

STRATEGY



Agenda for change 2019

Strategic choices for the next government

ASPI

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Edited by Marcus Hellyer
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Editor's foreword

Welcome to the 2019 edition of *Agenda for change: Strategic choices for the next government*.

This is the third edition of our 'election special', which makes *Agenda for change* virtually an institution by Canberra's standards. But all strong institutions need to develop, so this year we've tweaked the format. Instead of a small number of longer pieces, we've commissioned a larger number of shorter papers, each of which is easily readable in one sitting.

Since 2018 was the year that many commentators pronounced the rules-based global order to be out for the count, it isn't surprising that many essays consider Australia's way forward in a world characterised by a changing great-power balance and a reassertion of realism and hard power. But many of the contributions here argue that there's still much that Australia can achieve through adroit use of multilateral institutions and the application of its soft power.

There's something for everyone here, from managing the big geostrategic challenges of our times, through to reconsidering defence strategy and policy, to enhancing domestic and human security. We also have a section on emergent technologies and their impact on defence and security. We've augmented ASPI's deep in-house expertise with contributions from leading authorities outside ASPI.

We have tended to use the phrase 'next government' in this volume, meaning the government elected after the next election. We make no judgements about which party or parties will form government and see this collection of policy recommendations as relevant to whichever group will occupy the government benches and to the Australian Parliament as a whole.

All the essays share a common structure aimed at providing busy policymakers with policy recommendations. Each essay proposes 'Quick wins', which are things that the government can do soon after the election to confirm its intent; 'The hard yards', which are policies that will require sustained commitment and most likely funding; and 'Breaking the rules', which are policies that potentially mark a major change from traditional policy settings and offer significant rewards (but also risks).

Several contributors noted how difficult it was to 'break the rules'. I suspect that's in part because existing policies, however much one may disagree with them, are usually the outcome of Australia's robust policy development mechanisms involving elected politicians, a committed and independent public service, industry lobbying, academia and think tanks, and of course the media. The result is often a compromise that falls short of perfection, but it's a reasonable product of debate and contestation.

The difficulty of breaking the rules is likely also due to our shared, deep patterns of thought, action and habit that can be hard to perceive and even harder to challenge. But we're now living in times that make examining assumptions and breaking old habits more necessary than ever. So if you do find a recommendation in this volume difficult to digest, of course feel free to disagree with it, but perhaps also use that reaction as a prompt to consider how the author's view questions your assumptions or brings to light unconscious biases.

I'd like to thank all of our contributors, not only for their graciousness in preparing their contributions over the summer break, but also for their willingness to be 'rule-breakers' in the service of generating better policy debate.

Dr Marcus Hellyer
February 2019

Agenda for change 2019: The big strategic issues

Peter Jennings

It's been a privilege to write this chapter for three *Agenda for change* reports—for the 2013 and 2016 elections and now for 2019. Because strategists should be rigorously held to account for their judgement calls (or gut instincts) about future policy dilemmas, I'll report to you on the success or otherwise of my previous two efforts to identify the big strategic challenges for the next Australian Government. First, though, to some scene-setting.

If 2018 was anything to go by, it certainly feels like 2019 will be a year when big strategic risks and complex policy decisions will make the business of government harder. ('Feels' is a more honest rendering of phrases such as 'we assess that' and 'on balance we judge', which will be dotted throughout the incoming government briefs being written across Canberra in early 2019.) What makes this year so momentous, as this report partly details, is China, regional arms racing, Donald Trump, North Korea, Brexit, energy policy, climate policy, infrastructure, cybersecurity, the Pacific 'step-up', submarines, Joint Strike Fighters, and popular disengagement with policy and politics and the rest. Are we right to imagine that this list of woes and worries presents an unusually demanding set of risks for Australia?

It's helpful to apply some historical perspectives. One hundred years ago, at the start of 1919, Australians must surely have been deeply traumatised by the dreadful toll of death and injury that we had suffered in World War I. As the Australian War Memorial records it, 'From a population of fewer than five million, 416,809 men enlisted, of whom more than 60,000 were killed and 156,000 wounded, gassed, or taken prisoner.' At the start of 1919, the global balance of power centred on Europe had been destroyed. A second and even more bloody war would be necessary to reshape a sustainable world order. Thus, 1919 was one of the most convulsive years in Australia's short strategic life, beside which 2019 (so far) looks orderly.

Look back 50 years to 1969, and Australia was again immersed in a costly and ultimately unsuccessful war in Vietnam. In July that year, Richard Nixon set out what came to be known as the Guam Doctrine, which warned America's Asian allies that they would need to do more to look after their own security interests. Internally, America and European countries were convulsed with street violence and demands for widespread political and social change. China was gripped in the authoritarian insanity of the Cultural Revolution. Southeast Asian countries feared internal revolts and struggled to maintain postcolonial stability.

So 2019 looks more like 1969 than 1919, for which we can be thankful but also deeply apprehensive about prospects for stability in our wider region. Our strategic outlook is as challenging as it's been in half a century. Are Trump and Xi a worse combination for the prospects of global security than Nixon and Mao? That's certainly the case, and to this we must add the destabilising ambitions of Kim Jong-un, Vladimir Putin and others. Throughout the world, stable democratic governments are seemingly in crisis and nasty dictatorships are thriving. Last time that happened in world history, things ended terribly.

Four big problems

Whichever party forms government after the next federal election and amid the never-ending flood of policy matters to address, I'll list here four of the biggest problems that government will have to handle.

Government must do a better job of telling its policy story to the nation.

To make and implement good strategy, you must be able to explain policy in simple language, to stay 'on message' and to dominate the policy agenda in ways that make your preferred option the best available choice. For years now, Australian Governments have failed to do that. There are many possible causes: rapid changes of leaders and ministers; uncooperative cross-benchers in parliament; the collapse of orderly cabinet processes; the attention-span-neutering effects of social media. These have all pushed governments and oppositions closer to policy outcomes with the depth and longevity of sound bites.

How to fix this problem? I would reinstitute John Howard's approach of holding twice-yearly 'strategy cabinet meetings', which were designed to test policy settings against a framework of looking ahead a decade or more at Australia's possible economic, security and domestic situations. It's remarkable how much cabinet business is highly transitory, but weekly decisions need to be measured against long-term objectives. The next government should return to an old parliamentary tradition of explaining complex policy through detailed ministerial statements. There have been alarmingly few of those in the past decade. Finally, it's important to grasp that social media are the medium, not the message. While it may be possible to do election campaigning through Facebook and Twitter, social media take the nuance and complexity out of policy argument. There are no credible shortcuts. To have any chance of winning the policy debate, governments must master the complexity of policy before distilling simple messages.

Win the public debate on submarines.

The external advisory group (which I led) supporting the development of the 2016 Defence White Paper found in our public consultations an enormous interest in the future submarine. We were most often asked whether the boats could or should be nuclear powered, whether the US would provide us access to its nuclear boats and whether we have the capability to support them. In our 2015 public report, the advisory group recommended that government 'identify an opportunity to explain the "pros and cons" of nuclear propulsion for submarines' and indeed to explain the rationale for the capability more widely. A report to government was prepared but never saw the light of day because political changes brought to the helm a new crew that wanted to strike out in its own directions. That's fair enough in politics, but outside of industrial considerations the future submarine project is still unexplained to a wider public audience. Media releases and press conferences come and go in the flicker of an eye. Governments must get back to the discipline of articulating policy in authoritative policy statements or on the floor of the parliament.

It's a dangerous practice to try to give life to Australia's largest public enterprise since the Snowy Mountains Scheme as though it's some kind of 'black project', undiscussable in public. While that approach is deeply comforting to those steering the project in Defence, it leaves the future submarine utterly vulnerable to public misperceptions. There's a persistent and wholly inaccurate public view that the US Navy will provide open access to its nuclear-power capabilities. There's an equally uninformed bias

that French technology can't be relied on and that the US won't support it. The reality is far different. In fact, government has a remarkably positive story to tell about progress in the submarine project thus far.

It would be a tragedy if the government were to win the capability battle but lose the public debate on Australia's most significant defence project. Think back to the malicious public slur that the Collins-class submarines were so noisy that they were like 'an underwater rock concert'. The failure of governments of both political stripes to win the case for the Collins dogs the submarines to this day, when, far from being 'dud subs', they're among the world's most formidable conventional submarines.

China is emerging as the most significant threat to regional and global stability. We must face this problem or risk being overwhelmed by it.

International views on China took a dramatic turn in 2018 to focus much more squarely on the risks to autonomy of engaging with a 'recentralising' authoritarian regime. Under the pall of Trumpian chaos, there exists a strongly bipartisan American view that China has emerged as the US's biggest strategic competitor and must be resisted in its covert and overt attempts to control American intellectual property. The UK, Europe (both east and west), Canada and many developing countries have started to shape policies that push back against Chinese covert 'influencing'. Even New Zealand, which has worked so hard to be like Sergeant Schultz in the 1960s sitcom *Hogan's Heroes* ('I see nothing! I know nothing!'), has decided to exclude Chinese telecommunications firms from its 5G network.

The Australian Government, which knows a considerable amount about Chinese covert attempts to build influence in our states, businesses and universities, is most certainly aware of the need to recalibrate our relationship with Beijing, reduce our economic dependence by diversifying markets and strengthen our critical infrastructure against malign Chinese intrusion. Again, the fundamental problem is working out how to tell the policy story to the nation. Malcolm Turnbull's best policy day as prime minister was one of his last, when his government took the decision to exclude Chinese companies from the future 5G network. But while Turnbull should receive high praise for strengthening anti-espionage laws, his mixed messages on China left a fundamental confusion about whether relations were warming or freezing at any particular moment.

No Australian Government should feel sheepish about standing up for Australia's national security, and indeed for being willing to promote global values such as individual human rights in the face of increasing repression of China's ethnic minorities. Government policy needs to be clear, consistent, values-based and stressing our national autonomy, as challenging as that may be to short-term economic imperatives.

Embrace an ambitious new technology agenda for defence by establishing an Australian version of the US Defense Advanced Research Projects Agency (DARPA).

Since 1957, DARPA's mission has been 'to make pivotal investments in breakthrough technologies for national security'. Among its successes, the agency claims the development of precision weapons; stealth technology; the internet; automated voice recognition and language translation; and miniaturised GPS receivers. That's quite a list of achievements for an organisation of just over 200 people managing research contracts.

With almost all of the ADF's big platform decisions having been taken, a critical challenge remaining for Defence is how to upgrade and modernise equipment in coming decades with smarter weapons and sensors. It seems clear that the future will see deeper investments into artificial intelligence, machine learning and autonomous systems. Emerging technology such as electromagnetic rail guns, hypersonics and production techniques like Industry 4.0 digitisation will transform military capabilities, potentially very rapidly.

An Australian DARPA could play a crucial role in speeding up our ability to identify, develop and incorporate new technology into our military systems. The organisation needs to be run separately from Defence and to be given an explicit charter to explore technology ideas that promise transformational, not incremental, change. To succeed, an Australian DARPA will have to be able to operate outside of the usual Australian Public Service hiring and contracting rules. Above all, like its American counterpart, it will need the latitude to fail, because the price of success at the extreme reaches of technological possibility is that there will be disappointments on the journey.

Reading the paragraph above, you'll have an impression of just how far removed the DARPA concept is from current civil service norms. It will take a far-sighted government to conclude that the experiment's worth the risk. How much this would cost depends on the proposed initial size of the organisation. The Australian DARPA should be at least big enough to identify and run an opening sweep of 10 contracted technology projects every year. That number would grow as promising projects develop and new ones are added. An initial staff of around 100 people would provide some critical mass and an initial budget of \$100 million the wherewithal to let contracts for new technology development. To put that in context, that's almost exactly one day of Defence's annual budget expenditure in the 2018–19 financial year. Beyond our own defence needs, there are alliance and industrial benefits that would flow strongly from a more concerted Australian approach to developing new technology. The reality is that an Australian DARPA would be likely to be paying for itself in a few years and adding immensely to our credibility as a consequential military power.

Past 'big strategic challenges': what happened?

Finally, to the big strategic challenges I set out in 2013 and 2016. To what extent did the governments of the day accept that those challenges were important issues that needed policy resolution? In Table 1, I apply an utterly subjective marking system to come up with a mixed bag of results. Of eight identified topics, I assess one outright fail, a couple of bare passes and some high marks in some difficult and demanding policy areas. Well, no one said that strategy was easy, but perhaps an unexpected conclusion is that, for all the many challenges, Australian Governments regularly deliver high-quality policy outcomes. May they continue to do so in 2019 and beyond.

Table 1: Agenda for change, 2013 and 2016

Agenda for change 2013		
Key recommendations	Did it happen?	Rating
Develop a global rather than Asia-centric foreign policy focus, set it out in a new Foreign Policy White Paper and increase Department of Foreign Affairs and Trade (DFAT) funding by \$100 million a year by reducing AusAID funding.	The battle for a global as opposed to a regionally focused foreign policy continues in DFAT and elsewhere in Canberra's policy agencies. The 2017 Foreign Policy White Paper in parts defined Australian policy in terms of global interests, but DFAT's heart remains in the Indo-Pacific, even though the term covers little more than a series of largely internally focused subregions. The white paper itself was a heroic effort from a department that struggles to think strategically. However, at a time when the desperate need is for Australia to diversify its markets and political connections, Canberra has yet to break out of a 'concentric circles' mentality, even in the cyber age. Berlin is vastly more consequential to our interests than Bandar Seri Begawan, Indo-Pacific or not.	C
Return order and consistency to defence planning by reconciling ambitious equipment plans with budget realities.	The 2016 Defence White Paper and a raft of policy work on developing a sustainable domestic defence industry have indeed gone a long way to reconciling equipment plans with budget realities. Costing capability has been the bugbear of white papers going back to the 1980s, and it's fair to say that the 2016 statement was the best of the white paper crop for rigorous costing. Will that judgement survive the test of changing capability requirements as more detailed plans are drawn up for future frigates and submarines? The answer to that question will certainly drive government thinking about the adequacy of spending 2% of gross national product on defence in future budgets.	B
Rethink approaches to cybersecurity by committing to a Cybersecurity White Paper within 12 months of taking office and boost cyber policy and decision-making capabilities.	A cybersecurity strategy was developed in 2016 and updated in 2017, along with an international cyber engagement strategy. Malcolm Turnbull's personal interest in the area helped drive the government, opposition and parliament towards a much stronger cyber literacy. Australia's National Cyber Coordinator now seems to have a permanent base in the Department of Home Affairs, and the Australian Signals Directorate became a statutory agency independent from the Department of Defence on 1 July 2018. In a rapidly changing field, Australia is making a good fist of strengthening cyber policy capabilities.	A
Take a more disciplined approach to using cabinet for decision-making. Rethink the roles of junior ministers and strengthen the use of parliament to help produce better quality policy.	Both Tony Abbott and Malcolm Turnbull openly said that their use of cabinet and the roles of ministers were modelled on the Howard Government's approach. It's tough for governments under internal pressure to sustain such discipline. On balance, neither government will be especially remembered for orderly decision-making, and in both cases a retreat to decision-making in the confines of the Prime Minister's office ensued; likewise the requirements to satisfy factional needs after leadership changes gave rise to suboptimal cabinets and ministries. It's often said that good policy makes for good politics. It's also true that bad politics can make bad policy.	D

Table 1: Agenda for change, 2013 and 2016 (continued)

Agenda for change 2016		
Key recommendations	Did it happen?	Rating
Step up efforts to defeat the so-called Islamic State (IS) in Iraq.	Australia made a consequential and sustained commitment through its involvement in the air campaign and in providing (with New Zealand) excellent training, including for Iraqi special forces that spearheaded the attack on IS in Mosul. Australia also made a valuable contribution to defeating the IS affiliates that took over the southern Philippines town of Marawi. Australia's role was a model for what a major global strategic actor should do.	A+
Modernise how we manage our alliance with the US.	This hasn't happened. The annual AUSMIN ministerial dialogue continues deep in its comfort zone, but no one could pretend that a dinner and a six-hour meeting are enough to steer an ambitious agenda for alliance modernisation.	D
Prepare the ground for submarine nuclear propulsion.	In the words of Sergeant Schultz: 'I see nothing, I know nothing.'	F
Promote a defence export base for industry.	There's a lot to be said for stretch targets. While some have dismissed Christopher Pyne's ambitions to put Australia into the top 10 of defence equipment exporters, that's a laudable objective and an essential component of sustaining an indigenous defence industry for our own purposes. No one could fault Pyne's personal energy and commitment to the task, which the wider Defence Department should back more enthusiastically. Appropriately, Australian defence exports will always function in an ethical policy framework, but there are important opportunities here to strengthen the defence capabilities of key friends and allies as well as to build a sustainable in-country industry base.	A-

The geostrategic agenda

Defending multilateralism and the rules-based global order: Australia's role?

Lisa Sharland

Multilateralism and the post-World War II institutions that Australia has benefited from are under increasing threat. UN Secretary-General Antonio Guterres has noted that the world is suffering from 'trust deficit disorder', as societies become more polarised and people lack confidence in political establishments, institutions and the rules-based global order.¹

The rules-based global order has underpinned Australia's approach to defence and foreign policy over the past 70 years.² But our investment in that order relies heavily on the leadership and engagement of the US—and that can no longer be assumed.

The challenge

There are currently more than 68.5 million displaced people globally—a record number, by the UN's estimates.³ Civilians continue to bear the brunt of conflict in places such as Syria, Iraq, Afghanistan, South Sudan and Yemen. Terrorism remains a pervasive and global threat.⁴ One of the key multilateral tools for managing conflict—UN peacekeeping—remains ill-equipped, and peacekeepers are frequently under attack.

Against this backdrop of conflict and violence, the world is struggling to manage its interconnectedness. The UK is struggling to agree on a plan for its exit from the EU. Populism and identity politics are increasingly taking precedence over global cooperation, as demonstrated by Trump's 'America First' approach. Yet some of the pressing security challenges confronting us in the 21st century—climate change, pandemics, mass migration, impunity from the rule of law, and the emergence of the cybersphere and space as offensive platforms— require collective, global solutions.

The Trump administration has shown little interest in engaging substantively in the multilateral system, instead withdrawing US membership and funding from various UN bodies. At the same time, China, and to some extent Russia, are capitalising on the vacuum of American leadership to shape the global order, often with flagrant impunity.

The challenge for the incoming government is this: how can Australia continue to shape the global order and strengthen multilateral institutions in the absence of US leadership?

Quick wins

The next government should seize the opportunity to be bolder on strengthening the rules-based global order and the values that guide Australian policy. At first glance, this requires the government to be more responsive and outspoken on human rights abuses. The government dragged its feet in responding to the arbitrary detention of several Canadians in China. The subsequent detention of an Australian academic at the time of writing highlights why we can't afford to be silent on these issues. Such actions defy our interests and values and set ugly precedents. We also have a platform as a current member of the UN

Human Rights Council to draw attention to acts of impunity, whether it's attacks on our citizens, the mass arbitrary detention of Uyghurs in China or the actions of the military in Myanmar. But that also requires long-term policy settings across government that prioritise upholding human rights (within and beyond our borders) and tangibly demonstrate our commitment to protecting civilians, which isn't necessarily the case at present. Human rights have historically lacked priority when there is an opportunity for populist or security gains. However, even for the most cynical defence strategists, the example of Xi Jinping's China—which affects others' citizens and millions of its own—shows that protecting human rights merges with our strategic and security interests.

Sustained cooperation with 'like-minded' countries will be essential in these efforts. For instance, Australia benefits significantly from close cooperation with Canada and New Zealand (as part of CANZ) in the UN system. We should continue working with those countries, and others such as the UK, Japan, France and Germany (to name a few), to call out human rights abuses and express support for the rules-based global order. Cross-regional mechanisms such as MIKTA (Mexico, Indonesia, Korea, Turkey and Australia) can support efforts to build a broader constituency of supporters for multilateralism.

Our renewed engagement with the Pacific also provides some prospects, provided Australia remains a consistent and principled partner. Many Pacific countries are often under-resourced to launch effective advocacy on issues in multilateral forums. Cooperation can be mutually beneficial, but that'll require us to listen to our Pacific neighbours on issues of interest (such as climate change) and ensure that such cooperation is not only mutually beneficial but sustainable.

The hard yards

Engagement with a cross-section of countries in support of the rules-based global order will also be critical as the government starts to consider our future campaign for a UN Security Council seat in 2029–30. That may seem a long time from now, but in the cycle of UN elections it isn't, particularly if the race becomes competitive. And although our previous term on the council was positively praised, we stepped back from our commitments to a number of countries that supported our election, particularly in Africa. We'll need to make up lost ground with a number of key blocs of voters, including in Africa and the Caribbean. We should begin appointing envoys to show we're serious and identify how to enhance our bilateral relationships with countries that we usually neglect between candidacies.

In the longer term, Australia can no longer take for granted US support for the rules-based global order. That will mean that resources and energy need to be devoted to encouraging and shaping US engagement. It's to Australia's benefit for the US to remain committed to the UN and multilateral organisations, rather than simply disengaging from them or withdrawing funding.

