such as policing and emergency management.

## **Business**

Businesses in Australia and Australian businesses abroad face a number of threats. While business owners and operators must manage these risks themselves, there is nevertheless a responsibility on government to assist business to understand and mitigate the threats they face. Current arrangements for protecting Australia's critical infrastructure—which is largely privately owned—are generally regarded as a significant improvement on past efforts, and highlight the success of a partnership approach.

## Community

Governments are increasingly working in partnership with communities to mitigate the impact of disasters at the local level, and ensure communities are resilient. Of the other components of national security, it is counter-terrorism that is the most sensitive in terms of public confidence and the impact on community relations. While ‘counter radicalisation’ programs like those in the United Kingdom have their place, it is important for governments to work closely together in this area and to be clear about their respective roles and the perceptions their activities may generate.

## Commonwealth contribution

The Australian Defence Force and agencies of the Defence Department have built significant expertise and capability that can be used in domestic security and emergency management and response. Other agencies work beyond the border to protect Australian interests overseas and mitigate threats to Australia at their origin. These significant contributions to national security should be sustained and mechanisms developed to better quantify their value.

### Documents

- First National Security Statement - [http://www.pm.gov.au/sites/default/files/file/documents/20081204\\_national\\_security\\_statement.pdf](http://www.pm.gov.au/sites/default/files/file/documents/20081204_national_security_statement.pdf)
- Summary and Conclusions - Report of the Review of Homeland and Border Security - [http://www.pm.gov.au/sites/default/files/file/documents/20081204\\_review\\_homeland\\_security.pdf](http://www.pm.gov.au/sites/default/files/file/documents/20081204_review_homeland_security.pdf)

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