But it'll also mean that Australia needs a more nuanced approach to engaging with China. As a permanent member of the Security Council, the second largest assessed funder of UN peacekeeping operations and among the top 10 troop contributors to UN peacekeeping, and an increasingly assertive user of its military power (in the South China Sea, for example), the Chinese state is one of the most influential actors in the international and multilateral system. That provides it with significant leverage to shape the direction of peacekeeping and multilateral institutions, in a vision which may be the antithesis of Australian values.

Breaking the rules

The laws that have been put in place to protect civilians in armed conflict are slowly being eroded. Australia should take the lead in developing a national framework on the protection of civilians, drawing on our past leadership and advocacy on the Responsibility to Protect doctrine and the protection of civilians in UN peacekeeping. The UN Secretary-General has called upon member states to develop national policy frameworks on protection of civilians.⁵ We already have guidelines for the ADF and Australian Federal Police, so why not build on that and work with other countries to do the same, in much the same way that we've developed an international cyber engagement strategy and action plan on women, peace and security?

And if we're to think a bit outside the box, why not revisit our commitment to UN peacekeeping? This year marks 20 years since Australia deployed to INTERFET. But we've continued to step back from UN peacekeeping over the past two decades due to concurrent operations in the Middle East (prioritised because of our alliance with the US). We should seek to deploy limited time-bound contributions that can make a difference to missions (such as medical units; helicopters; intelligence, surveillance and reconnaissance capabilities; and units to counter improvised explosive devices). In addition to increasing our institutional knowledge and operational experience, this would enable us to enhance our defence partnerships with other countries that are seeking to engage more substantively, such as Fiji, Indonesia and Vietnam.

Finally, addressing future threats to peace and security will require more substantial engagement in multilateral discussions to set norms, regulate technologies and ensure that international law is effectively applied to new domains where peace is threatened. Australia has an interest in regulating the use of cyber offensive measures, artificial intelligence and the use of space for warfare. But multilateralism has to continue to work if that's to be effective. Building trust, and supporting the evolution of those institutions that have served Australia so well over the past 70 years, will be critical to those efforts.

Notes

- 1 Antonio Guterres, 'Secretary-General's address to the General Assembly', UN, 25 September 2018, [online](#).
- 2 As noted in the 2016 Defence White Paper and 2017 Foreign Policy White Paper.
- 3 UNHCR, *Figures at a glance*, UN, 2019, [online](#).
- 4 Antonio Guterres, 'Remarks to the first meeting of the United Nations Global Counter-Terrorism Compact Coordination Committee', UN, 6 December 2018, [online](#).
- 5 UN Security Council, *Report of the Secretary-General on protection of civilians in armed conflict*, S/2018/462, UN, 12, [online](#).

How to progress the US–Australia alliance in a time of great-power competition

Michael Shoebridge

The challenge

The Australia–US alliance has to change, because the environment it’s operating in is changing. The major shift is to overt long-term strategic and economic competition between the US, China and Russia. China and Russia have been acting across economic, political, cyber, diplomatic, military and technological domains to diminish US power and influence. The US has now recognised this and set out its determination to compete in its latest National Security Strategy and National Defense Strategy.

This competition will span all the domains set out above, and so will affect Australia much more broadly than just in defence policy, operations and capability. How we work to shape the alliance in this new environment obviously must be centred on our national interests—both economic and security.

The core challenge for Australia is to integrate our economic interests and decisions with our strategic ones, and to bring this approach to our alliance with the US. That means going beyond past decades of policy direction that actively downplayed the connection between strategic interests and economics.

Beijing’s growing power and assertiveness, combined with the US Government’s recognition of the strategic aims of Beijing, make this separation of strategic and economic interests untenable for current and future Australian Governments.

Despite this, our strategic and defence policy with the US has been on autopilot, with light agendas between our governments and lots of emotion and sentiment about history and shared endeavours. This makes it vulnerable to critics and will undermine public support for it over time.

Reinvention is required, but even in defence policy and investment we haven’t made the shifts needed to work with our alliance partner to take advantage of technological change, and so retain advantages in light of China’s developing military capability. This needs to change markedly.

Beyond defence, we’ve seen positive glimmers in recent decisions on foreign interference laws, on 5G technology and on foreign investment in key critical infrastructure. These are harbingers of the profound shift in our strategic environment, which requires an equally large shift in our policy understandings and decision-making.

Core to US–China competition is high technology—for military power, but also for economic and political power. The US and Chinese economies are deeply entangled in high-technology areas—notably communications technologies and internet technologies—because both Chinese and US companies have built interdependent supply chains that won’t be easily disentangled (China’s ZTE and the US’s Apple are good examples). The governments and companies of both states see this as a major risk that must now be addressed.

Australian economic relations with China are simpler—it’s a trading relationship rather than a case of deeply entangled supply chains. And, unlike the US, Australia and China aren’t high-tech competitors. These differences will affect our US alliance and our decision-making.

Our economic relationship with the US is deep, but, like our defence relationship, has been on autopilot, coasting on past decades' achievements that have made the US the largest investor in Australia. It has been left to our trade negotiators to hammer out agreements without the priorities and agenda being driven by leadership. That must change to both countries' advantage.

The last major challenge for Australian policy here is that the US response to long-term strategic and economic competition from China and Russia is flavoured with a healthy dose of unilateralism—most easily seen and labelled as 'America First' and embodied by President Trump. This trend in US politics and decision-making means that Australian engagement with the US will be harder than in the past two decades. America is becoming more narrowly self-interested and more transactional as a partner.

It won't be easy to bring the domestic voices and interests that advocate the primacy of economic interests together with those that advocate strategic interests. Nor will it be easy to navigate the areas and occasions where Australian interests differ from those of our US alliance partner.

Clarity in government thinking and in public policy will help—as will remembering that Australia's relationship with the US is an economic one as well as a strategic one.

Quick wins

The Prime Minister, Minister for Defence and Minister for Foreign Affairs can start their foreign affairs and defence conversations with US counterparts and with the Australian public with a frank articulation of Australia's deep and abiding interests that make our alliance with the US valuable. It's not about shared histories in conflict or centuries of mateship—the emotion and celebration can cloud far more pragmatic calculations.

There are two core reasons any Australian Government in 2019 is committed to a broad and deep security alliance with the US. The most basic is that the heft and weight of US power in our region reduce the prospect of other major powers—notably China and Russia—using force to achieve their aims and acting militarily against Australia or our partners in the Indo-Pacific.

But the second and equally fundamental factor is that access to US high technology and intelligence gives Australia capabilities and advantages that would cost multiple additional defence budgets to develop independently. This is about self-interest in the most basic area of the government's responsibilities—Australia's national security. It's also true despite the anti-alliances sentiments of the current US President and the America First stream of policy thinking within parts of the US system. The Australian public needs to hear this loud and clear early in the government's tenure after the election, and then hear it again and again from the wider cabinet over the next three years.

In contrast, our relationship with Beijing is economic—Beijing is our biggest customer for resources and for services such as education and tourism. We don't share strategic interests, which fact is becoming starker as Beijing becomes more and more willing to use its power.

Australian ministers also need to start early to generate a lively new agenda for Australia-US security cooperation. The easiest place to start is by building on the sensible strategic directions set out in Australia's 'step-up' in the Pacific. This is core to our own interests and will show that we're pulling our weight in our near region.

It's essential to follow through on deepening political and security engagement with Pacific state leaders by early and sustained contact at prime ministerial and ministerial levels, and driving the implementation of ambitious projects like electrification and internet access in Papua New Guinea, the revitalised Manus naval base, security training in Vanuatu, the Pacific Fusion Centre and cooperation with Fiji. This will demonstrate to our US ally that Australia is a committed, positive security actor with the means and will to build regional security.

The hard yards

A harder place to start is on deep Australia–US cooperation to take advantage of technological change for military and security purposes. But it's essential to make major gains here in light of the technological challenges from the Chinese state, which are reducing confidence in Australian and US military capacity.

Ministers hear a lot about deep partnerships on technology, although the fact is that Australia benefits enormously from and invests little in technology development with the US. The US will continue to overmatch Australian investment here, to our benefit, but simply relying on it to generate technological advantage for our militaries is no longer enough, as shown by open admissions from eminent US panels and individuals about the challenges the US faces from China in strategic technology areas.

A sense of urgency and drive is needed in place of the current Australian mix of complacency, anxiety and drift.

Australian contributions with our large US partner in areas such as operational hypersonic systems, autonomous systems, underwater systems beyond submarines, the protection and resilience of space-based systems (including alternatives to GPS), and cyber capabilities must move from being interesting sideline issues left to scientists and cyber professionals to being core priorities in defence funding. And they need the attention of Australia's highest quality intellects in the academic, corporate and government sectors.

This requires ministerial leadership and advocacy, as well as real money. Funding in the order of billions—not tens of millions—can come from within the wedges of money in massive defence projects such as the future frigate, future submarine, air combat and land vehicle programs. (All of these platform-focused projects will require the kinds of technologies listed above if they're to operate successfully in coming years.)

Turning to economics: policy and regulation in Australia and in the US can be invigorated to grow bilateral corporate investments and partnerships. Corporate partnerships with research organisations and universities in each of our countries must be a focus here because of the key contribution that research makes to technological strength.

Facilitating each other's investments in our digital and physical critical infrastructure is a good place to start, given the needs we each have to rebuild and grow national infrastructure. A key principle here is that it's in Australia's interests for the US to own and operate critical infrastructure, while it isn't in our interests for Beijing to control more of it.

Breaking the rules

The current strategic environment makes routine maintenance essential but insufficient. Instead, the Australian Prime Minister, Foreign Minister and Defence Minister can change the pattern of our alliance with the US by taking leadership in one or two key areas that will generate real strategic advantage for both the US and Australia. Five are set out here.

Starting Australia's own defence advanced programs agency along the lines of DARPA in the US and funding it in the order of \$400 million annually would break the constraints of our innovation system and open up a big new area of high-end technological cooperation with the US. It's an imaginative enough initiative to attract some of Australia's best minds.

An Australian Government committing to fielding an operational hypersonic missile in the mid-2020s and committing to develop long-range strike options with the US would be two potential 'rule-breakers' with strategic impact. Each would need careful planning and ground seeding with regional partners before public announcement, but both would shift the ground in the alliance in ways relevant to our emerging strategic environment.

A less flashy but equally profound initiative would be to commit to local production of a range of precision munitions to meet Australian needs in times of crisis but also to provide resilience to US supply chains.

Australia and the US have each been active in working out what we won't accept in Chinese investment in and supply to our telecommunications sector. We need to move now to identify positive initiatives between the US and Australia that accompany such decisions. A core economic initiative with risk but long-term benefit would be to use government leadership and advocacy to drive an Australian partnership with US and like-minded counterparts on next-generation communications and internet technologies. This is thinking beyond 5G and using the diverse if small-scale strengths of Australian research organisations and technology firms for both a strategic and an economic purpose. Future Fund support may be one path for this.

Lastly, on the Pacific, Australia can generate an agenda larger than the current 'step-up'. If breaking rules for lasting strategic impact is on the menu, we might fundamentally change the basis of our partnerships with small Pacific states by offering open movement of our peoples, as part of a political, economic and security compact that sees Australia take responsibility for those states' defence and border security. Done in partnership, this is probably the biggest mitigator of the existential security risk faced by Pacific peoples from climate change.

Such a compact is also something only Australia or New Zealand could deliver on—and it would show we do indeed see that the destinies of Australians and our Pacific family are linked. As with delivering on the existing Pacific 'step-up', it would also meet an alliance interest by achieving a large positive shift in our near region's strategic environment.

A sustainable China policy

Michael Shoebridge

The challenge

Australia's policy on China is one that cannot speak its name. Decisions driven by an underlying policy are announced, but that underlying policy is unspoken and even denied. Two examples are the 5G decision that banned Huawei and ZTE, and the Manus Island naval base joint initiative with PNG and the US. Each one hinged on Chinese state actions and policy, and, in each case, ministers avoided saying the C word.

This is fooling no one—certainly not Beijing—but it's leaving the Australian public misinformed about one of the key areas of government policy for their lifetimes. That's bad policy and bad politics.

Too much weight is put on 'managing the relationship', at the expense of understanding and managing the real balances of interest in the relationship—and how those balances are changing.

Beijing uses the lack of policy clarity and Australian jitters about the tone and 'vibe' of the relationship as leverage to put pressure on each looming decision. It—along with media that love a controversy—portrays each one as a 'test' of the relationship, an opportunity to do the 'right thing' *this time*, and so 'reset' the relationship. The next government will face this in spades after the election.

In one big way the Australia–China relationship is a photo negative of the Australia–US relationship. Our China relationship has been almost wholly economic, while the policy world in Canberra talks as if the US relationship—'the alliance'—is entirely about strategy and security. Both need a rebalance.

Policymakers need to remember that the US is much the largest single source of investment into Australia, followed by the UK and Belgium—but also not be complacent about the large fixed stock of US investment. China (including Hong Kong) ranks fifth, after Japan, although particular investments and bids from China have been in sectors with strong strategic implications, such as communications and energy distribution.

With the Chinese state's growing willingness to use its power aggressively and openly, as well as coercively and covertly, the relationship requires strategic issues and interests to be understood and managed in combination with the economic ones.

Honesty about the difficulties in dealing with the authoritarian Chinese Communist Party (CCP) under President Xi and what it means for how Chinese companies and the state work is needed both within policy circles and in Australia's public discourse.

Most of the big decisions Australian Governments will make in coming years will need to integrate the economic elements with the strategic ones. Beijing does so now, to its benefit, and this is exactly what the new US China policy is starting to do.

At present, national security issues bubble up through our national security agencies to ministers and economic ones bubble up through the economic portfolios, and the two seem to meet mainly on the Treasurer's desk when it comes to foreign investment and in cabinet and the National Security Committee in other cases. It's not good enough for the integration of strategic and economic advice to happen just in ministers' heads or in the cabinet room.

Australia's economic relationship with China is mainly a supplier–customer one. We sell China world-class resources and services (iron ore, coal, gas, education and tourism) at globally competitive prices, and we buy manufactured goods at equally competitive prices.

Beijing needs our resources and services and knows it, and until we diversify our economy further away from the 'all in' bet we've taken in recent decades on the China market, we also need China to buy those resources and services in high volumes. The challenge here is to stop talking (and thinking) as if this means we're dependent on Beijing and so must do what Beijing wants whenever we can so that they don't stop buying from us.

Quick wins

A very quick win is one of realisation. On our trade, we can simply recognise a central fact: Beijing isn't doing us favours by buying resources and services from us. This is a case of Australia being interdependent with Beijing, rather than being dependent on it.

That's great news, because we have more decision-taking room than we tell ourselves, and it's less likely than advisers have told us that Beijing will act punitively when Australia takes sensible decisions in our national interest.

We can also realise that there's no escape from the fact that Beijing pursues strategic interests and goals through economic means. So national security must be a major factor in what many might prefer to be wholly economic decisions.

A defining quick win can be made early in the term of the next government. The Prime Minister and Foreign Minister can release a declaratory policy on China that gets ahead of the commentariat and avoids the 'reset the relationship' playbook Beijing uses. Its foundation would look like this:

- Overall, we seek a mature, respectful relationship between our nations, in ways that enhance the prosperity and security of our region and the world. Clarity on where our interests work together—and where they don't—is an important step in building this relationship.
- We want to continue our close and growing economic relationship because it's to both countries' benefit. Beijing gets high-quality resources and education and tourist services at competitive prices. We get revenue and economic activity that's important to our society.
- Our economic and trade relationship can continue to benefit both countries' people, while being informed by our strategic interests as well as our economic ones.
- We'll gradually diversify our economy to reduce the business and strategic risks from relying too heavily on a single country. That will make us a more resilient economic partner.
- We welcome debate and exchanges of views as part of our politics and national decision-making. However, we won't tolerate foreign influence activities that are in any way covert, coercive or corrupt, and we will counter cyber exploitation activities, as we will from any state or non-state actor.
- We don't see the Chinese state's use of aggressive military and coercive power in the South China Sea or in other parts of the world as contributing to peace and stability. This is a clear example of different strategic interests, and this difference will inform our policy and actions.

- As is the case in Beijing, there are some limits to our engagement. We don't seek to advance the capabilities of the People's Liberation Army, and this will constrain some defence, industrial and research interaction between us.
- We have reached 'peak foreign direct investment' when it comes to Chinese investment into Australian critical infrastructure—physical and digital—so foreign investment decisions will take this into account.
- We want to work with the leadership in Beijing to manage our bilateral relationship effectively, guided by our policy framework and on a basis of mutual respect.

No doubt the relationship managers in various parts of the bureaucracy will counsel against making open statements about truths that guide decisions but that might upset Beijing if said out loud. That counsel, while no doubt well-meaning and certainly consistent with the practice in recent decades, is wrong.

Ministers can gain valuable political space by saying publicly what's until now been an emerging and implicit framework on China.

Beijing already knows that the *de facto* policy settings in Canberra look a lot like this policy framework—and has probably been surprised that recent governments have turned themselves inside out to not say most of this.

Public policy statements not only set the ground with Beijing, but have a critical domestic function of building Australian public and business community support and understanding of policy. This is key to sustaining Australia's China policy over coming years.

The hard yards

Implementing this policy framework involves some hard yards across the bureaucracy. Portfolios that aren't natural partners, such as Defence and Treasury, or Foreign Affairs, Education and Defence, will need to work much more closely together to provide integrated policy advice to ministers.

They'll need to look beyond individual decisions and set out an agenda that provides opportunities from big decisions like the recent one on 5G.

Where was the package that took advantage of this decision and set out a positive agenda for how Australian technology firms were going to work with the US and other partners in the new 5G and future internet environment created by this decision?

Ministers will need to be more demanding of their departments on this to drive this deeper cooperation. As with the banks, after Commissioner Kenneth Hayne, the incentive structures for senior bureaucrats probably need to change.

And a decision like Treasurer Frydenberg's that—for very good reasons—vetoed a Chinese firm's takeover of east coast gas distribution should no longer be able to be made without an accompanying set of policy incentives and measures that encourage investment in this type of asset from such places as Canada, Japan, the US and the EU (all wealthy investor states or organisations whose strategic interests and relationships with companies pose no security problems through such investment).

National security must be a foundational element in major economic decisions—and most decisions involving the Chinese state—not just a risk item to be ticked off to get to ‘yes’ on particular deals and investments.

Beijing operates in this way and is adept at making linkages between issues. Australia must lift its game as a result.

Breaking the rules

On China, diplomacy needs to return to its proper role as a part of the policy implementation machinery and not lead the debate. This will recognise that relationship management is a supporting element of our China policy, not its heart.

Unfortunately, much current policy and knowledge within key departments is an extrapolation of past decades and isn't proving up to the task of dealing with the Chinese state under President Xi, let alone the combination of Xi's China and Trump's America.

Another rule ready to be broken is the one that has seen senior officials speak less and less publicly and openly, using tightly scripted talking points that ensure nothing is said even when they do speak. Engaging maturely with the Chinese state and bringing the public and the corporate world along will be much easier if more policy voices are in this conversation—and senior officials from multiple departments can step up here to everyone's benefit.

Federal ministers and officials also could do a great service to other levels of government and the national interest by lifting their engagement with state and local government counterparts on China policy. A joined-up policy approach across all levels of government is needed to understand and deal with the broad activities of the Chinese state and its linked companies. Having a truly national approach to major Chinese initiatives such as the Belt and Road Initiative and the Smart Cities program is both necessary and urgent—and must be led from Canberra.

Really breaking the rules on Australia's engagement with China might need some rather powerful external push, rather than looking to the formal arms of government.

If the next government were to want to rethink our relationship with China across the political, economic and strategic waterfront in light of the way President Xi's authoritarian CCP is running it, then maybe the banks have a lesson for us. The forensic mind of a royal commissioner like Hayne might be just what's needed to really reset things, as Justice Hope did as royal commissioner into the Australian intelligence community in the 1970s.

Australia and Indonesia: towards a durable partnership

Patrick Walters

The challenge

No country is more important to Australia than Indonesia. In 2019, Paul Keating's now famous dictum, first enunciated 25 years ago, has assumed even greater salience as China emerges as a truly global power and regional political developments threaten to undermine Southeast Asia's hard-won economic advances.

The biggest challenge for the incoming government in Canberra is to address the yawning trust deficit with Jakarta. Too often in recent years, our diplomatic relations with Indonesia have been blown off course by avoidable political squalls—the latest being the controversy generated by the Morrison government's desire to relocate Australia's embassy in Israel from Tel Aviv to Jerusalem.

The aim must be to deepen and broaden Australia's engagement with Indonesia and to build genuine trust and closer personal links, not just between our political leaders but within the broader community and within key counterpart government agencies and departments. With national elections to be held in both countries in the coming weeks or months, this year provides a suitable platform for a new resolution by Australia's political leaders to pay greater attention to Indonesia and then deliver on that resolution in the next term of government. We need to work towards a stronger, deeper and more durable partnership with Jakarta.

For more than two decades, successive Australian Governments have hyped the benefits of closer economic, political and cultural links with Indonesia. Our political leaders and our strategic policy planning documents continually pronounce on the importance of Indonesia's economic rise for Australia. But mention of Jakarta lags far behind the considered treatment given to our major trading partners, led by China, the US and Japan. Geographical proximity doesn't dictate closer economic relations.

The official rhetoric from Canberra has placed great store on Indonesia's strong performance as Southeast Asia's largest economy, citing its growing middle class and its rapidly increasing demand for goods and services. The Department of Foreign Affairs and Trade's 2017 Foreign Policy White Paper pointed to the likelihood that Indonesia, with its 260-million-strong population, will be the world's fifth largest economy by 2030.

Yet Australia's business and academic communities have signally failed to take up the challenge of greatly increased economic and educational engagement with our giant northern neighbour. Our trade and investment in Indonesia, never robust, has languished since the 1998 Asian financial crisis and in the wake of China's remarkable economic ascension since the turn of the century. Australian companies still hold negative perceptions about the difficulty of doing business, given Indonesia's uncertain regulatory framework and pervasive corruption. That needs to change before Indonesia becomes a major global economy.

Our two-way trade with Indonesia is currently flatlining at around \$16.5 billion annually—accounting for just 2.2% of Australia's overall global trade. Indonesia is only our 13th largest trading partner—lagging behind its much smaller ASEAN neighbours—Singapore, Thailand and Malaysia.

Since the mid-1990s, government-to-government ties have gradually developed into a dense web of activities including counterterrorism cooperation, financial sector governance reform and joint military exercises. Our embassy in Jakarta is now our largest overseas diplomatic mission; its more than 500 staff include 150 Australia-based diplomats. But deep functional working relationships (as we have built over decades with the US) need to be built between our respective defence organisations—and the defence industries that support them. A decades-long agenda needs to start now.

We've a fundamental stake in Indonesia's continuing prosperity and political evolution as the world's largest Muslim democracy and the natural leader of ASEAN. But, beyond the official rhetoric and closer bureaucratic partnerships that have been forged between government agencies since the 1990s, broader people-to-people engagement between Australia and Indonesia has barely advanced.

While Australia is still the largest destination for Indonesian students studying abroad, the number (currently around 40,000) hasn't changed in years. Conversely, the number of Australian students undertaking Indonesian studies in our schools and universities, including language learning, is the lowest in decades.

We also continue to demonstrate a high level of ignorance about political developments affecting our northern neighbour. Many Australians still fear that Indonesia could pose a military threat to Australia. They also worry about the spread of militant Islam and refugee flows from the archipelago. A 2018 Lowy Institute poll found that only 24% of Australians agreed that Indonesia was a democracy.

On the Indonesian side, long-held popular stereotypes about Australia and Australians persist. According to leading Indonesian journalist Endy Bayuni, we're still seen as 'racist, arrogant, manipulative, exploitative, and intrusive'. Many members of Indonesia's political elite haven't forgiven Australia for the role we played in bringing about East Timor's independence in 1999. They also harbour deep suspicions about our intentions regarding the future of troubled Papua.

Quick wins

The incoming government in Canberra should move quickly to ratify the Indonesia–Australia Comprehensive Economic Partnership Agreement (CEPA) agreed in August 2018. The expected signing of this landmark trade agreement late last year has been stalled in the wake of the Jerusalem embassy controversy.

The CEPA promises to be a shot in the arm for Australian trade and investment in Indonesia, offering better access to our commodity exporters, including the agriculture and manufacturing sectors. Further trade liberalisation under the CEPA framework will enable Australian service industries to invest in areas such as education, telecommunications, health and mining.

Vocational training providers will be able to partner with Indonesian counterparts to provide skills training in Indonesia. Under the CEPA, Indonesia's foreign investment regime will provide greater legal certainty for Australian companies seeking to invest in Indonesia. Economic opportunities need to be pursued by a more sympathetic and more Indonesia-literate business community. Indonesians also need to become more aware of what Australia has to offer, particularly in the services sector.

The hard yards

Only by pursuing a much deeper and broader engagement with Jakarta can we hope to bridge the gulf between two vastly different cultures. As Paul Keating once observed, the Australia–Indonesia relationship needs to grow not only in the statements of governments but ‘in the attitudes and actions of ordinary Australians and Indonesians’.

The incoming government should consider a number of additional measures to help underpin a more durable partnership with Indonesia:

- Embark on a national mission to build a much broader understanding and awareness of Indonesia across the wider Australian community. This should include a major new investment in Indonesian studies and language courses in our schools and universities using federal government funds flowing to state governments.
- Expand government-to-government dialogue with Jakarta to include regular meetings between economic ministers and officials.
- Continue to develop Australia’s diplomatic footprint in Indonesia, including by opening a consulate in Sumatra.
- Maintain and refine our \$300 million aid program with Indonesia, with an emphasis on capacity building and strengthening direct links with Indonesia’s civil institutions involved in areas such as natural disaster relief.
- Widen defence and security cooperation, with a sharp focus on cyberwarfare, maritime surveillance and counterterrorism. We should eventually mount joint aerial surveillance and naval patrols across designated zones in the Indian Ocean and the South China Sea. Deepening institutional relationships between our defence organisations, so that Indonesians and Australians know and work with their counterparts, from logistics to personnel, as well as between service formations, is key to a defence partnership that works and which leaders value.
- Strengthen formal collaboration between the national and provincial parliaments of both countries with annual exchanges by delegations of MPs. Building these institutional links will help bolster Indonesian democracy, including religious tolerance and support for ethnic minorities.

In 2019, Indonesia remains an enigma. The world’s fourth largest nation is seemingly incapable of assuming its destiny as the leading power in Southeast Asia. In the Jokowi era, Indonesia has become even more insular, nationalistic and illiberal.

Australia must seek a greater strategic accord with Jakarta, not least because of our geography and history. We were there at the beginning, supporting Indonesia when it declared its independence in 1945. The archipelago will always guard our northern approaches.

The paradox of the bilateral relationship is that, notwithstanding recurrent political crises over 60 years, our most important regional diplomatic initiatives in recent decades, including the Cambodian peace settlement and the creation and evolution of APEC and the ASEAN Regional Forum, were accomplished only by working in close partnership with Jakarta.

Breaking the rules

The incoming government should consider three major initiatives to strengthen the bonds between Australia and Indonesia:

- Establish an Australia–Indonesia Climate Change Commission. This body would see scientific experts from research institutes in both countries collaborating in diverse areas such as agriculture, fisheries and forestry to mitigate the effects of climate change in both countries.
- Create an annual Track 2 dialogue convened and run by Indonesian and Australia business figures. The aim would be to strengthen bilateral business networks, with a particular focus on the services sector.
- Mobilise the Australian university network to establish campuses in Indonesia, with a focus on training Indonesian students in applied science and technology.

How can we engage more productively with Southeast Asia?

Dr Huong Le Thu

Despite Southeast Asia being one of the world's most dynamic regions, where political, economic and environmental conditions are undergoing constant transformation, its leaders often express discomfort with big policy changes, especially when they come from outside. Fair enough: who wouldn't? So, while there are innovative policies that Australia's next government could introduce to engage more productively with the region, this should be done sensitively and without undermining our long-term commitment to constructively support the region.

In general, increased engagement with Southeast Asia during the Turnbull Government, marked by the Australia-ASEAN Special Summit and related initiatives, was well received. Most of our regional partners would like to see that attention from Canberra continue. The next Australian Government can prioritise a number of key issues that could make relations between Australia and Southeast Asia more productive. But our engagement must be sophisticated. Our approach needs to be tailored to the bilateral relationship with each Southeast Asian state. And we must take care to avoid the pitfalls of 'moralistic politics'.

The challenge

Southeast Asia faces a plethora of challenges, including immediate and slow-burning crises. Many of them have affected Australia's security and economy and will continue to do so. The following are the most urgent ones that the next government should focus on.

First, the region is at the epicentre of a number of hotspots. The one with the greatest potential to erupt into a larger scale confrontation is the South China Sea. Those waters have become one of the frontiers of great-power competition, and the potential for escalation, incidents and confrontation will continue to grow. How Canberra should react if the escalations continue is a critical question that shapes our overall engagement with the region. An appropriate response will require comprehension of potentially rapid developments.

A core factor to consider will be the health of ASEAN as a regional actor. A weaker ASEAN doesn't serve Australia's interests, so the deepening intra-ASEAN fracture under China's strategy of 'coercion and inducement' could be very consequential.¹ Not only will the region's longstanding diversity continue to pull individual ASEAN members in different directions, but old issues, renewed ones (such as the re-emergence of Malaysia-Singapore disputes)² and new ones will continue to rupture its collective spirit and prevent it from acting cohesively, and therefore effectively, to address regional challenges.

Second, democratic retreat is happening not only in the world's oldest and largest democracies, but also with particular severity in Southeast Asia. As monitoring institutes have noted, many Southeast Asian countries have retrogressed in their governance and are moving towards autocratic regimes rather than full democracies. 'Democracy has not been very good in Southeast Asia', the late former ASEAN Secretary-General, Surin Pitsuwan, suggested. Rather, Southeast Asia has seen a generation of leaders who, riding a wave of populism, corruption and patronage, created a 'charade' of democracy.

This tendency seems only to be strengthening. This year, a number of important general elections (in Thailand, in Indonesia and mid-term elections in the Philippines) and local elections will occur across the region. The outcomes will determine the political health of the region.

Third, the region is prone to natural disasters, particularly floods, and many of its countries are among those that will suffer the greatest impact of climate change. Most Southeast Asian economies are still heavily based on agriculture and have large urban populations in low-lying and coastal areas, which makes the effects of climate change even more severe.

Finally, religious and ethnic tensions are likely to become an issue in Indonesia's upcoming elections. The Rohingya crisis will also continue to develop and is likely to spill over into a wider range of ethnic tensions that could lead to further violence and the large-scale unregulated movement of people.

Quick wins

While the next government should introduce new and innovative lines of foreign policy towards its neighbours, continuity in selected areas will be appreciated in Southeast Asia.

Ministers should attend the Shangri-La Dialogue in Singapore on the last weekend of May. Showing up at the dialogue and the following multilateral forums is already half of a quick win. It's an efficient way to announce policy adjustments and to familiarise regional leaders with any new portfolio holders. It's also a good opportunity for Canberra to reinforce its image as a team player and a strong and constant part of the region, rather than an external actor.

One of the more recent noteworthy accomplishments in Australia's cooperation with the region is the Australia–Thailand Memorandum of Understanding on Cyber and Digital Cooperation signed in January 2019. This is an area of rapidly growing interest and need in the region. The next government should consider expanding collaboration with regional partners and commit to cooperation in cyber and digital capacity building. Protecting information infrastructure is an issue of common concern to most states in the region. Australia's ban on Huawei and ZTE building the 5G network can serve as a valuable model for neighbours to consider.

The energy, agricultural, ecological and political-strategic importance of the Mekong extends beyond the countries that the river runs through. Australia has been contributing to sustainable development in the Mekong region, including through bilateral projects (the Australian Government sponsored Vietnam's Cao Lanh Bridge, which was inaugurated in May 2018), Australia's ASEAN and Mekong development programs and multi-stakeholder projects (such as the US–EU–Australia–Japan infrastructure development partnerships). Thailand is a Mekong country and, as this year's chair of ASEAN, it has pledged to focus on sustainable development. Cooperation in the areas of climate change, energy, food security and disaster relief will be of primary interest. Australian confirmation of the continuity of existing programs and a renewed commitment to human security in the region will be well received.

The hard yards

Despite Canberra's active contributions to most regional dialogues, there's a lingering perception of Australian ambivalence towards the region. There's a view that, despite the geographical proximity of Southeast Asia and Australia, Canberra has always looked more towards the distant great powers, overlooking its immediate neighbours. Such views, even if they're only a residue, should be erased completely though sustained engagement.

We need to demonstrate that we're an enduring, strong and present partner and that we're a part of the region, not as a member of ASEAN, but not as an outsider either. The next government should emphasise support for ASEAN's centrality in the region as an active, functional and 'problem-solving' organisation.

The government should also pay special attention to increasing defence diplomacy, in particular multilateral naval exercises with ASEAN members. In its draft of the ASEAN–China South China Sea Code of Conduct, China suggested that the Southeast Asian states should not engage in activities such as exercises there with countries other than China. ASEAN states do not agree with such exclusivity and are planning to conduct multilateral exercises with the US. Australia should also reinforce ASEAN's stance and increase such engagement.

In the context of open US–China competition, Canberra should reaffirm its traditional role as a middle power by being able to say how its national interests are engaged in actions taken consistent with the US alliance and more broadly. That is, it needs to demonstrate its support for a transparent, rules-based international system—particularly in terms of trade rules—in which all are equal. This is consistent with the perceptions and interests of the majority of actors in ASEAN, who are smaller and middle-sized powers. This will foster a shared sense of interest and belonging between Australia and ASEAN states.

Breaking the rules

Experimenting with the Southeast Asian political elites can be rather unproductive, especially when it comes to key political issues considered to be 'internal matters', and could be seen as infringing ASEAN's non-interference principle. Nevertheless, a number of domestic developments have regional and extra-regional ramifications, and the next government should address them appropriately.

The trend of deteriorating democracy is worrying. Given that this is increasingly an era of strategic competition on all fronts, including in political principles, Australia, as a mature democracy and a defender of good governance, should contribute to countering the proliferation of autocratic tendencies in its direct neighbourhood. While it's a sensitive area, Australia must diplomatically, but firmly, contribute to international efforts to monitor the transparency of the upcoming general elections, most immediately in Thailand and Indonesia.

Slow-burning issues, including climate change, natural resource management and ethnic tensions, can erupt into immediate and large-scale crises with implications for Australia's security. Australia needs to support regional states by sharing its expertise in developing plans to address those problems before they become security crises.

Notes

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Where to from here with the Quad?

Dr Huong Le Thu

The Quadrilateral Security Dialogue (the Quad, sometimes referred to as the QSD) is an informal dialogue between India, the US, Japan and Australia. It was first initiated over a decade ago but fell apart after Australia withdrew support in 2008. The four members restarted the idea (Quad 2.0) on the sidelines of the ASEAN summit in November 2017. Its recent revival has created much hope for strategic coordination between the four powers. But the Quad has also encountered scepticism about the ability of the four to align their interests. Moreover, critics have argued that if the goal is to contain China, it will fail. Its supporters have countered that that understanding of the purpose of the Quad is simplistic.

The challenge

The issue with the Quad—this time just as last time—is that each partner’s expectations remain unclear, so synchronisation is challenging. Each of the partners has a similar motivation in wanting to use collective efforts to counter China’s coercion, but at the same time each still wants to maintain avenues of cooperation with China. This is true even in the case of the US, despite it currently pursuing more confrontational or competitive tactics with China.

So the main challenge in progressing the Quad is that each member is looking to the others to take the lead. The current US administration’s tendency to undermine multilateral cooperation complicates further articulation and advancement of the purpose of the Quad. Even the US’s long-term, formal treaty-bound security arrangements are suffering from Trump’s lack of appreciation of their value, let alone relatively nebulous new forms of cooperation such as the Quad.

Because of its own members’ lack of clarity about the Quad’s form and focus, it’s difficult to gain buy-in from the wider region. If the partners themselves are only partially convinced of and committed to it, it’s difficult to convince a broader international audience of the benefits coming from the Quad. The uncertainty has also fed concerns among some in Southeast Asia that it will challenge the centrality of ASEAN in regional architectures.

And regardless of whether the members define the role of the Quad as containing China, that’s certainly how China sees it. This is how China saw it in 2008 (with the result that Australia withdrew because of concerns that Quad 1.0 would antagonise China and harm economic relations), and its view hasn’t altered with the revival of the Quad in late 2017.

But despite the many question marks around the Quad, the concept has considerable strategic value. The strategic environment has deteriorated since the Quad’s initial, short-lived term, and the need is even stronger. A forum that brings together four powerful liberal democracies that share key interests has great potential for collective effort to reinforce and build the rules-based global order and protect international law.

But while the Quad is enjoying a second chance, it’s facing a challenge of how to generate strategic value for its members and the broader Indo-Pacific.

Quick wins

The next government should make use of the opportunity that the Quad offers in advancing Australian and regional interests in preserving peace and stability. If the next government is committed to the Quad, an urgent, strong, explicit statement towards furthering the dialogue is essential for Australia's credibility as a strategic actor in the region. Hesitation and hedging will only generate more hesitation from the other Quad partners.

The lack of a clearly articulated statement of what the Quad is and what it seeks has meant that in much of the public discussion the Quad has gained a life of its own that exceeds the reality of the policy world. Some of this can be helpful, although much of the government discourse has been about explaining what it isn't, rather confirming what it is.

Certainly, the next government needs to continue to affirm that the Quad isn't a security alliance against China, but, working with the other members, it needs to create a positive and constructive vision for the Quad. As my 2018 ASPI regional survey showed, Southeast Asians have concerns about the Quad as a simplistic attempt to contain China, but they also regard it as a useful balancer for maintaining the wider region's stability.¹ It's important to differentiate those two functions.

To demonstrate its commitment to the concept of the Quad, the next government should appoint a broad taskforce of experts from inside and outside government that will work with the other three partners to conceptualise and articulate clearly what the Quad is.

Articulating that vision will then allow the members to address the second conceptual challenge, which is whether the Quad should remain a 'minilateral' forum. Such organisations have a specific focus, limited membership (usually not more than four) and informal institutions and structure, which allows for agility. If the Quad takes on a broader focus, larger membership and more formal structures, it can no longer be considered minilateral. There are strengths and weaknesses to both approaches.

Before deciding on expanding the group, the current members need to determine what the Quad's primary purpose should be. Opening up to new members before then can only dilute its focus by adding to the diversity of individual national interests. Hence, the next Australian Government needs to decide quickly on the agenda that it wants to achieve through the Quad and communicate it.

One key agenda item that needs a uniform position from the members is the question of how to buttress respect for international agreements and how to respond when states that have signed up to them violate or ignore them.

The hard yards

Given that it was Canberra's withdrawal that halted the Quad in the past, there are remaining doubts among some members about Australia's commitment. The next government needs to propose initiatives to convince the members of the Quad as well as regional actors not only that it is Australia committed, but that this particular mode of cooperation can achieve tangible outcomes. Letting Quad 2.0 fall into another lethargy—most likely one that it wouldn't recover from—would have a strong reputational impact on all four powers.

It should also be emphasised that allies and long-term partners need ongoing trust-building mechanisms. Despite strong and densely knitted cooperation, residues of suspicion about the depth of real partnership remain, particularly between India and Australia (or India and the other three). The Quad is a good avenue to serve this purpose, for example through multilevel consultations and joint military training and exercises.

The Trump–Pence administration’s more confrontational policy towards Beijing in response to the Chinese state’s agenda and actions will have an effect on the US’s larger Asia policy. While it’s important for the international community, the Quad included, to call out actions that contradict international law, be they by China or other powers, the Quad shouldn’t become solely associated with the current US policy of confronting China. Even if the US is determined to continue competition in key areas with China, the other three partners should base their engagement with the Quad and Beijing on their own national interests. Those will align in some areas with the US’s positions, but not in all, and the alignment can clarify the Quad’s agenda.

Breaking the rules

Thinking about maximising the value to be gained from the Quad doesn’t need to be constrained to defence circles. It can be a forum for broader constructive cooperation. South Asia, Southeast Asia and the South Pacific are regions where demand for both hard and soft infrastructure, ranging from roads and bridges to communication networks and digital development, is very high. Individually, Japan, Australia and the US have pledged financial support for high-quality infrastructure initiatives, but the Quad can be an avenue for coordinated efforts to improve governance, economic development and resilience across the region. That means a demand-driven engagement responding to the specific needs of key areas identified by the four members as focus regions.

So, rather than anchoring the Quad purely as a security arrangement, it can serve as a ‘consultation room’ for four Quad partners that share interests in preserving stability through advancing the security and economic interests of the Indo-Pacific. Better coordination stands a stronger chance of reinforcing, in the longer run and in a more benign manner, good governance and the rules-based order as well as preventing the exploitation of regional states through the economic-strategic nexus of corruption, bad-debt coercion and lack of transparency.

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Australia and the Pacific islands: a partner of choice?

Richard Herr

The challenge

In seeking to be the ‘partner of choice’ for Pacific island states, Australia faces a political challenge in 2019 analogous to that of a dominant, established business confronting a new, well-heeled competitor entering its traditional market. There’s a scramble to adapt and innovate. The urgency of retaining market share forces a review of corporate strategies, including time-honoured customer loyalty programs, as well as engendering a heightened sense of insecurity.

The continuing rise of the People’s Republic of China (PRC) has intensified the perception that it’s a serious new competitor to Australia for the affections of our Pacific island neighbours. We’ve invested significantly in supporting the Pacific island states both bilaterally and collectively. For decades, we’ve helped to shape and maintain a regional system that provides an effective platform for the small states to pursue international interests beyond their own resources.

In just over a decade, China has come to occupy a significant position in Pacific island affairs. China’s essential bilateralism and promotion of its Belt and Road Initiative through loans and projects to reframe the international economic order threaten to fracture not only the basis of Australia’s regional partnerships but also Australia’s own place in the broader international economy.

Beijing has successfully marketed a range of diplomatic ‘products’ with a strong South–South emphasis, including swift infrastructure development, streamlined access to financial resources (including loans and grants) and political prestige. The alacrity with which regional states have responded to the PRC’s offerings has validated their appreciation of these new options, although some of the downsides of the Chinese offer are becoming more obvious.

With a high degree of bipartisanship, Australia’s government and opposition moved quickly to meet the challenge, asserting a common general strategy under the banner of being a ‘partner of choice’ for the region. Fleshing out the priorities and practicalities for implementing this slogan will be a key challenge for the next government in 2019.

While some island states have questioned the depth of Australia’s ‘partnership’, especially in the area of climate change policy (a seemingly intractable ‘hard yards’ win), Canberra’s emphasis has been more on addressing the issue of ‘choice’. The Department of Foreign Affairs and Trade’s 2017 White Paper identified three priorities to ‘step up’ its engagement with new product lines and approaches to broaden the choice regional states have to fulfil their partnership ambitions: economic development, security, and closer people-to-people ties.¹

Quick wins

Arguably, the three priority areas identified in the step-up strategy encompass a number of possibilities for quick wins. However, the devil will be in the detail, especially in ensuring that easy actions are sustainable wins. In the current competitive environment, the allure of the step-up initiatives will depend on what other choices are on the table and, most critically, what the market wants.

Prime Minister Scott Morrison's announcement of \$2 billion in funding for the Australian Infrastructure Financing Facility for the Pacific (AIFFP) is belated recognition that Australia left the door open for China to seize an opportunity in infrastructure development funding.² While welcome in putting Australia into this neglected market, the AIFFP amount isn't large enough to pre-empt the field, and it isn't even clear that it will be an easy win.

Construction firms owned or supported by the Chinese state have secured a favourable place in many Pacific island states in recent years. Consequently, AIFFP-funded projects could in fact extend Chinese influence in the region if those firms win the contracts in the absence of competitive alternatives. Additional resources and changes to the Export Finance and Insurance Corporation proposed by the government could help to incentivise Australian business to pursue more engagement with infrastructure implementation in the region. More helpfully from the islands' perspective, cross-national private-sector partnerships to implement AIFFP projects would contribute directly to skills transfer and local capacity development.³

The Australia Pacific Security College and the ongoing program assisting regional neighbours to prepare national security assessments create opportunities for security partnerships but also pose risks. Any appearance of tying regional states to Australia's agenda, especially if this is perceived to involve a choice between Australia and China, would be dysfunctional. Active Pacific islander engagement with designing and, later, staffing the security college will be needed to make this an easy win for a trust-building security partnership.

The current review of Australia's relevant soft-power assets should build on a key but underutilised strength in Australia's people-to-people relationships in the region.⁴ Private-sector and NGO assets should be leveraged to cooperatively strengthen the growth of the small and micro enterprise sector so badly needed across the region. Success here will improve the quality of life in villages and remote areas, slow the rural drift to towns and help reduce social tensions.

The current twinned relationships between Pacific island parliaments and the parliaments of Australian states and territories should be expanded to include other agencies, such the police, emergency services and education services. Properly resourced, this would add significantly to the depth of partnerships on shared interests between Australia and our Pacific family by adding effective and routine contacts among a wider range of governance professionals.

The Seasonal Worker Programme and the complementary Pacific Labour Scheme have secured a very positive structural shift in Australia's soft-power relations with the region.⁵ A very easy win will be to value-add by using these opportunities to build needed human capital through supported special short courses for participating workers.

The hard yards

The hardest yards for maintaining market share in the Pacific islands will come in those areas where China chooses to use its substantial resources to seek some pre-eminence or where Australia is unable or unwilling to meet the local demand for assistance.

Papua New Guinea (PNG) presents both risks. Its mineral and marine economic resources are world class, and China has already invested heavily in acquiring access to them. Moreover, PNG would be the principal regional terminus for President Xi's Belt and Road Initiative. The country is seen by some analysts as close to the southern anchor of China's 'second island chain' security strategy.⁶

Holding onto our long-held position in PNG will be an increasing challenge, and not just due to China's growing influence. PNG's burgeoning economy has significant areas of competitiveness with Australia's, while our shared history and geographical proximity will bring to the Australian doorstep significant challenges as PNG grapples with development and demographic challenges beyond our capacity. The need to secure an effective relationship with PNG will loom disproportionately large for decades.

Seemingly the hardest yard of all will be to avoid unnecessarily reopening old wounds in Australia's asymmetrical partnership with the Pacific islands. The Neil Prakash affair unnecessarily revived concerns among island critics that Pacific interests are overlooked when convenient.⁷ It's much easier to alarm a market than it is to calm it.

Breaking the rules

The worst of all possible worlds for the Pacific islands would be unrestrained competition for geostrategic advantage in the region. By the turn of the 20th century, this had cost all but Tonga their sovereignty. Eliminating the possibility of a 'third island chain' strategy by any power could do much to reduce potential strategic insecurity.⁸ Taking the region off the geostrategic table as a potential pawn could just be the 21st-century equivalent of the South Pacific Nuclear Free Zone Treaty during the Cold War.

Given the fears generated by debt diplomacy, sharp diplomacy tactics and events such as the prospect of the Luganville wharf development being a step in the direction of a third island chain strategy, the time could be right for the sort of statesmanship that Australia showed a generation ago in establishing the Asia-Pacific Economic Cooperation forum. Something like a broad Asia-Pacific version of the 1973 Conference on Security and Co-operation in Europe, without necessarily the institutional consequences, could help to avoid the misunderstandings and excesses of great-power rivalries that undermined island sovereignty in the 19th century.

Notes

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Beyond the Indo-Pacific: resetting our engagement with the countries of Africa

Lisa Sharland

The Australian and African continents border the Indian Ocean. Australia is a member of the Indian Ocean Rim Association along with several African countries, including Kenya, South Africa, Mauritius and Tanzania. Yet, the 2017 Foreign Policy White Paper excludes the African continent from its definition of the 'Indo-Pacific', which starts at the 'Eastern Indian Ocean'. In fairness, the line had to be drawn somewhere. Australia's resources aren't infinite and we have to prioritise. But that doesn't mean we should ignore the diverse interests that we have on the African continent, particularly when they're directly engaged.

The challenge

'Africa literacy' within the Australian Government remains low. This was one of the findings of last year's Senate inquiry into Australia's trade and investment relationships with the countries of Africa.¹ Unfortunately, media coverage and fearmongering about crime and the African-Australian community in Melbourne over this past year have reflected the worst in Australia's understanding of the continent, the South Sudanese community, and the experiences of those who have emigrated to our shores.

Africa is a continent of opportunities in terms of both people and resources. The continent's population of 1.2 billion people is expected to double by 2050, and it's expected that the continent will have the largest number of young people. Reconciliation between Ethiopia and Eritrea after more than two decades of border disputes, and the drawdown of UN peacekeeping missions from the Mano River Basin after 25 years, are promising developments. Yet the challenges across parts of the continent remain immense, with civil wars, humanitarian crises, insecurity, a lack of effective governance and extreme poverty still prevalent.² It's therefore critical that African countries and their partners and investors engage in providing education and employment opportunities and supporting sustainable development in order to avoid youth falling into the cycle of poverty, instability and conflict.

Agriculture, infrastructure, extractives and security are among the sectors offering opportunities on the continent—and many countries are seizing them. Russia, China, India and the Gulf states are among countries that are vying for influence.³ Russia has increased its trade with sub-Saharan Africa and is finalising military cooperation and mineral deals with various countries.⁴ China is engaged through its military base in Djibouti, UN peacekeeping deployments across the continent, and loans and infrastructure as part of its Belt and Road Initiative. US National Security Advisor John Bolton has characterised China as an opportunistic and mercenary competitor in Trump's US Africa strategy,⁵ yet offered much less by way of US leadership in working with countries on the continent.

At the same time, terrorist activity has started to shift away from the Middle East and into Africa's Sahel and Maghreb regions.⁶ Threats against Western targets remain an ongoing concern. Last month alone, more than 20 people were killed and many more injured during an attack by al-Shabaab on the Dusit Hotel complex in Nairobi—a hotel several hundred metres from the Australian High Commission and regularly frequented by Westerners. For the more cynical and the sceptics about Australia's engagement in Africa, this is one area where our interests directly converge. More than 170 ASX-listed companies are operating across the continent. Many of them are operating in West Africa and the Horn of Africa, where Al-Qaeda in

the Islamic Maghreb, Boko Haram and al-Shabaab remain active. Mining companies and their personnel continue to come under attack. Most recently, a Canadian miner was kidnapped and murdered in Burkina Faso.⁷

The challenge for the incoming government is this: how should Australia invest in diplomatic and security cooperation with African countries, given the escalating security concerns in our immediate region (defined as the Indo-Pacific)?

Quick wins

To begin with, Australia needs to demonstrate that it's listening and willing to engage, even if the resources available to do so are limited. Government ministers and parliamentarians should seek to visit Africa when the opportunity arises (and host their counterparts in Australia). Visits to the continent by our ministers have dropped off considerably since we concluded our election to the UN Security Council in 2012. African Union summits provide a valuable opportunity to step up this engagement again. Similarly, the government should support a trade and investment delegation visit to the continent in order to expose Australian business to the opportunities available there.⁸ Such visits would contribute to Africa literacy across government and demonstrate our willingness to engage.

Given the limited resources available, we should also seek to leverage off our roaming ambassadors—including those on women and girls, counterterrorism, and cyber affairs—to engage with the continent. Many countries in Africa are keen to learn from Australia's approach to counterterrorism, and there's capacity to do more in this space with Kenya, Nigeria and other West African countries, in cooperation with partners such as the UK and France. It's also to Australia's benefit to assist in shaping the development of cyber resilience on the continent, given the operation of Australian companies.⁹ As the hacking of the African Union headquarters has shown, vulnerabilities can be exploited, putting at risk not only African countries but also regional and global interests.¹⁰

The hard yards

Attacks against the extractive sector and Western interests are a cause of significant concern, presenting a risk to Australian nationals, businesses and foreign investment on the continent. As a starting point, the government could engage with the mining sector to collect more data on companies operating in Africa (a recommendation from the Senate inquiry).¹¹ Similarly, ASPI research has shown that the private sector—particularly the mining sector—can engage more substantively in preventing and countering violent extremism.¹² As the latest Global Terrorism Index notes, domestic interests extend beyond national borders; countering terrorism in Africa is also in Australia's national security interests.¹³ The government could lead the way, working with the Australian mining sector to strengthen its engagement in this area.

Australia's cuts to its aid program over the last five years have been significant. Despite humanitarian need in parts of the continent, our share of overseas development aid to sub-Saharan Africa has continued to decline and is currently hovering around 3% of our total overseas aid.¹⁴ And while engaging in trade and supporting the private sector are important, more aid funding will expand the limited toolbox of resources available to our diplomatic posts overseas, supporting communities, investing in development, and contributing to security while leveraging our soft-power influence.

Breaking the rules

Australia's diplomatic footprint on the continent remains comparatively small, with only nine diplomatic missions. One of the recommendations made by the Department of Foreign Affairs and Trade during the Senate inquiry into Australia's trade and investment in Africa related to the use of more novel and innovative diplomatic engagement, such as pop-up posts open only for short periods. This should be considered by the next government. It would allow us to leverage our limited diplomatic resources in a creative way, but also demonstrate to certain countries in Africa that we're interested in engaging more substantively. Co-locating with countries such as the UK and Canada, which have a more substantial presence on the continent, would be another option to explore.

Africa is in the orbit of the Indo-Pacific. Australians and Australian interests are affected by developments on the continent—and our interests are likely to expand in the decades ahead. There are good reasons for the next government to reset our engagement.

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The defence agenda

Do we need another Defence White Paper, and what should it say?

Peter Jennings

Defence white papers are the big cats of the policy savannah—magnificent predatory creatures that eat all the resources flung at them. Right now, the February 2016 Defence White Paper is sleeping under a thornbush, still digesting its decade-long lunch of \$195 billion in equipment acquisitions. Would it even be wise for the next government to prod Leo back to life? Hell hath no fury like a fat lion forced to jump through more policy hoops. As difficult and demanding as white paper production can be, my view is that it's time to start the process all over again, this time with a fresh set of assumptions about necessary spending levels and a hard eye towards unpleasant emerging strategic realities.

The challenge

The 2009 Defence White Paper tried to set a five-year cycle for white papers. That never happened, because governments set their own timetables, usually tied to the electoral clock. However, the speeding up of global strategic change suggests that the time is right to start a new cycle. If a white paper is begun in the second half of 2019, we're unlikely to see the finished product before the beginning of 2021. There are challenges aplenty. Here are my top five.

1. The focus in 2016 was on designing the future force for the late 2030s and setting the industrial scene to produce key platforms locally. The only thing more important than the future ADF is the current one. A major focus for the next white paper must be on optimising the ADF for coalition warfare in the near future. There's an emerging consensus among what passes for the Australian strategic community that the risk of short-term conflict in the Indo-Pacific is growing.
2. The next white paper needs to find a convincing way to talk honestly but diplomatically about the biggest potential risk to the Indo-Pacific, which is an aggressive and nationalistic China. The last three white papers circled around this buoy with varying success. White papers shouldn't create bilateral tensions, but they should tell the truth in the interests of explaining policy to Australians.
3. Having fulfilled the promise to spend around 2% of gross national product on defence, the next government needs to ask the difficult question: is that figure anywhere near enough to address a deteriorating strategic environment? My assessment is that strategic shocks will jolt a future government into spending more. True, there's no science underpinning the 2% figure, other than that it ticks a NATO benchmark of spending adequacy. But 2% hardly makes us Sparta. An ADF half the size of a Melbourne Cricket Ground crowd with a small number of admittedly high-quality capabilities looks meagre compared to the regional giants. In truth, we've ridden on Uncle Sam's strategic coat-tails—an approach that's starting to look distinctly threadbare.
4. After China, Donald Trump is surely the next most concerning strategic factor. Woe betide the alliance if Trump's acid tongue lashes Australia in the way it has Canada and NATO allies. Our next Defence White Paper must make the case for the alliance as persuasive in the Oval Office as it is in Canberra. This should be treated as an essential bipartisan exercise.

5. The white paper's regional priorities should, in rough order, be the Pacific, Japan, Indonesia and India. The 2016 White Paper talked a big game in terms of Australia deepening engagement and providing strategic leadership. While there's been commendable progress in re-establishing Australia's position with the Pacific island states, the next white paper must put more flesh on the bones of regional engagement. We need imagination here, not incrementalism, but imagination usually costs significant sums of money.

Quick wins

Australian defence ministers typically speak at the Shangri-La Dialogue in Singapore, which this year will be held from 31 May to 2 June. While this will require a quick turnaround after the election, a solid ministerial statement at Shangri-La will be an important opportunity for the government to set out some early policy markers.

The Defence Minister should commission early a classified study into the current strengths and capability deficiencies of the ADF. The minister should ask what quick steps should be taken to lift operational effectiveness against the risk of regional contingencies in the short term. This is an essential platform from which to start new policy work.

Towards the end of 2019, an AUSMIN meeting will take place, bringing to Australia the US secretaries of Defence and State along with senior military commanders. Few AUSMINs have been as important as this one will be because it will set the tone for alliance cooperation for the remainder of Donald Trump's time in office. This AUSMIN can't simply tick off a pale list of shared interests; it must set the agenda for new alliance cooperation in relation to China, new technology, space, cybersecurity and a host of emerging problems. As always, Australia can play the lead in writing the alliance 'to do' list, because we spend more time thinking about the US than it spends thinking about us. Even with Trump in the White House, the alliance is ours to lose—or to reinvigorate.

The hard yards

White papers are all about numbers, specifically linking (believable) dollars to (believable) capability, but as far as the future force is concerned the hard work was done in 2016. Except for developing a stronger stand-off strike capability, I don't see a compelling case to revisit the main outlines of future force structure. What, then, are the genuinely hard problems for 2019? Rapidly lifting capability and ADF hitting power in the short term; building that genuine strategic partnership with Indonesia; balancing ADF jointness with integrated coalition capabilities; integrating new technology with older platforms; and growing the military and civilian defence workforce.

Defence has systems in place, designed in part for the 2016 White Paper, that mean the organisation is as well positioned as it's ever been to produce disciplined strategic assessments and sensible costed capability options. A more aligned and cooperative intergovernmental approach on equipment acquisition is also in place. This means that the Canberra system will be able to support the next government's call for a white paper. We can only hope that government itself will participate in a disciplined and orderly way through careful and frequent consideration in the National Security Committee of Cabinet. Government must own the final product, after all.

Breaking the rules

So much for the good news. The ingredient in shortest supply in Canberra is imagination. Above all, the policy need is for lateral thinking and a willingness to entertain lateral approaches that might offer Australia lower cost advantages in a region where high-end military capability development is taking off. Most large bureaucracies (I respectfully include the ADF in this) aren't designed to promote edgy thinking. One 'rule-breaking' approach would be for Defence to allow a 'fringe white paper' process through the system, asking all parts of the organisation to come up with lateral ideas. Do we need a Space Force, like the Americans? Can we harness hybrid warfare for good? What if millennials were to run Defence for a day? What if Sun Tzu were writing the white paper? A joint ADF – Tentara Nasional Indonesia brigade? A Royal Australian Air Force base on Guam? The Minister for Defence needs to make it clear that 'permission to think laterally' has been granted. He or she can rest assured that Defence will order the chaos before any damage is done to a balanced force structure.

What should a Plan B for Australia's military strategy look like?

Dr Marcus Hellyer

The challenge

In 2018, the commentariat pronounced the rules-based global order to be dead, and that nothing but uncertainty was replacing it. Now that the dirges have been sung, the certainties of the Cold War nostalgically pined for, and the calls for a Plan B shouted from the rooftops, where should the incoming government take Australia's military strategy in 2019?

Of course, military strategy must be aligned with broader national strategy. But has our national strategy fundamentally changed? If we look at the classic triumvirate that makes up strategy—ends, ways and means—the ends or goals of our national strategy haven't changed. We still want to achieve the things we've consistently sought, such as freedom of action on the international stage; an international system that respects the rights of all states and individuals; and freedom from coercion or military threats.

The ways to achieve these ends haven't fundamentally changed. We can't achieve them alone and so, while the nature of the international system is changing, we'll still seek to engage with it and shape it, through multilateral forums when possible and through bilateral arrangements when necessary. As an active middle power (or something even greater)¹ at peak power, we won't simply accept a passive role and wait for whatever comes.

What has changed in the strategic triumvirate is that we'll need to apply greater means. This is in part because states with different interests from ours now have increased power, and the great power that we've relied on appears to be less committed to pursuing the same ways as us (at least under the current administration) and has fewer means (at least relative to the powers that seek ends inimical to ours).

Now, we could change the ends that we seek and accept something less, but I'll assume the incoming government isn't yet ready to say that we're happy to live in a world where the strong oppress the weak, or other countries tell us how to run our affairs. So greater means will be necessary to achieve our national strategy. We're already seeing this being applied, for example in the recent 'Pacific step-up'.

Since our military strategy must align with our national strategy, the big picture of our military strategy is similar to the big picture of our national strategy. That is, the ends of our military strategy are fundamentally unchanged. The three 'strategic defence interests' and corresponding 'strategic defence objectives' of the 2016 Defence White Paper² are still about right, even if the idea that all three are of equal priority is obviously a poor guide to decision-making and resource allocation. As for ways, we should still work with a broad range of international partners to achieve those interests while continuing to rely heavily on our close alliance with the US, but, as with national strategy, we'll need to invest more in our own means to compensate for the changing balance among regional powers.

Quick wins

It's essential that the incoming government confirm its commitment to those additional means. To provide continuity to Defence and industry planning, it should reaffirm the goal of spending 2% of GDP on defence by 2020–21. But it should also state that that isn't a cap. More will be necessary—determining how much more would be the work of a strategic review that should kick off soon after the election.

The government will also need to assist Defence planners by confirming what they can assume the role of the US in our military strategy will be. The most pessimistic forecasts of US disengagement from the region haven't come to pass. While the Western Pacific is no longer an uncontested US lake, the US hasn't withdrawn to Hawaii. Even in the worst case, it's reasonable to assume that the US will continue to provide access to military technology and intelligence.

But while Australia has traditionally sought self-reliance in its combat capabilities in the defence of Australia, it would be useful for the government to confirm what sorts of regional contingencies it expects the ADF to play a more prominent or leading role in, should US capacity be stretched.

Such early decisions, taken together, will provide essential guidance to Defence planners; reassure the US that at least one of its key allies in the Asia–Pacific is willing to step up and share the burden of collective security; and demonstrate to all countries that we're willing to back up our commitments to the community of nations.

The hard yards

Analysis of the fallout from competition between the US and China has focused on what Australia would bring to the table in the case of a US–China conflict, or how we could defeat a direct Chinese attack on Australia. Quite rightly, our strategy needs to accept that the benchmark for adversary military technology will be Chinese and we should strive to both understand it and keep ahead of it.

But when the balance between great powers changes, that inevitably has second- and third-order effects that are difficult to predict as old certainties break down. China's divide-and-conquer strategy towards ASEAN could reawaken slumbering tensions. By fostering corruption and debt, it could weaken governance in regional states, opening opportunities for insurgent groups whose goals are completely unrelated to US–China competition.

While we can't predict those events precisely, it's important that our military strategy acknowledge that there's a vast range of potential regional contingencies with varying levels of lethality that the government may wish to use military options to resolve, whether alone or in coalition. The ADF can't be a one-trick pony.

Our military strategy also needs to acknowledge that the application of military power is just as much about shaping the environment outside of conflict as it is about conflict itself. The ADF is good at this. Again, its refocusing on the region has already made great strides. But engaging, training, exercising, demonstrating, showing presence, mentoring and building capacity in others require capacity of our own. This requires numbers and sustained commitment, not just technology, and consequently more means—both people and platforms.

And importantly, military power is only one tool for resisting the efforts of others to coerce us or shape the world in ways that are inimical to our interests. It doesn't matter how big a navy we have if we roll over and grant a great power whatever its wishes as soon as it threatens to reduce its imports of Australian iron ore. Building our society's psychological resilience to coercion is as vital as building military capability.

(Not) breaking the rules

As we enter an age of uncertainty, there will be good reason to break some of the old rules, but the government should be cautious about making one particular dramatic change in our defence strategy.

There are suggestions now that we should adopt a strategy that focuses on denying China the ability to project force against the Australian homeland—an antipodean version of China's own anti-access/area-denial (A2/AD) concept, or perhaps Singapore's 'poison prawn',³ but we should be wary of adopting a strategy based on being an indigestible wombat, along the lines of a resurrected 'defence of Australia' doctrine.

Such a strategy sends a message to our friends and neighbours to our near north that we regard them as little more than roadkill or speed bumps in the path of a hostile great power heading south. It also runs the risk of developing a force that provides the government with few options in the other contingencies discussed above. And, perhaps most dangerously, it runs the risk of developing a narrow, geographically constrained military strategy that doesn't support our active, outwardly focused, national strategy. And it would fail to take the opportunity provided by the growing capabilities of partners like Indonesia, Malaysia, South Korea and Japan. That would be a monumental strategic own goal.

A more positive leap would be to break out of the endless loop of seeking the Holy Grail of enduring strategic cooperation with Indonesia through small, incremental steps. Instead, why not propose bolder measures that serve our mutual strategic goals? For example, we could start a serious partnership on shipbuilding, given Indonesia's own intent and organisations. Or we could propose joint leadership of a peacekeeping mission that draws on contributions from our region. This would not only demonstrate our shared commitment to international institutions and solutions, but the lived experience of working together for an extended period would build the relationships and familiarity that are essential for interoperability in times of crisis—and confirm that we've much more to gain through deep cooperation than we have to fear.

Notes

- 1 Anthony Bergin, *Time for Australia to stop calling itself a 'middle power'*, ASPI, 8 January 2019, [online](#).
- 2 Department of Defence, *2016 Defence White Paper*, Australian Government, 2016, [online](#).
- 3 Graeme Dobell, 'Singapore's 50th birthday', *The Strategist*, 3 August 2015, [online](#).

What should Australia's Plan B force structure look like?

Dr Marcus Hellyer

The challenge

While Defence's equipment has been continuously retired and replaced over the past 50 years, the shape of the ADF itself has remained remarkably stable. This could be because of institutional inertia and lack of imagination, or it could be because Australia's geopolitical circumstances have been remarkably stable. Either way, we're now in an era of rapid strategic change, and inertia can no longer be tolerated. We need to ask hard questions about whether our force structure is still appropriate.

For much of the past 50 years, the prime determinant in the development of the ADF's force structure was the 'defence of Australia' doctrine. Whether that force could actually have defended Australia is moot, since over the period there was no meaningful threat to us and, if there had been, we could have with considerable certainty relied on our ally, the US, for protection. However, the force did provide discretionary, tailored contributions in support of our interests, generally to US-led coalitions against unconventional or non-state actors, or conventional forces that the US greatly overmatched.

Now, with the economic rise of China, its subsequent military modernisation and assertive behaviour and the proliferation of Chinese military technology in our region, the ADF may be called upon to confront near-peer conventional forces in a range of potential scenarios in which Australia would have limited discretion. In some of those scenarios, US assistance may be limited or not available, as its forces would themselves be fully committed—and in fact be expecting significant assistance from Australia.

The issue then is, is Defence's current force structure, even augmented by the acquisitions programmed in the Defence Integrated Investment Program (IIP), appropriate? And is the timing right? We aren't getting the first future submarine into service until well into the 2030s, despite increased submarine capability being highlighted as a priority back in the 2009 Defence White Paper. What capability do we need and what can we do to get it sooner?

Quick wins

In an age of strategic uncertainty, it's important to flag to the Australian people, Australian industry, our allies and potential adversaries that the Australian Government is committed to investing in a defence force that's capable of meeting contingencies in the new environment.

Related to this, the government should commit to conducting a strategic review that would examine the validity of Defence's current planning assumptions and reset them if necessary. This would necessarily include determining which tasks the government expects the ADF to be able to conduct alone and those for which it could reasonably rely on assistance from allies or partners. Any changes in key assumptions would need to flow through to the planned force structure and be reflected in a new, updated IIP. Increased or new capability requirements would be funded through the increased defence budget. Rather than a detailed white paper, this would be a strategic update that could be completed within the first six months of the next government's term.

In an age of rapid technological change, increased investment in emergent and potentially world-changing technologies is essential. Those technologies include autonomous systems, artificial intelligence, and cyber and space systems. Currently, Defence spends less than 1% of its annual budget on its innovation program. That amount could be doubled with minimal impact on other defence programs. It would also accelerate the momentum begun under the current defence industry and innovation policy in building a critical mass of innovative Australian high-tech firms. Beyond that, Defence needs to work out how to leverage the power of the big dollars in its capital program (such as the shipbuilding megaprojects) into meaningful innovation across Australian defence science and industry.

The government should also commission an independent review to confirm whether the current strategy for the future submarine is indeed the fastest way to get us the capability we need. Is 2034 or 2035 really the best we can do? And, if it is, the government needs to demonstrate to the public that all options have been considered.

A related question that is equally important to answer is how the future submarine is being 'future-proofed' to operate emerging disruptive underwater systems—and to survive against adversaries that do.

In the light of the almost universal acknowledgement that the capability we really need is nuclear-powered submarines, the future submarine review should also continue into one that once and for all answers the question of whether nuclear-powered submarines are a viable option for Australia. If so, by when? What would they cost? And how would we acquire and sustain the necessary technology? How would we transition? Again, the outcomes must be made public to provide the basis of informed debate.

The hard yards

Delivering the force structure in the 2016 White Paper will be hard work, made harder by potential future enhancements to that structure. It will be important to ensure that Defence has the workforce to develop and deliver new capability projects as well as sustain existing capabilities. The reforms of the First Principles Review have resulted in a leaner Department of Defence, but some rebuilding of Defence's workforce will be required in order to deliver the IIP.

The Naval Shipbuilding Plan represents a sustained commitment to naval capability and industry, but its delivery drumbeat currently prioritises certainty of industry workflow over the rapid delivery of the future fleet. Some of the increased budget should be assigned to speeding up the design phase and delivery drumbeat of both future submarines and frigates. The design of those platforms needs to ensure that they're 'future-proofed' by being able to integrate the developments in uninhabited systems that are already entering service, with decisions here based on the work commissioned as a 'quick win' above.

In addition to the increased investment in innovation discussed above, substantial investment will be required to enable Australian industry to produce new technologies that provide military advantage and ensure sovereign capability in times of crisis. Key focus areas include low-cost yet high-tech disposable systems such as precision guided munitions, smart sea mines, autonomous uninhabited systems and electronic warfare capabilities. In addition to compensating for Australia's lack of mass in exquisitely expensive, traditional inhabited platforms, such systems would draw on Australia's R&D expertise and world-leading universities and foster the development of advanced manufacturing.

Enhancing the ADF's presence and ability to operate and project from northern Australia will send key signals. This might not necessarily require permanently relocating ADF assets to the north, but it will require additional investment in facilities that can support prolonged naval and air operations, such as fuel farms and munitions storage and loading facilities. The US should be encouraged to substantially increase the scale of Marine Corps rotations through Darwin. The development of the port at Manus Island in Papua New Guinea announced last year should also be rapidly progressed.

Breaking the rules

The ADF's current and planned force structure has some significant limitations in its ability to deliver some crucial military effects. It's very difficult for the ADF to sustain air power more than 1,000 nautical miles from air bases—that's a pretty small circle in the South Pacific. Moreover, it has limited options to conduct long-range strikes. Whatever enhancements the future submarines and frigates will bring won't be here for over a decade.

A relatively quick fix would be to acquire a squadron of F-35Bs, the short take-off and vertical landing variant of the Joint Strike Fighter, combined with an additional Navantia landing helicopter dock, appropriately modified to carry sufficient fuel and weapons to support air combat operations.

It may appear that an 'aircraft carrier' is a very 20th-century solution for someone concerned about the rate of change in military technology to propose, not to mention potentially being another exquisitely expensive inhabited platform. But it's more useful to regard the ship as the mothership or central node for a whole range of systems, both crewed and uncrewed. With its large well deck, it could operate large numbers of uninhabited surface and underwater vessels. Its aviation capabilities could support both fixed- and rotary-wing remotely piloted air vehicles, including armed ones. These systems could be used not only for reconnaissance, but also for strike, electronic warfare, sea-mine laying and antisubmarine operations. Rather than being a vestige of an earlier age, the platform has the potential to jump-start the ADF's adoption of the technologies of the future.

Forward defence in depth: rethinking Australia's military strategy

Dr Malcolm Davis

It's time to review and update our military strategy. Since 1987, with only minor variation, the strategy has consistently focused primarily on defending our air and maritime approaches in the so-called sea-air gap between Australia's northwest and 'the archipelago to our north', centred on Indonesia, along with a driving organisational focus on distant deployments to the Middle East as contributions to global security. By 2019, however, our strategic outlook has deteriorated at a pace that's challenging the assumptions underpinning the 2016 Defence White Paper, including those upon which our military strategy is based.

The challenge

Australia should embrace a new strategy of 'forward defence in depth' throughout the Indo-Pacific and Southwest Pacific.

Quick wins

The Defence organisation needs to update existing Australian military strategy, as outlined in the 2016 Defence White Paper, which is centred on three equal strategic defence objectives:

- deter, deny and defeat attacks on or threats to Australia and its national interests, including incursions into its air, sea and northern approaches
- make effective military contributions to support the security of maritime Southeast Asia and support the governments of Papua New Guinea, Timor-Leste and Pacific island countries to build and strengthen their security
- contribute military capabilities to global operations that support Australia's interests in a rules-based international order.

Under forward defence in depth, Defence should integrate the first objective—essentially the traditional 'defence of Australia' mission—with the second objective, in a manner that extends our defence in depth *far forward*, rather than rely only on natural strategic depth extending to the rear.

Forward defence in depth envisages a three-layer approach. The first inner layer is the sea-air gap (with mainland Australia as the 'deep rear area') from which ADF maritime and amphibious forces would project power into the second layer. That second middle layer would see those forces defending chokepoints with partners across maritime Southeast Asia to deny a peer adversary the ability to undertake power projection (particularly naval) into the sea-air gap. Finally, the third outer layer encompasses the South China Sea north to Taiwan and the Philippine Sea north to Japan and east to Guam. This region would see our most potent and survivable power-projection forces—RAAF air power and RAN submarines—exploiting forward basing with allies and partners to have the ability to launch decisive maritime strikes against a capable adversary's air and naval forces. The aim of such operations would be principally deterrence, by having the ability to raise the cost of the adversary's recourse to the use of force to unacceptable levels.

Australia would also need to have the ability to rapidly deploy air and naval forces deep into the Southwest Pacific to counter any prospect of a peer adversary's military presence there in the future.

The rationale for this new strategy is clear. Being a 'land girt by sea' no longer affords Australia the protection it once had, and the sea-air gap alone is a reducing strategic moat. Modern antiship and land attack missiles fly at supersonic or hypersonic velocities and can be launched at long range. They can cross the sea-air gap in minutes before striking their targets at sea or on land, far too rapidly for the ADF to intercept them. Relying on a narrow perimeter defence implied by the sea-air gap is impractical.

By contrast, forward defence in depth seeks to exploit speed and reach as the key element of ADF strategy. It would see the ADF develop and exploit its own long-range anti-access/area-denial capabilities. In 'the race to the swift' in future war,¹ the ADF must deliver decisive effect quickly and at long distance, rather than wait for a peer adversary to approach Australian territory.

The hard yards

This new strategy will demand new initiatives in defence diplomacy as a foundation for updating our military presence. We're starting this process with the recent agreement to re-establish access for Australian and US naval forces into the Lombrum naval base on Papua New Guinea's Manus Island, which will be crucial in projecting maritime power into the third outer layer for deterrence and defence, but Australia needs to go further.

Negotiating greater access into Guam and other US military facilities across Micronesia would boost our ability to project presence far forward. Micronesia represents the 'second island chain' out from China and is an important strategic axis upon which the geopolitical interests of China, Japan, Taiwan and the US as well as several Southeast Asian states meet. Greater ADF access to Micronesian locations would be a logical next step after Manus for undertaking air and naval deterrence operations across the Philippine Sea alongside both the US and Japan.

For middle-layer denial operations, we need to be more ambitious in building reciprocal access to and presence in Indonesia as part of building closer defence relations with Jakarta. This could incorporate greater opportunities for joint training and exercises and joint patrols as part of multinational naval flotillas. We should deepen intelligence sharing towards common capabilities for maritime domain awareness, using unmanned aerial vehicles and space cooperation.

In the South Pacific, we should be negotiating access for the RAN and RAAF to have a rotational presence, and greater security cooperation that contributes to closer defence relations between Canberra and the island states. The emphasis should be on improving our ability to assist South Pacific states to meet security challenges such as climate change, people smuggling and illegal fishing, but also to reduce their need to turn to China.

Breaking the rules

Forward defence in depth will require new thinking on force structure development, beyond the constraints of the 2016 Integrated Investment Program, and additional defence spending beyond the 2% GDP target for 2020–21, as stated in the 2016 Defence White Paper. Once again, the emphasis is on rapid power projection, to deter and, if necessary, defend against a peer adversary before it can threaten Australia. We lost that capability when Australia retired the F-111C in 2010 with no comparable replacement in hand. The Integrated Investment Plan fails to correct this capability gap adequately: the F-35A lacks range and payload, and no investment in long-range stand-off weapons is planned for that platform.²

This oversight needs to be corrected in the next Defence White Paper in three ways.

First, long-range stand-off weapons need to be acquired via foreign military sales as a matter of urgency for deployment with expeditionary maritime air and naval forces, including those operating from forward bases as suggested above.³ Greater defence support for hypersonics research and development could lead to revolutionary operational capability later in the decade.

Second, intelligence, surveillance and reconnaissance coverage needs to be extended further north. This could be achieved by extending Jindalee Operational Radar Network coverage into the South China Sea via an additional transmitter at RAAF Tindal, increasing the number of MQ-4C Tritons beyond the planned six or seven aircraft, and accelerating timelines for the DEF-799 Phase 2 acquisition of space-based intelligence, surveillance and reconnaissance capability.

Third, the next Defence White Paper must make a firm commitment to acquire a long-range strike capability, which was lost with the retirement of the F-111C. The development of unmanned combat air vehicles is the best path forward to restore and exceed such a capability. A firm commitment for Australian participation in US and European future combat air capability projects would facilitate an RAAF unmanned combat air vehicle or long-range strike aircraft capability by the 2030s.

Better use of northern basing would be a good start for a realignment of ADF forces to respond to a growing peer adversary threat. But such forces need to be defended against adversary long-range missile threats, so debate needs to occur about forward-based missile defence.

Notes

- 1 Richard E Simpkin, *Race to the swift: thoughts on twenty-first century warfare*, International Series on Materials Science and Technology, Brassey's Defence Publishers, 1985.
- 2 Current ADF stand-off weapons such as AGM-84 Harpoon Block II antiship cruise missile (ASCM) are slow compared to most adversary ASCMs, which 'outstick' it in speed, range and destructive effect. Efforts to acquire the Kongsberg Joint Strike Missile for the Joint Strike Fighter would improve on Harpoon through stealthy design and a greater range, but they're still short-legged compared to many Chinese ASCM designs.
- 3 The acquisition of JASSM-XR (1,900 kilometre) and LRASM (560 kilometre) for air platforms as well as integrating Block IV Tomahawk (1,600 kilometre) onto surface ships and submarines would address this strike gap.

How to progress defence industry policy

Kate Louis

The challenge

There's been a significant transformation of the Australian defence industry in the past several years, largely as the result of positive federal government and defence industry policy settings.

The establishment of a dedicated Defence Industry portfolio, the development of a set of coherent and strategic industry policies and significant capability decisions have set the foundations for an industry base that's a true partner to the ADF, as well as a significant contributor to Australia's national security and economy.

Australian Industry Group Defence Council members consistently report deeper relationships and engagement with Defence, a genuine focus on Australian industry results, and improved business outcomes.

The challenge for both the Australian Government and the Defence organisation is how to build on these solid foundations to broaden and deepen the relationship with industry to deliver critical ADF capabilities at a time of growing pressures on the defence budget and changes in our strategic circumstances.

Just as importantly, government and Defence decision-makers must have a keen eye to the future for the development of a comprehensive update to the 2016 Defence White Paper and force structure, taking into account a complex array of issues, such as evolving future threats, technology trends, budgetary issues and industry capacity.

Quick wins

The Australian defence industry applauds current commitments to national security, defence capability and resourcing. A clear statement soon after the election in relation to a future updated (or new) Defence White Paper, as well as the process and timing for updating the force structure, would be most welcome. This statement should include a commitment to maintain the defence funding path and grow funding to 2% of GDP by 2020–21.

The Australian Industry Capability (AIC) Program lies at the heart of defence industry policy, which aims to create opportunities for Australian suppliers to compete for defence work by, among other things, requiring tenderers to deliver AIC plans. One of the risks of the AIC Program to date has involved Australian industry commitments that have been promised during the tender phase but then reduced during contract negotiations and contract execution.

Accordingly, another quick win could involve a statement soon after the election committing to a review of the AIC Program, including an evaluation of a selection of major projects since announcement of the 2016 Defence Industry Policy Statement with a view to ensuring that it's meeting its objectives. The review should have a strong focus on whether the program is developing local supply chains and helping to create greater Australian industry capability.

Another valuable quick win would be a continued commitment to policies that have been working, including:

- policies and initiatives that have been supported by funding (for example, the Defence Innovation Hub and the Next Generation Technologies Fund)
- meaningful engagement between Australian industry and Defence and large defence companies, which has led to contracts being signed and purchase orders raised
- the willingness of Defence to back and fund Australian solutions.

Finally, the defence industry supports an initiative to set an ambitious target for workplace secondments between industry and Defence to genuinely share important perspectives from each party.

The hard yards

To deliver the best capability and develop our industry in a changing threat environment, we must seek innovation from both traditional and non-traditional sources, supported by a positive and forward-leaning approach to procurement and risk. While steps have been taken in this regard in recent years, there's still much to be done.

The ADF and our allies need to have access to the best and most innovative capability, and the most capable of responding to current and future threats. Our procurement processes need to be structured to allow us to face those threats, and not just in peacetime, when the key performance indicators tend to revolve around compliance and risk.

It's noteworthy that many technological trends are being led by the commercial sector. It's therefore important to tap into those commercial and diversified companies, partnering with our prime companies in new and innovative ways and allowing the procurement and risk appetite suited to this environment to flourish.

The Defence Innovation Hub and the Next Generation Technologies Fund are terrific initiatives, but they need to be more fully integrated into the capability development and acquisition processes of the department.

Further to this, to deliver the best capability and integrate industry as a true fundamental input to capability, it's important that industry is involved in the force design process in a way that's genuine and sees industry contributing in a meaningful way.

For many reasons, particularly relating to probity and other perceived difficulties, industry isn't yet at the table in a sufficiently robust way to provide support to the design process for our future force. This means we could be missing out on the best capability, and the best minds aren't helping to solve our mutual challenges at the beginning of the capability life cycle. We're also not able to shape industry's future investment strategies in an optimal way to underpin future ADF capability.

We believe that there are solutions and practical steps that can be taken to provide probity buffers and allow for diverse views. Defence has recently been very open and engaging when this issue's been raised, and we're optimistic that this important area for dialogue is rapidly gaining traction.

Another challenging line of effort is the reindustrialisation of the Australian defence industry base. Before the 2016 Defence Industry Policy Statement, that base was eroded by many years of off-the-shelf overseas purchasing. Those procurement processes helped shape the structure of the base today. It now consists of a small number of prime companies and thousands of small businesses beneath them in the supply chain. There are very few second-tier or system-integrator companies in this country.

To provide a strong, resilient supply chain and robust base, we need to look at growing the second tier of our industrial capability, including larger subsystem and system integrators. A range of solutions might be explored here, including clustering of small and medium-sized enterprises, or government funding specifically of system-integrator companies, or incentivising further investment from large companies that have already built an industrial base here.

Breaking the rules

One of the best and seemingly simplest initiatives to support industry has proven to be the hardest: establishing the clarity and transparency of the government's investment plans in Defence as set out in the Integrated Investment Program (IIP).

As many commentators have noted, the way the IIP has been presented means that industry has much less visibility and understanding of projects and investment plans than in previous iterations of similar documents. Industry understands that there are myriad sound reasons why projects have funding or schedules changed. We suggest going back to the same levels of transparency as in the years before the introduction of the IIP. That would greatly assist industry's ability to invest and would be a genuine boost to the government–industry relationship.

In summary, the Australian Industry Group Defence Council would like to congratulate the government and Defence on the recent steps that have been taken in building the Defence–industry partnership for the benefit of our national security, the industrial base and our economy.

We should be rightly proud of our Australian industry, which demonstrates time and again the innovation, the capability and the capacity to deliver the finest quality goods and services to the ADF. We hope the suggestions set out here build further on the foundations set through recent policy changes and the 2016 Defence Industry Policy Statement.

Strengthening the nuclear order

Dr Rod Lyon

Nuclear weapons are once more a focus for public and political debate. Great-power competition has returned, leading to more fractious strategic relationships among the P5—the recognised nuclear weapon states—and the competitive modernisation of nuclear arsenals. With the Intermediate-Range Nuclear Forces Treaty in trouble, and growing uncertainty about whether the US and Russia can agree to extend the New START Treaty beyond its 2021 expiry date, great-power nuclear arms control is looking worryingly untethered. Some commentators are even suggesting that we might be moving into a post-arms-control era.

Nuclear deterrence—a doctrine intended to substitute threats of nuclear use for actual nuclear use—is under pressure from a range of sources. Those include the complexities of a more multipolar world, North Korea's sudden elevation to the ranks of the world's prospective ICBM powers, gradual improvements in ballistic missile defences, and the attempt to delegitimise both nuclear weapons and nuclear deterrence by advocates of the Treaty on the Prohibition of Nuclear Weapons (the Nuclear Ban Treaty). Meanwhile, reports that Russia is increasingly interested in 'escalate to de-escalate' strategies suggest a wavering of the current norm against early nuclear use.

Technological developments are adding to the difficulties. New kinds of potential delivery vehicles are emerging, including hypersonic vehicles, air-launched ballistic missiles and long-range underwater drones. Improvements in the accuracy of long-range conventional strike capabilities and growing interest in low-yield nuclear warheads may be blurring the threshold between conventional and nuclear war. Developments in the cybersphere and space are bringing further layers of intrigue to balancing and war-fighting.

The challenge

The current nuclear order, at least as we've come to understand it since 1945, is fraying. That might not matter if a post-nuclear world were close, but the world's in no shape to make the sudden leap towards nuclear abolition. The political will even to attempt such a leap is, understandably, in short supply among those who believe that nuclear deterrence continues to contribute in important ways to both global stability and national security. Full nuclear disarmament—spectacularly difficult when cheating even in small numbers could be strategically significant—lies decades away. And, in the meantime, nuclear weapons are too important for us to rely on muddling through.

The task before us is simple; it's just not easy. We need to find new ways to strengthen the nuclear order for the years ahead. So far, our understanding of nuclear order has been based primarily upon William Walker's synopsis of that order.¹ He described it as two interlinked systems: a managed system of deterrence and a managed system of abstinence. The first allows a carefully controlled form of power-balancing between the central nuclear players in the interests of global stability; the second enshrines a broader pattern of abstinence across the international community.

It was an order defined during the Cold War principally by the controlled power-balancing of the two superpowers, gradual solidification of international support for the Nuclear Non-Proliferation Treaty (NPT), and the breadth and credibility of the umbrella that the US extended to its allies. The superpowers were, broadly speaking, separated by intercontinental distance, tolerant of existing anomalies in their

different spheres of influence, and sufficiently well endowed with the resources necessary to address the command-and-control challenges of a large and complex nuclear arsenal. Perhaps most importantly of all, both knew well the terrible costs of great-power war.

But much has changed. Russia's now a smaller, revanchist power—embittered by its own fall from grace and more reliant on its nuclear weapons to maintain a claim to great-power status. The US has soured on its own liberal international ordering project, and that sourness is felt across the spectrum of its international engagement. Asia has become a more important driver in global politics, but brings to the global table little experience of formal arms control. True, it does have its own version of nuclear order based upon a principle of voluntary self-restraint. Unfortunately, that principle seems ill-suited to the task of reforging a stronger global order, and may prove inadequate even in relation to Asia's future regional nuclear order.

The NPT is also encountering headwinds. The treaty certainly reinforced the commitment to nuclear abstinence by the bulk of the world's non-nuclear states, but it also included an obligation on the existing nuclear weapon states to disarm, making nuclear deterrence merely a way station on the path to a nuclear-free world. How long nuclear deterrence might legitimately last isn't settled by the NPT. The modernisation of existing arsenals certainly wasn't prohibited under the treaty. And, given the prominence of deterrence as a foundation stone of nuclear order in its own right, discarding it prematurely might do more harm than good. That's also true of extended nuclear deterrence—the doctrine under which the US offers the protection of its arsenal to its allies.

Quick wins

Unfortunately, few low-hanging fruit are available in strengthening the nuclear order. Signing and ratifying the Nuclear Ban Treaty isn't an attractive option. It would mean voluntarily and unilaterally forsaking the protection of nuclear weapons without gaining anything in return. It would devalue the concept of power-balancing as an order-enhancer—and do so at the precise time when Western alliances are most in need of strategic modernisation. It would play merry havoc with the ANZUS alliance and the joint facilities. It would sour Australia's relations with a range of other countries—including Japan and India—that think nuclear weapons are critical to their own security. And it would weaken Australian security at a time when regional power balances are shifting profoundly.

Unlike the ban treaty, the old US–Russian arms control agreements have the runs on the board in producing weapons reductions. So, at the abstract level, there might be a case for promoting one further round of US–Russian nuclear reductions (for example, perhaps to lower strategic nuclear warheads to 1,000 from the current level of 1,550). In practice, though, relations between Washington and Moscow are currently so chilly as to suggest that they'll be struggling even to agree on an extension of the current New START Treaty before it expires in 2021.

Similarly, with Kim Jong-un's unilateral moratorium on nuclear testing, it's probably timely to push for final signature and ratification of the Comprehensive Nuclear Test Ban Treaty by the eight outstanding Annex 2 countries (those 44 'nuclear-capable' states that have to sign and ratify before the treaty enters into force). Three of the eight—North Korea, India and Pakistan—haven't yet signed; the other five (China, Egypt, Iran, Israel and the US) have signed but not ratified. If North Korea were to sign, pressure would grow on the South Asian countries to do the same.

The hard yards

Still, strengthening the nuclear order requires much more than US and Russian recommitment to existing arms control agreements. Even if there's such goodwill, the world needs to encourage better engagement in the nuclear ordering project by the other nuclear players. And, with Asia's rise, we should be expecting Asian nuclear weapon states to start bringing more to the table—if not more substantive warhead reductions, then certainly more agreements to enhance overall nuclear stability and improve crisis management.

The immediate need, of course, concerns North Korea. We don't know exactly how close North Korea is to having a fully capable thermonuclear-tipped ICBM. We do know that it's closer than we'd like it to be, which is why Kim's moratorium on nuclear testing and ICBM launches is important. Nuclear weapons are—because of their destructive power—great equalisers. The world has watched 'the bomb' slowly spread from superpowers to great powers, and subsequently to regional rivals. But the existence of nuclear-tipped ICBMs in the hands of a regime with little equity in the current global order would be deeply unsettling.

A full-court press is probably going to be needed to roll back North Korea's nuclear program. So it's an important early test of what the emerging Asian great powers—such as China and India—might bring to the table.

Breaking the rules

Australia's long been an important advocate of a range of nuclear ordering agreements, but we shouldn't take for granted that a stronger order is the inevitable product of today's nuclear uncertainties. A new period of nuclear disorder might lie in front of us. Not only might nuclear arms control founder at the bilateral level between the US and Russia, the NPT itself—the treaty underpinning the managed system of abstinence—might collapse. As the Trump administration's Nuclear Posture Review observed, we live in a world of geopolitical and technological uncertainty. One of those geopolitical uncertainties involves the possibility of a 'proliferation cascade'—a period of rapid, successive, nuclear proliferation by states already well equipped to head down that path.

Australia, like the bulk of the world's states, last chose its nuclear 'identity' in the early 1970s, when we signed and ratified the NPT and put aside our own underdeveloped indigenous weapons program. Compared to some other countries, Australia isn't a repentant state. Still, when we ratified the NPT only the P5 countries had nuclear weapons. That number is now nine. Would Australian nuclear identity flip in a world that included almost double that number of nuclear weapon states? Not automatically, no. Sheer numbers aren't a sufficiently compelling strategic driver. But some current *status quo* powers might proliferate—as a result of the perceived weakening, or overt withdrawal, of US extended nuclear deterrence, coupled with a simultaneous sense of escalated threat from an authoritarian, nuclear-armed, regional hegemonic power.

Those factors might well incite a deeply divisive debate in Australia about whether—and how—the country might appropriately respond to a sharp deterioration in our strategic environment. In our back pocket, we probably need a plan for strategic survival in a more competitive and disordered nuclear world.

Notes

- 1 William Walker, 'Nuclear order and disorder', *International Affairs*, October 2000, 76(4):703–724, [online](#).

Defence's journey: remembering to bring Australians along

Brendan Nicholson

The challenge

Restrictions imposed by a succession of governments have significantly reduced the ability of the ADF and the broader Defence organisation to tell its story to the Australian people. That has important implications for the incoming government's ability to bring the public along with it as it spends \$36 billion-plus annually running Defence—and \$200 billion on equipment in the decades to come.

Progressive changes and excessive control have made it harder for the ADF to build a coherent narrative around its activities. That will affect areas such as recruitment. If the ADF is to maintain the strong public profile that it will need to crew new surface warships, submarines and aircraft and to maintain the strength of the Army, this stranglehold on information must be loosened.

Allegations of crimes by a small number of soldiers in Afghanistan highlight the need for transparency and accountability. And the enormous spend of public money on defence requires transparency both to increase the likelihood of success and to sustain public support on an issue they have yet to be briefed on.

With notable exceptions, a long line of ministers has overseen an accelerating process of change, which has handed more control over information to politicians and their staff while limiting the military's ability to speak.

This has had little to do with operational security and a lot to do with avoiding the possibility of a minister being caught out or embarrassed by enquiries from the media or questions in Senate hearings.

Contact with the media has been moved away from the uniformed side of Defence and placed in the organisation's 'strategic centre'. Some of the most experienced liaison officers have been 'let go'.

Long-term communications advisers to senior officers who had built strong professional relationships over many years—to Defence's benefit—have been told they're not to talk to journalists or ministerial staff.

The system has built into it a very high level of risk aversion, which means some media requests are actively blocked.

Restricting or shutting down the flow of information from and about Defence is likely to reduce contestability and the fluency of discussion and debate, not just publicly but within the organisation. These are key elements of the intellectual culture and contest of ideas that a modern military needs to grasp advantages in a dangerous and technically competitive world.

And it limits the amount of open-source material available to academics and other researchers who play important roles in informing decision-makers and the public debate.

Defence personnel, uniformed and civilian, are increasingly telling any journalist who approaches them that the journalist must send a formal request to Defence Media and that 'You're probably wasting your time.'

Control has been tightened progressively, despite strong advice that the public needed to be much better informed about the ADF.

When the government launched the process that produced the 2016 Defence White Paper, it set up an expert panel that led public consultation.

The panel's report, *Guarding against uncertainty: Australian attitudes to defence*, warned that, while there was goodwill towards the military, the public didn't have a strong understanding of the ADF. 'The consultations revealed a clear need for enhanced efforts to raise public awareness of Defence roles and missions, how it performs these tasks and the underlying policy rationale', the panel said.

There was a sense that information was too controlled and a general view that Defence personnel were unable to communicate with the public on matters of fact or routine activity or to promote positive stories. Many people told the panel that they wanted to see personnel engaging more directly with their communities, for example through open days at bases, public talks or university lectures.

Defence needed to be less risk averse and more proactive in its public communications, including through the use of social media, the panel's report said.

Basically, the public has said it wants more and better information out of Defence. Since then, policy and operational changes within Defence have made things worse.

Members of the media are increasingly being painted within Defence as the enemy, and personnel have been told that if they talk to a journalist without reporting the contact then they'll be disciplined.

This makes it much harder for journalists to do their job. Under deadline pressure, they'll find other ways to get information. Editors, seeing delays as unnecessary, bureaucratic and political, will opt to run a story without a Defence response if the response doesn't arrive in time. If the story is inaccurate, then the damage has been done.

If forced to operate in an information vacuum, the media will find something to fill it. Those stories won't necessarily come from smart and well-informed generals, admirals, air marshals or departmental secretaries. Some will be accurate and painstakingly assembled by conscientious journalists. Others will come from aggrieved personnel or from someone who thinks they overheard something on a bus.

The journalists most disadvantaged by the way things are set up at present are those who do their checks and try to get the story right.

A disturbing number of innocuous stories have been referred by Defence to the Australian Federal Police for leak investigations, not because national security has been placed at risk but because the issue raised might be politically embarrassing.

The process that's stifling control of the Defence message may be an unintended consequence of the First Principles Review's key recommendation that to create 'one Defence' it would be necessary to establish a 'strong strategic centre'. Talk of this strategic centre was thrown around a lot when Defence communications personnel were told about the changing structure and restrictions on who could deal with the media. That's bizarre, given that one of the underpinnings of the review was a need for Defence to engage more positively with risk.

A dissenting view isn't a mutiny. A force designed to defend the nation should be able to live with—and we hope take note of—some debate and dissention.

Quick wins

The incoming government should acknowledge that the public wants and deserves better transparency and that to develop the future force requires ‘bringing the public on the journey’.

The government and/or Defence should also:

- acknowledge that greater transparency is also consistent with key reviews, such as the First Principles Review
- announce that Defence will reset its communications culture and is committed to building a more effective working relationship with the media
- investigate how to work better with journalists in a way that recognises the media’s independence, Defence’s need to protect classified information and the public’s right to transparency
- return the freedom to interact with the media to the uniformed ADF and to a wider number of people—military and civilian—across the Defence organisation; the organisation’s own complexity, along with that of the environment it operates within, demand this type of delegated, agile response within concise strategic direction
- free up ADF officers commanding units and institutions to talk to the media on matters of fact
- ensure regular, detailed and attributable media briefings on ADF operations and major projects.

The hard yards

Defence, and the incoming government, need to address what appears to be an inbuilt fear of the media within the Defence establishment and build in much greater tolerance for spirited academic or intellectual exchange, as has typically been seen in the US—at least before the arrival of the Trump administration. To be fair, this fear of the media is, in part, a reaction to examples of ‘gotcha!’ and poorly informed reporting. Defence already has a system in place for correcting inaccurate stories.

The government and/or Defence should also:

- reverse the changes in procedure that are stifling the ADF’s ability to communicate and to respond to media enquiries
- provide the political leadership and courage to break down a Defence culture that’s wary and risk averse about getting its message out. Accept risk. Accept that in the short term bad-news stories create negative headlines, but in the longer term openness builds trust and understanding
- relax the rigid controls on contact with the media. It’s rare to find any member of the ADF, or the broader Defence organisation, who’s other than completely loyal to the organisation
- ensure the public has better access to information about conflicts where ADF members are sent into harm’s way
- encourage senior uniformed officers to speak publicly about what they and their services are doing, with ministers who back them and see more diverse voices as helpful in dealing with complex challenges
- promote essay competitions among young officers to get them used to offering ideas.

Breaking the rules

Defence should re-establish the position of a dedicated media spokesperson, with an empowered staff across Defence, who can interact freely with journalists.

It should also increase the number of 'embeds' in operational areas for members of the media. Countries such as the US and Canada have long accepted that visits to their camps by journalists are normal. So should we.



The security agenda

A case for reforming Home Affairs

Dr John Coyne

Whoever forms government in 2019 will be faced with a complex dilemma: what to do next with Home Affairs? The formation of the Home Affairs portfolio in 2018 involved the most expansive changes to Australia's domestic security arrangements in 25 years, bringing together the disparate policy, intelligence and operational components of the domestic security community, such as border control, security intelligence, law enforcement and counterterrorism, along with functions not traditionally considered to be security related, such as immigration and emergency management.

This development wasn't unprecedented. The consolidation of Australia's domestic security arrangements began in 2002, when the Australian Crime Commission was established through the amalgamation of three agencies. Since then, a largely bipartisan approach to protecting Australia has driven further consolidation. The establishment of Home Affairs was dramatic, but was no more than the final step in the Abbot/Turnbull/Morrison Government's securitisation of federal border and law enforcement agencies.

The early phases of its development have found efficiencies and improved operational coordination. Nevertheless, with a change of such magnitude, it's likely to take a decade before the full range of benefits is realised. This shouldn't prevent governments from engaging in a continuous and responsible reform and renewal campaign.

The challenge

Despite successes to date along with growing pains, the Home Affairs portfolio requires further development. The considerations underpinning it will need to address whether functions such as citizenship and migration should be included and also take into account the statutory independence of some functions and the separation of powers doctrine. However, such considerations need to be viewed through a broader perspective than the simple binary arguments that pit security against freedom, which seem to permeate current debate.

Moreover, any further changes need to respect Secretary of the Department of the Prime Minister and Cabinet Martin Parkinson's warning in December 2018 against 'regarding the APS as a set of Lego blocks to be painlessly re-created'.¹ Constant churn has cost and pain.

In 2017, the then prime minister, Malcolm Turnbull, argued that 'Australia was facing complex and rapidly evolving security challenges'² from homegrown terrorism and criminals. Home Affairs was to provide government with a centralised framework to support coordinated policy responses. But the government's Home Affairs changes consolidated a much broader collection of functions: immigration, aspects of revenue collection, cybersecurity, foreign interference and emergency management.

Centralisation and hierarchical control have a strong attraction for bureaucracies. But the Home Affairs Minister (even with two assistant ministers) and secretary are spread very thin in leading such a broad portfolio and prioritising the areas of greatest threat and risk. Such prioritisation is difficult when dealing with crucial issues such as foreign interference, critical infrastructure, transport security, terrorism and immigration.

The key drivers for the formation of the Home Affairs portfolio were the desire to break down the organisational and cultural barriers between agencies as well as to improve the alignment between policymakers and operational agencies. The success of earlier arrangements, such as the Commonwealth Counter Terrorism Coordinator, served as evidence of the benefits of such an approach. Little surprise then that, with the formation of Home Affairs, coordinators for cybersecurity, foreign interference and transnational serious and organised crime have been appointed.

But rather than breaking down silos, in some cases the formation of Home Affairs has created new layers of bureaucratic management. The absence of centralised budgetary control has also created tensions between newly formed policy centres of excellence and the more operationally focused portfolio agencies.

The lesson learned from similar arrangements in other jurisdictions, such as the US, has been that new organisational structures and reporting lines do not by themselves result in the breaking down of communication or collaboration silos. In many cases, such as the US Director of National Intelligence, centralised budgetary control has been needed to effect real change.

A wider context for decision-makers to take into account on national security is that between 2012 and 2017, Australians' trust in their government declined from 47% to 37%, placing them 10 points lower than their US counterparts.³ Future policy initiatives will need to make a compelling public case when changing the balance between security and freedom.

Quick wins

Traditionally, the Department of the Prime Minister and Cabinet (PM&C) has taken a central role in supporting the Prime Minister, the cabinet, portfolio ministers and assistant ministers in the development, implementation and coordination of government policies. In this role, PM&C has played a central part in national security writ large. In contrast, policy coordination and implementation in the federal justice sector have, until more recently, been only secondary functions of the Attorney-General's Department.

The formation of the Home Affairs portfolio has seen the transfer of those policy and strategy responsibilities into the Department of Home Affairs—the argument here being that policy across the portfolio's agencies can now be centrally coordinated. The downside of this approach has been that policy in Home Affairs has unsurprisingly prioritised the security perspective, and that the new arrangements have made little progress in harnessing broader whole-of-government perspectives from agencies outside Home Affairs. This is particularly well illustrated in the area of transnational serious and organised crime, where the Australian Taxation Office resides outside of the Home Affairs portfolio yet has a critical role to play in any policy response.

The question here is whether Home Affairs' policy development and coordination, or elements thereof, should reside in PM&C to give them greater authority and reach, and move beyond line agency debates. Such an approach could of course have unintended consequences, but it does offer an opportunity for further improvements in policy development. Another option could be to move the national coordination roles for cybersecurity, counterterrorism, transnational serious and organised crime, and counter foreign interference to PM&C.

The hard yards

The Australian Federal Police (AFP) has had enduring success in establishing productive relationships with partner agencies across the world. The AFP's international network of liaison officers is a capability that's often been described as the jewel in the organisation's crown. Its close relationship with the Indonesian National Police has proven to be invaluable in the fight against jihadists in Asia.

This success has been built upon the AFP's reputation for being independent from political influence and separate from the national intelligence and security agencies. The formation of the Home Affairs portfolio has brought with it perceptions that the AFP is now part of the Australian intelligence apparatus. While the long-term impact isn't yet clear, it should be monitored so that the benefits of bringing the AFP into Home Affairs can be assessed against the (non-financial) costs.

Since its formation in 2015, the Department of Immigration and Border Protection, now Home Affairs, and its operational arm, the Australian Border Force, have been the subject of both expectation and criticism. Sensationalist comments about 'militarisation' don't do justice to Australia's border security strategies, agencies and personnel. Nonetheless, the functions of immigration, citizenship and multicultural affairs have been increasingly driven by Home Affairs' security focus. This has unintentionally reduced the influence of other loci, humanitarian and economic, on decision-making. This is one area that remains open for continued reform as Home Affairs emerges out of its initial formation phase.

Breaking the rules

The establishment of Home Affairs has had tangible positive impacts on domestic and national security that shouldn't be overlooked. But they've come at a cost, not the least of which has been an increasingly sceptical public.

While Australians accept that there's a terrorist and criminal threat, the public case for the establishment of Home Affairs was far from convincing. Australians appear to have wearied of the long wars on drugs, crime and terrorism, as well as the binary public discourse around security. The problem has been further complicated by persistent criticism of the opacity of Home Affairs' operational decision-making.

Domestic security, whether concerned with criminals, terrorists or foreign actors, is predicated on public trust. To achieve this, there's a requirement for greater transparency from ministers and officials about Home Affairs' policymaking and operational decision-making. This isn't to say that there aren't existing accountability mechanisms (for example, the Australian Commission for Law Enforcement Integrity and Senate Estimates), or that ministerial oversight arrangements combined with the professionalism of our police and public servants doesn't work. But the public need to be brought on the journey. There's a need for Home Affairs to substantially increase its community engagement. To be successful, this will require not just programmed talkfests, but the development of high-level representative panels at the policy and executive levels across the Home Affairs portfolio.

Notes

- 1 Doug Dingwall, Sally Whyte, 'APS not a Lego set for "disorienting" restructures, Parkinson warns', *Canberra Times*, 18 December 2018, [online](#).
- 2 Malcolm Turnbull, 'Press conference: Announcing the establishment of the Home Affairs portfolio', 18 July 2017, [online](#).
- 3 David Donaldson, 'Trust in government in sharp decline, survey shows', *The Mandarin*, 22 February 2017, [online](#).

Joining national security strategy and risk assessment for perilous times

Dr Anthony Bergin and Dr Paul Barnes

The challenge

We live in an unsettling and volatile world in which big changes in regional and global policy are still working themselves out, with very unpredictable results.

Threats or hazards may come from unexpected sources: we've seen evidence of recent state efforts in espionage and sabotage and unwelcome foreign interference in domestic political processes by China, Russia, Iran and North Korea.

Australia's key allies and close friends all face challenges relating to espionage and foreign interference.

The Australian Security Intelligence Organisation judges that the prevalence of foreign interference and espionage here in Australia is greater now than it was during the Cold War.

Effective national security relies on a multitude of departments, agencies and, increasingly, business in a growing network of collaboration.

There's now a greater blurring between the domestic and international security spheres, whether the problem is terrorism, data theft, immigration, biosecurity or the growth of serious and organised crime.

As threats become increasingly interlinked, joining forces across government has become a necessity.

That's led to the creation of the Home Affairs Department and the Office of National Intelligence to take a more networked approach to national security.

But we still have no systematic approach to national security strategy or an integrated means for appraising risk exposures at the national level. The combination of security strategy and threat assessment is central to the delivery of national security outcomes and analytical thinking for many countries.

The UK, for example, maintains a national risk register that's underpinned by a classified risk assessment aligned with an established national strategic position on security.

Canada has for some time had an established 'all hazards' threat taxonomy to guide thinking about where disruptions to national security might arise. It focuses on two generic threat sources: adaptive or malicious sources (criminals, terrorists or foreign state actors) and non-malicious sources (unintentional, health, natural and emerging phenomena and/or technologies).

A joint effort to update Australia's national security strategy and nationally focused threat assessment protocol would be timely and makes real sense.

Quick wins

The next government should develop a national security strategy to support a government-wide framework to promote greater coordination among relevant departments and agencies.

It would assist the government to anticipate future threats and challenges, such as the cybersecurity of the nation's critical infrastructure.

A national security strategy would draw on key documents, such as recent Defence and Foreign Policy White Papers, to set out the remit of national security and international security interests and identify the risk factors within the national and international security environment to Australia.

It would identify courses of action and means for ensuring agile coverage of national security.

Such a strategy would enhance community confidence in the government's approach to national security.

Although the federal government bears responsibility for national security, the strategy should also consider the vital role of state governments, especially in areas such as health preparedness, countering violent extremism and recycling of national critical infrastructure such as power generation assets and ports.

The process of developing a strategy would need to influence all relevant departments with standing on national security outcomes. In line with common practice internationally, the strategy should be supported by a centrally coordinated national risk assessment protocol that enhances the identification and prioritisation of mitigation options for significant hybrid threats.

Elements that should be included in the national risk assessment frameworks include:

- a comprehensive threat taxonomy framework, incorporating both malicious and non-malicious threats in domestic and international contexts
- a common risk-based lexicon, ensuring that participating agencies 'speak the same language'
- the establishment of communities of practice across central agencies using a standardised all-hazards, all-threats approach
- horizon-scanning capabilities that support surprise management, policy development and timely assessment at agency and national levels.

Six years ago, Julia Gillard launched Australia's first national security strategy, which prematurely pronounced the end of the so-called 9/11 decade—an epoch marked by the constant threat of terrorist attack.

The next government should issue a new Australian national security strategy to prioritise security policy at the national level.

Publishing such a document would follow a global trend of national governments producing their national security strategies. The US, the UK, France and Canada have all released such strategies.

The interconnectedness of security issues requires the government to take a joined-up approach in managing its response, and that would be helped by an overall national security strategy.

Given the many global and regional uncertainties and emergent threats that we face, joining an updated security strategy to a national risk assessment protocol can enhance the government's ability to proactively respond to disturbances and crises.

The hard yards

Managing national security without a strategy is a recipe for an ill-coordinated response to emerging threats.

A national security strategy won't eradicate all the threats we face, but it can bring the various parts of the national security system to the table and assist the government to communicate its approach to safeguarding national security clearly and effectively.

The development of the national security strategy would provide the next government with an anticipatory view of national security. It would articulate a vision of the new security environment in which Australia operates.

Frequently, government departments claim to have a comprehensive mission, stating that they're 'protecting Australia and its interests' (Defence Department), 'working together to keep Australia safe' (Home Affairs Department) or helping make Australia 'stronger, safer and more prosperous' (Department of Foreign Affairs and Trade).

But there's still a possibility that missions that are in conflict with each other are pursued by departments, resulting in failure to meet policy objectives.

A national security strategy with an associated national risk assessment capability could assist in the assessment of which vulnerabilities to prioritise and allocate funding and direct resources.

A common high-level approach to national risk assessment would ensure greater coordination among relevant departments and agencies. An updated strategy would support the assessment of new vulnerabilities (and reassessment of existing ones), as well as allowing for prioritisation of effort and funding allocation.

Breaking the rules

Creating a national security strategy is a critical step in the government avoiding a focus on short-term problems. However, no matter how good the new strategy may be, contingency and surprise will mean it will be difficult to plan for every eventuality.

Given the critical importance of enhanced national coordination of risk assessment, the responsibility of developing such a strategy and a national risk framework should be with the Department of the Prime Minister and Cabinet.

All central agencies, not just traditional national security agencies, should carry out portfolio-focused threat and risk assessment as well as horizon-scanning for emergent issues. This combined effort, along with the work of the Office of National Intelligence, should inform the development of a new national security strategy and a coordinated, nationally focused risk assessment.

Women, peace and security: a national security priority

Lisa Sharland

Australia has a good story to tell about its engagement on women, peace and security (WPS), and efforts are currently underway to draft the second National Action Plan on WPS. However, despite the government's public commitment to WPS, it often falls on the shoulders of advocates to push the agenda, rather than it being systematically integrated across Australia's national security policy settings. The WPS agenda also continues to face a barrage of criticism from some quarters of the national security community, as it isn't viewed as an essential defence and foreign policy priority; critics argue that it's simply about 'political correctness', rather than strengthening Australia's security.

The challenge

So let's start by addressing the critics. At a time when there are many pressing national security concerns, including heightened tensions in the Indo-Pacific and concerns about the stability of US engagement, why should the incoming government care about WPS?

First, evidence shows us that women's participation in peace processes means that agreements are much less likely to fail and more likely to last.¹ Yet this lesson continues to be ignored. For example, there are ongoing concerns that women will be excluded from peace negotiations with the Taliban,² meaning there's a high risk that any gains over the past decade will be rolled back to secure a political settlement. Women have also been marginalised in efforts to seek a political solution to the conflict in Yemen. Unfortunately, those developments reflect the view held by some that women's participation often isn't a high priority when it comes to political expediency. In the case of Afghanistan, it risks significant setbacks in areas where the ADF has invested considerable time in the past 15 years, particularly in training women in the Afghan security forces.

Second, we know that gender equality is linked to the prevention of conflict. Violence against women can be an early indicator of lower compliance with international law³ and a predictor of whether a society is more prone to conflict.⁴ Yet there's pushback on efforts to improve gender equality across the globe, rising authoritarianism risks the reversal of achievements on women's rights (particularly in the US),⁵ and there's even opposition to the UN Secretary-General's gender parity strategy.

Finally, we know that failure to consider gender perspectives is likely to result in an incomplete picture of conflict. It 'can result in flawed analysis and planning, which can have a detrimental and long-term impact on the whole of society'.⁶ Yet at the international level, there have been efforts to cut and downgrade gender adviser posts in peacekeeping missions. Gender advice is also frequently a lower priority and overlooked during crises, despite our knowledge that it improves efforts to strengthen peace and security and enhance operational effectiveness.

The challenge for the incoming government is this: drawing on this evidence, how do we ensure that women's participation and the integration of gender perspectives are prioritised and comprehensively addressed as part of Australia's approach to foreign policy and national security?

Quick wins

An easy quick win for the next government would be to ensure that there are women at the table and that they're meaningfully engaged as part of national security discussions, from the ministerial level down. It's the right thing to do, but, more importantly, such engagement can avoid scenarios in which national security thinking lacks some diversity and is instead driven by 'masculinity and missiles'.⁷ Women's participation brings different perspectives to the table.

In the event that a new Defence White Paper is initiated, the government should ensure that there are women appointed to any expert panels working on the paper (an oversight previously). Similarly, WPS considerations should be mainstreamed throughout the document—including as part of our bilateral engagement priorities—rather than simply offering a few stand-alone paragraphs.

At a time when Australia is refocusing its energy and investment in the Pacific, it's critical that we continue to engage on WPS with countries in the region, where we know that women's participation, addressing violence against women and the impact of climate-related disasters on women will require ongoing attention. But we should also seek to broaden that engagement. The Canadian Elsie Initiative—established to address the barriers to women's participation in peacekeeping—provides an opportunity. Australia could seek to contribute to this global initiative by supporting research and working in partnership with other countries from the Indo-Pacific and Africa, for example, to conduct a barrier assessment and provide technical assistance training to improve women's participation in the defence and security sectors.

The hard yards

The next National Action Plan on WPS will be nearing finalisation by the time the next government comes to power, so that government will need to ensure its full implementation. A good start would be ensuring that there are effective monitoring and evaluation mechanisms, and that the plan is adequately costed and funded. At a minimum, the government should ensure there's greater accountability for the plan's implementation through engagement across the ministerial portfolios of Defence, Foreign Affairs and Home Affairs. It'll also be important that the government continues to build on its engagement with civil society in a substantive manner.

Even more importantly, the next national action plan should be able to respond to the security challenges we're likely to face in the decades ahead. For example, very little analysis has been undertaken to examine the implications of new technologies, artificial intelligence, and the cyber and space domains when it comes WPS. We're aware that there remain biases inherent in defence and security policies, so we need to ensure that they aren't replicated into machine-learning processes as we start to rely more on technology over human intervention. Similarly, as efforts are made to regulate engagement in new domains such as space, for instance, it will be imperative that women are at the table and that gender perspectives are considered in the context of those 'hard security' debates. Australia should ensure that it leads the way as part of those efforts.

Breaking the rules

Australia's national security is affected by what happens within our borders, and not just beyond them. Yet it's unlikely that the next Australian national action plan will give comprehensive consideration to the concerns of women domestically, particularly violence against women. While Australia has become very adept at assessing women's perceptions of their own security in humanitarian assistance and disaster relief missions, we still fail to view women's perceptions of their own security here in Australia as an issue warranting consideration as part of our national security. Consultations with civil society have gone some way to bridging that gap, but more comprehensive action is needed to ensure that women's peace and security in Australia is prioritised as a national security concern.

Ultimately, if the incoming government really wanted to declare a new direction on WPS, it could follow the lead of Canada and Sweden⁸ and declare a 'feminist foreign policy', which would mean that, among other things, ensuring a gender equality perspective is consistently applied as part of Australia's foreign policy engagement. Or it could appoint an Ambassador for Women, Peace and Security to increase our bilateral and multilateral engagement on the agenda. While both options aren't necessary to progress Australia's engagement on WPS, they would nonetheless signal a shift in approach and send a clear signal that women, peace and security is no longer an 'extra' but an essential component of our national security.

Notes

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Influence operations and election interference

Danielle Cave and Tom Uren

The challenge

As the government builds momentum in dealing with cybersecurity challenges, it faces a new threat that isn't yet adequately resourced and prioritised—information warfare during peace and conflict.

From a low base, over the past few years the Australian Government has substantially built up its cybersecurity focus and expertise. Positive strides have been made in policy coordination, international engagement and, slowly, public communications.¹

But there's a new, more pressing threat that's emerged around the world and that we're completely unprepared to deal with: the deliberate corruption and perversion of our global information environment. This year, for the first time, the US intelligence community has assessed that online influence operations are a global threat to the US and its allies.²

We're not talking about what most might think of as 'fake news'—misinformation circulated online for clicks, by accident or as a hoax. That is, of course, troublesome. Rather, we're talking about politically motivated and cyber-enabled information operations conducted by state and non-state actors. Such information campaigns have a clear political goal in mind: to deliberately disrupt, mislead, confuse or divide populations.

Information operations aren't limited to disinformation—the deliberate spreading of false information. There can be relatively blunt operations such as the leaking of stolen material, as occurred with Hillary Clinton's email during the 2016 US presidential election, and also far subtler efforts, such as the amplification of legitimate content to create a false consensus or divide a community.

So far, Australia has been lucky. Unlike the US, many European states and Taiwan, we've been relatively unscathed by the global phenomenon of cyber-enabled foreign interference. But with elections around the corner, and states beyond Russia experimenting with deploying malicious and disruptive online tactics,³ that luck won't last much longer.

This isn't just about 'election security'; cyber-enabled political and foreign interference doesn't occur just during elections. And it isn't just about Facebook. US technology companies, particularly Facebook, have been incredibly slow to understand and admit the political power of their networks and how it can be abused. But, despite their shortcomings, they're increasingly forced to respond to the concerns raised by governments, civil society and, importantly, free media.

Australia's blind spot and vulnerability are those online networks that are operated out of countries with opaque and authoritarian political systems, which control and censor online information. The Chinese Communist Party's control and censorship of Chinese online platforms, which often extends to users overseas (including other governments), is the obvious concerning example.⁴

The most worrying part about this new threat is that the cyber investments that Australian industry and governments have made are of little use here. Good cybersecurity practices can protect data, but can't defend against campaigns that shape public discourse. And the Australian Government doesn't yet have a strategy, or even a dedicated pool of resources or departmental lead, to defend against such attacks, whether they originate locally or from overseas.

Quick wins

First, and most importantly, the next government should ensure that tackling online influence operations receives dedicated ministerial attention. We recommend that in the short term a reintroduced Cybersecurity Minister should take on this responsibility. This minister should lead on traditional cybersecurity issues as well as emerging issues, including influence operations and cyber-enabled interference.

Cybersecurity traditionally deals much more narrowly with information and data rather than public discourse, but tackling the challenges of cybersecurity and influence operations will require technical advice from an overlapping range of national security agencies. Both issues also cut broadly across the Australian economy and society, and if they were assigned as part of a larger portfolio—such as Home Affairs—they wouldn't get the attention and priority they deserve. This ministerial position will need to be nimble and empowered, leveraging and directing resources across departments and agencies.

Responsibility for monitoring and countering malicious information operations must be unambiguously assigned to a government department. The National Counter Foreign Interference Coordinator (NCFIC) team appears to be the most natural fit, although it would need to substantially boost its public profile and increase the scope of its engagement outside of government.

The NCFIC should be allocated more resources to focus on cyber-enabled foreign interference. The current team is far too small for the problem Australia faces.

The NCFIC should work closely with the ADF's Information Warfare Division to monitor and analyse foreign actors that could target Australia, including actors that may engage in malicious information campaigns into the region, such as in Papua New Guinea and the Pacific islands.

A package of journalism and civil society grants should be developed for publishers and research institutes to investigate and report on political disinformation and interference, including fact-checking and social media monitoring around elections. The grants could be administered and awarded jointly, or separately, through the Department of Communications and the Arts and the NCFIC.

The hard yards

Introduce a bipartisan agreement that parliamentarians will not use hacked materials for political advantage: While parliament can't control the media, an agreement would set a standard that would encourage media to be cautious of being unwitting pawns when reporting on hacked materials and at the same time remove incentives to hack for malicious disclosure.

Develop and promote transparency initiatives, including 'unmasking' initiatives: Beyond journalism, we need organisations that identify, research and expose deceptive online activities so that the Australian public can be educated about—and thereby inoculated against—cyber-enabled information operations. Australians know that understanding the interests and motivations of the messenger is a key factor in interpreting their message, yet this transparency is often lacking in the online environment. Public funds should be dedicated to conducting reputable, high-quality research that explains the techniques that are being used to manipulate and influence people—both in Australia and globally—and identifies those actors that are doing it. This should be done independently from government to speak truth to power and to be able to speak freely, particularly when the Chinese state is involved.

Impose costs on malicious actors: The Australian Government has avoided talking publicly about malicious cyber behaviour, including the theft of Australian intellectual property, by the Chinese state. This approach won't work for cyber-enabled political interference. The government needs to have a strategy that informs and educates the public, and it can't avoid making difficult public statements. The national security community should also bear more responsibility⁵ for compiling and releasing unclassified reports that enable a better flow of important information to the public on this and related topics.⁶

Have equal expectations of all platforms no matter the country of origin: Currently, Western social media companies operate to higher standards of transparency in Australia than networks hosted out of Asia. Chinese social media networks, for example, operate under opaque laws and regulations that allow the Chinese state to surveil users, censor information and control public debate.⁷ Ahead of the 2019 federal election, the Australian Electoral Commission is consulting with Facebook, Google and Twitter, yet has admitted that it's not engaging with Tencent,⁸ the parent company of popular messaging application WeChat which is estimated to have between 1 million and 1.5 million monthly users in Australia.⁹

Breaking the rules

An explicit social contract should be developed that holds social media companies operating in Australia to account.

Social media companies *can* operate in a way that benefits society. Unfortunately, Western social media companies are largely driven by commercial imperatives, so benefits to society aren't their top priority. They've been very slow to recognise the real harms that can come from the misuse of their services, and how they can be used to foment hatred and racial violence and can tear communities apart. On the other hand, social media companies coming out of China also bring serious complications. They're beholden to the Chinese Communist Party and must actively engage in censorship, surveillance and information control to support party-state interests. Both approaches create societal, security and political problems that must be addressed.

Rather than abandoning the ethical minefield of how to run social media networks to the companies or governments that control them, the Australian Government, as the representative of Australian society, should become more proactive and should introduce a social contract to operate. This licence to operate would essentially say: 'You can make money in Australia through the provision of your social media services, but you shall conform to a shortlist of expectations.' These could include, for example:

- a requirement that companies search for and remove foreign governments' covert influence operations in cooperation with the NCFIC
- establishment of an Australian transparency and oversight board for all social media platforms (which could be involved in setting boundaries and communicating with the public).

Notes

- 1 But we've also ended up with separate and overlapping centres of gravity in the Australian Signals Directorate (which includes the Australian Cyber Security Centre), the Department of Home Affairs and the Department of Foreign Affairs and Trade. Those agencies deserve continued resources and focus so the public service can consolidate on their hard

work, but without a minister responsible for cybersecurity this already messy structure may turn into a masterless, three-headed beast.

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Are our cyber policy settings right?

Fergus Hanson

The challenge

New technologies are so rapidly being integrated into every aspect of our lives that no country has mastered a response to deal sufficiently with all the concomitant risks. Australia has made a decent effort, but it would be absurd to pretend that we've done enough or that we're ready for the next wave of far more consequential technologies bearing down upon us.

Dauntingly, the challenges are coming from multiple fronts. There are threats from better resourced nation-states such as China and cavalier rogue states such as North Korea. There are threats from a large number of cybercriminals who can operate from anywhere around the globe and often in jurisdictions where it's hard for Australian law enforcement to reach. There are threats from human error, as when Uber's driverless car accidentally killed a woman in Arizona. And there are self-inflicted challenges, such as our failure to produce enough science, technology, engineering and mathematics (STEM) graduates or to recruit from the other 50% of our talent pool: women. Perhaps the biggest political challenge is how to respond to the next wave of innovation hitting us. The adoption of technologies such as driverless cars and autonomous machines won't just bring benefits but will also cause Australians to die. There will also be major disruption to our economy. How we prepare for these technologies will matter.

There's a lot of good work underway that will help address these challenges, but there's more we need to do.

Quick wins

There are a few quick wins on the table for the incoming government. The easiest win would be re-establishing a dedicated Cybersecurity Minister. The breadth of issues requiring attention is huge and their importance only increasing—a dedicated minister is essential to ensuring the issues get the attention they need. Another easy opportunity is to request and issue a new national cybersecurity strategy. The 2016 strategy is already well out of date. The next strategy should try to do less and prioritise activities and resources on actions that will do the most to protect the essential parts of our government and economy.

Our international strategy should also be reviewed. Australia has been highly active on the international stage, but we should be bolder. We're at a moment of peak power and should use that international clout to more aggressively lead international debates on cyber issues. UN discussions on norms are useful but have become bogged down and overtaken by state practice. We should look at options outside the UN system for kickstarting a more meaningful global debate on key issues of concern to Australia. We should also begin engaging in more robust public follow-up to our cyber attributions. We've begun attributing cyberattacks to individual countries but so far have imposed no visible costs (such as sanctions). That just encourages bad behaviour. Given that many attacks target only Australia, we should also take the leap and make attributions for such attacks (and draw on allies and like-minded partners to back us where we can).

The incoming government should reconsider using the emerging political crutch of bashing ‘big tech’ for all society’s ills. For all the issues and challenges that tech firms pose, at least the major (Western-owned) platforms in Australia are largely responsive to government concerns and can be held to account in Western parliaments. The big platforms out of China aren’t in any way comparable. Platforms such as WeChat, which has more than a million active users in Australia, arbitrarily censor what Australians using them can see and use the personal information that users disclose with no accountability to anyone but the Chinese Communist Party. Big tech should be held to account, but it’s misguided to bash Facebook and ignore worse behaviour from WeChat.

The hard yards

There’s no shortage of hard yards that are required to advance Australia’s cybersecurity posture. Here are a few for consideration.

1. Fund the protection of the government’s most critical datasets. Federal government departments are struggling to meet security standards mandated by the Australian Signals Directorate. A triage approach will help with the most urgent cases but, among other things, more resources will be needed to solve the problem. A good example is the National Archives of Australia. With government documents now ‘born digital’ and increasingly being instantaneously archived, the National Archives is fast becoming the ultimate honeypot. It makes no sense to penny-pinch when it comes to protecting datasets like these.
2. Set a more far-reaching policy on technologies coming from companies ‘likely subject to extrajudicial directions from a foreign government that conflict with Australian law’.¹ Australia used this rubric to ban Huawei from the 5G network, but 5G is just the tip of the iceberg. Other technologies pose major risks. We’ve already had debates over the use of Chinese security cameras and drones, but there are others. It would, for example, be hard to imagine that Australian government departments could safely use Chinese cloud providers. Clearer policy guidance is needed, covering a range of technologies, to prevent insecure equipment being deployed and to avoid an unending string of case-by-case decisions that prompt overreaction from Beijing.
3. Dive into STEM. Australia has dabbled with addressing the shortage of STEM graduates, but an opportunity exists to tackle the problem more forcefully. Immigration is one short-term solution, but a longer term effort targeting primary and secondary schools is needed. This would boost the number of STEM-literate graduates for the relatively narrow cybersecurity workforce, but also ensure that the next generation of Australians is better equipped to understand and participate in an economy dominated by technology.
4. Flip the way digitalisation projects like My Health Record are developed. Too often, government digitalisation schemes disempower and frustrate. A key failing has been the prioritisation of departmental needs over those of everyday Australians. Changing this mindset won’t be easy, but to start, the incoming government should conduct a root-and-branch review of how citizen protections can be made fit for purpose in the 21st century and ensure that future digitalisation schemes are citizen-centric.

Breaking the rules

Current cyber policy settings are hardly delivering perfect results anywhere, so the incoming government would do well to question the *status quo*. Three alternative approaches are as follows:

1. As then prime minister Malcolm Turnbull discovered, talk of innovation doesn't play well in the electorate, where it can be read as implying that a machine will soon be taking someone's job. This has led our political leadership to largely ignore the dramatic changes that the next wave of technologies will usher in. They'll disrupt Australia but perhaps do much more to our immediate region, where millions of manufacturing jobs will disappear. While the task is electorally unpopular, the incoming government would be wise to invest in trying to better understand how these technologies will affect Australia and our neighbourhood and what we need to do to mitigate the most dramatic changes and position ourselves to benefit.
2. Although cybercriminals account for the vast majority of malicious online activity and are largely based overseas, they've been almost forgotten by foreign ministries more interested in higher profile state-sponsored attacks. This has led to a broadly unsuccessful approach to cybercrime, in which an international problem is left to local police to try to grapple with, or to individual citizens and companies to try to protect themselves against, through better defences. An alternative model would be for Australia to form a group of like-minded states prepared to work together, make the investment and harness the necessary instruments of international power (such as the diplomatic network, federal police and financial tracking agencies) to begin to tackle this problem systematically and seriously.
3. Australia has made significant investments in its offensive cyber, intelligence-gathering and information-warfare capabilities. But, given the rapidly changing dynamics in our immediate region and the long lead times before our new military kit comes into service, it could be worth substantially increasing those investments. Spending here would be low cost compared to planes and ships and provide early warning of any change in intent in our region, provide additional response options and support a more active foreign policy.

Notes

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Building resilience in the face of Chinese Communist Party interference

Alex Joske

The challenge

China's President Xi Jinping is seeking to change China and the world through his pursuit of the 'Chinese Dream of National Rejuvenation'.¹ Domestically, he has reformed and purged the military, neutralised his political rivals, ended presidential term limits, and expanded China's security apparatus. Internationally, he's demonstrating China's global ambitions through the Belt and Road Initiative and his advocacy of China's global governance model—the community of common destiny—to the end of shaping an international order very different from the current one.²

Achieving the Chinese Dream requires creating a world that will acquiesce to the ambitions of the Chinese Communist Party (CCP). This includes controlling domestic and international opposition to its activities and resisting concepts such as constitutional democracy and civil society.³ In the words of American China analyst Peter Mattis, 'the CCP's concept of security compels it to push outward and interfere in other countries'.⁴ This means that political interference from the CCP—activities that disrupt the normal flow of our political system—is largely a non-negotiable part of engaging with the Chinese state.⁵

Much of the CCP's political interference is 'united front work'—a broad term that can be understood as the process of building relationships or alliances of convenience in order to control, co-opt and mobilise those outside the CCP for the party's own ends. While the United Front Work Department is the main CCP organ overseeing this work, party leaders have emphasised that it's the responsibility of the entire party to carry it out.⁶ United front work is increasingly international and draws on thousands of organisations in China and abroad. Total membership of the united front system is estimated to be in the hundreds of thousands.⁷

The Australian Government must continue engaging with the Chinese Government. In particular, trade ties remain valuable to both countries, and are likely to always be. Australia also has an interest in proactively working with China on issues such as climate change and encouraging China to be a responsible global actor.

However, engagement with China should never prevent or limit efforts to resist interference in our political system, economy and society. Too often, the Australian Government has relied on the assumption, encouraged by the CCP, that it's better to keep bilateral issues and tensions behind closed doors, yet there's no proof that this approach has ever resulted in any long-term changes in China's behaviour.⁸ Responses to foreign interference must confront those exploiting the openness of our society without undermining that very openness, ensuring policy is guided by our values, informed analysis and public debate.

Quick wins

United front work directed at 'overseas Chinese' (a term the CCP uses for ethnic Chinese regardless of citizenship) seeks to develop the party's control of them, drive a wedge between their communities and the countries they live in, and have them work towards the party's domestic and international goals. This often includes efforts to control the information they access and to silence dissent, undermining the civil

liberties of Chinese-Australians.⁹ The government must actively engage Chinese-Australians, ensuring that their voices are heard, protected, independent and respected.

United Front Work Department officials frequently travel to Australia to guide organisations and key individuals here.¹⁰ Given the united front's widespread use of front groups such as the China Overseas Friendship Association, some officials may be travelling to Australia under fraudulently obtained visas.¹¹ Denying visas to united front officials, as Canada reportedly did in 2018, and to those who don't accurately declare their government affiliation would send a strong message to them and their affiliates that interference won't be tolerated.¹²

While enforcing visa regulations, the government should also ensure that new laws on foreign interference are enforced. Australia's Foreign Influence Transparency Scheme is modelled on the US's Foreign Agents Registration Act, yet the handful of Department of Justice officials responsible for the Act have struggled to enforce it due to a lack of resourcing and investigative authority.¹³ To avoid encountering similar problems, the Australian Government must give greater resourcing to government agencies and specific offices responsible for countering foreign interference.

The government must also seek to inform itself and the public about foreign interference if it's to successfully address the issue. Releasing information about CCP interference, whether by declassifying existing analysis or commissioning public reports from government agencies and credible independent researchers, would also increase the cost to Beijing of such activities. This will feed into a growing body of such information from an increasing number of countries facing similar consequences from engagement with the Chinese state.

Enabled by new foreign interference legislation, public indictments of CCP agents are a powerful way of raising understanding of the party's activities. Recent US indictments of Chinese spies helped stir public and global concern, forming a prelude to the public attribution of cyber espionage to China by a group of nations including Australia.¹⁴

To better engage the Chinese community on foreign interference, the government and politicians should fully utilise Chinese-language social media to enhance their ability to speak directly to Chinese citizens and Chinese-Australians, rather than relying on CCP-controlled outlets to convey and interpret their statements.¹⁵

Using Chinese-language social media will be difficult, as many major platforms are controlled by Beijing. WeChat, a social media app used by most Chinese in Australia for messaging and receiving news, can be used by Beijing for propaganda, censorship, surveillance and mobilisation. The government should therefore develop a government-wide policy on WeChat usage and seek to engage Tencent, WeChat's parent company, placing on it the same expectations regarding privacy and disinformation as we do with companies such as Facebook. Before Australian elections, it will be important to monitor WeChat and other social media platforms for signs of CCP political interference and disinformation, which have precedents in the past year in Taiwan and Canada.¹⁶

The hard yards

The government should ensure the independence and strength of civil society and media, particularly in the Chinese community. SBS and ABC Chinese-language programs should be expanded and kept free from political interference. Grants should be created to support independent Chinese media outlets and

civil society groups, and funding should be contingent on them not censoring content or accepting money from the Chinese Government and its intermediaries.

Australia currently lacks the expertise needed to uncover and respond to foreign interference, and there are few channels for people to gain expertise in the area. Building capacity here will require increased long-term funding for Chinese-language and China studies programs in Australian schools and universities. Australian universities should also be encouraged to end their relationship with the Confucius Institute program, which builds the CCP's influence over universities. To develop specialised expertise on foreign interference, the government should also fund NGOs, research projects and workshops examining the issue.

Breaking the rules

The Australian Government avoids naming or attributing espionage or interference to China or publicly criticising it for irresponsible or antagonistic actions.¹⁷ This follows an unwritten rule that prioritises behind-the-scenes diplomacy over confident policy, public commitments to liberal values and the imposition of real costs on Beijing for political interference and economic espionage. Yet there's no evidence that such diplomacy has led to changes in Beijing's behaviour. This behind-the-scenes approach has manifested in the government's reluctance to criticise China over its detention of a million Muslims in concentration camps,¹⁸ including Australian citizens and permanent residents, and its acquiescence to a Chinese delegation demanding the removal of Taiwanese participants in an Australian Government-hosted multilateral initiative that combats the conflict diamond trade.¹⁹

Failing to frankly discuss our relationship with China hasn't worked, and we have to re-evaluate our strategy in engaging with China. Of course, legislation must be country-agnostic, but that shouldn't discourage the government and politicians from calling out and prosecuting cases of unacceptable behaviour by the Chinese state or any other actor. Other responses to interference can't be country-agnostic and must also be tailored to the perpetrators of that interference to be effective.

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Resolving federal law enforcement's supply and demand challenge

Dr John Coyne

In October 2018, the Australian Institute of Criminology estimated the cost of serious and organised crime for the nation in 2016–17 to have been between \$23.8 billion and \$47.4 billion. This is sobering news: despite the federal, state and territory governments' best policy and enforcement efforts, the economic cost of crime is rising.

Australia's serious and organised crime threats continue to globalise their syndicate structures and supply chains. This evolution is affording criminals ever more access to the world's best fee-for-service criminal facilitators, who bring with them new-found levels of operational complexity, especially in money laundering and technology-enabled crime (such as encrypted communications). In this environment, the Australian law enforcement communities' operational and tactical outputs are increasingly not translating into strategic success.

The challenge

A growing global surplus of illicit drugs, such as cocaine¹ and heroin,² is driving down wholesale drug prices. With user demand for heroin stabilising globally, and Afghan poppy cultivation increasing, many criminal groups in the Golden Triangle and Mexico have shifted their focus to the production and distribution of synthetic drugs. Since 2015, 'East and South-East Asia have become the leading subregions for methamphetamine seizures worldwide.'³

The UN Office on Drugs and Crime's *World drug report 2017* revealed that criminal groups in Laos and Myanmar have become significant players in the global production of synthetic drugs (primarily methamphetamines).⁴ The numerous ungoverned spaces in Laos and Myanmar continue to provide criminal groups with safe environments for producing industrial quantities of both low- and high-purity methamphetamine.⁵ The region's contribution to Australia's illicit drug and organised crime problems has been highlighted frequently in the Australian Criminal Intelligence Commission's *Illicit drug data reports*.⁶

The continued globalisation of Australia's serious and organised crime problem is resulting in a shift in policing responsibilities from the states and territories to the Australian Government. In the wake of those changes, federal law enforcement agencies, such as the Australian Federal Police (AFP), are facing a widening gap between the amount of crime that's occurring and their capacity to respond to it. This makes the disruption of criminal groups offshore more important than ever.

In March 2018, AFP Commissioner Andrew Colvin told a Senate Estimates committee that his 6,500-strong organisation faced a 'supply and demand' challenge.⁷ The commissioner described a force experiencing greater demand for its services in the face of increasing crime.

His evidence admirably focused on the leadership and management challenges associated with prioritising the force's efforts. Nevertheless, his testimony provided the clearest evidence to date that the Department of Home Affairs and the AFP may be staring down an impending strategy and funding crisis.

This essay considers how the next Australian Government ought to respond to this challenge.

Quick wins

Since 1987, the Australian Government's efficiency dividend has been a central principle in successive Australian budgets. The efficiency dividend initially resulted in reductions in inefficient expenditure in non-operational areas within national security agencies, which were long overdue. As the number of non-operational efficiencies available to decision-makers decreased, cuts to operational expenditure in particular areas to offset other demands became inevitable and, eventually, commonplace.

Further complicating and undermining the funding arrangements of organisations such as the AFP is the policy initiative offset methodology adopted by successive federal governments.⁸ In this approach, departments that submit new policy proposals to government must offset the expenditure from within their existing budgets. The end result is a compounding erosion of funding for existing programs of work, such as the AFP's highly regarded international network.

In 2015, the federal government's Review of Australia's Counter-Terrorism Machinery found that Australia's security agencies had identified risks to national security outcomes if their base funding continued to be eroded by the government's efficiency dividend.⁹ Since then, Australia's federal law enforcement community (the AFP, the Australian Criminal Intelligence Commission, the Australian Border Force and AUSTRAC) has had no reprieve from the efficiency dividend, which suggests that these risks are being realised.

Exempting federal law enforcement agencies from the efficiency dividend could be a quick win for the next government that brings rapid operational benefits, albeit with a bill attached.

The hard yards

Despite the best efforts of Home Affairs, Australia's border security and national law enforcement arrangements remain a complex framework of often overlapping jurisdictions; legacy policy issues and budgeting models; organisational cultural challenges; and stand-alone thematic strategies. Expediency during policy development continues to result in the establishment of *ad hoc* taskforce arrangements to temporarily address new or emerging issues.

The combined impact of diversified federal demands on law enforcement, lapsing policy initiatives, increased administrative overheads (such as the office of the Commonwealth Transnational, Serious and Organised Crime Coordinator and efficiency dividends) are starting to hinder the achievement of Portfolio Budget Statements performance targets. This isn't to say that those agencies aren't achieving operational outcomes, such as arrests, seizures and successful prosecutions. However, given that the cost of serious and organised crime is increasing, and drug purity, prices and availability are stable, Australia risks winning the battles but losing the war.

The Home Affairs portfolio's responses to these challenges have been slow, given the enormity of its reform agenda. Change in federal law enforcement policy has been for the most part evolutionary, reactive or incremental. As ASPI noted in 2016, for all its operational successes when it comes to planning, law enforcement has been more about 'doing things right' (operations) than 'doing the right things' (strategy).¹⁰

Within Australia's law enforcement communities, the importance of the individual officer's or constable's discretion in decision-making has been a constant, and should remain so. The origins of this concept are related to the perceived need for law enforcement's independence from political or judicial interference. Some external commentators have argued that this means that law enforcement by its very nature must be bereft of strategic decision-making. The lack of detail in past ministerial directions for organisations such as the AFP seems to support that perspective.

But in the face of strong international, technological, political and social forces, change to Australia's law enforcement strategies is needed. Government needs to provide deeper strategic guidance to Home Affairs, and its portfolio agencies, to support the development of whole-of-government enforcement policies, especially regarding transnational serious and organised crime. This can recognise the value of independence and discretion of individual officers when it comes to case-level decisions.

Recent mergers between law enforcement agencies have reinforced the need for a cabinet-level law enforcement policy that identifies and addresses duplications and gaps, adopts an expanded view on law enforcement, and targets crime domestically and transnationally.

The next Australian Government should consider developing a law enforcement strategy that clearly articulates the government's strategic intent. The strategy needs to sit above agencies and departments and draw in the range of existing instruments. These are the longer term policy settings the government will need to implement to deliver real change. They're likely to require enduring commitment and resourcing, but success is more likely than in earlier years given the growing recognition across law enforcement agencies nationally of the systemic challenges.

Breaking the rules

For almost two decades, the federal law enforcement community has been under a slow program of consolidation. In 2002, the Australian Crime Commission was established through the amalgamation of the National Crime Authority, the Australian Bureau of Criminal Intelligence and the Office of Strategic Crime Assessments. While other minor changes occurred subsequently, the formation of the Australian Criminal Intelligence Commission in 2016 through the amalgamation of CrimTrac and the Australian Crime Commission was the next significant one. The government should consider, separately from the formation of Home Affairs, and underpinned by a clear policy statement, what further changes are needed in federal law enforcement's force structure.

There are some obvious options here. The transfer of border and investigative roles in non-revenue enforcement from the Australian Border Force to the AFP is one option. Such a move would leave the border force with a focus on revenue collection, which is more in line with the role of a traditional customs agency. Similarly, the amalgamation of AUSTRAC and the Australian Criminal Intelligence Commission would also have some benefits, as the organisation would become a one-stop shop for criminal intelligence.

But perhaps the boldest path—the amalgamation of all federal law enforcement functions into a single operational agency—could result in the biggest wins.

Although these changes would be costly, require much work in cultural and legislative change, and would need to address public concerns about the creeping securitisation of government, they also offer the Australian Government further opportunity to break down the organisational silos that have prevented law enforcement from acting strategically as the new crime environment demands.

Notes

- 1 In 1990, the average wholesale price for cocaine in the European and US markets was US\$57,978 per kilogram; by 2016, it was US\$35,796 per kilogram.
- 2 In 1990, the average wholesale price for heroin in the European and US markets was US\$127,966 per kilogram; by 2016, it was US\$41,333 per kilogram.
- 3 UN Office on Drugs and Crime (UNODC), *World drug report 2017*, 'Market analysis of synthetic drugs: amphetamine-type stimulants, new psychoactive substances', UN, 2017, [online](#).
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Enhancing counterterrorism strategies

Dr Isaac Kfir

The challenge

The *Salafi-jihadi* environment is changing and so, too, is the resulting threat from violent extremism. Those changes will affect the global security situation and the Australian one.

Successful hard-power counterterrorism (CT) policies have pushed Islamic State (IS) and al-Qaeda to the limit. IS controls less than 1% of the territory it had in 2017. Its future in Syria and Iraq remains unclear, and it's suffering internal ideological, operational and theological dissent. Al-Qaeda is in no better position: its nominal head, Ayman al-Zawahiri, is seen internally as weak and out of touch.

Nevertheless, they and their subsidiaries and affiliates are resilient and are already adapting. Groups such as Wilayat Sinai and al-Shabaab are likely to focus increasingly on the tourism industry as a way to harm the economic infrastructure of weak states (for example, in December 2018, *Salafi-jihadis* targeted a bus in Giza, Egypt, killing three Vietnamese tourists; in January 2019, al-Shabaab carried out an attack at the DusitD2 Hotel, Nairobi, killing 21 people; and Jama'at Nusrat al-Islam wal-Muslimin (JNIM), another al-Qaeda franchise group, carried out an operation in Mali in which 10 Chadian peacekeepers were killed). In addition to the threat of destabilisation to those states, Australians travelling to them could be at risk.

While group attacks remain credible threats, lone actors will continue to pose a major problem globally, as the communications revolution, specifically in social media, aids in the radicalisation of individuals. Online platforms enable extremist groups to propagate their ideologies, engage with people across the globe through direct interactions with virtual recruiters, virtual inciters and virtual planners, and then coordinate acts of terror by their recruits (as was the case with the 2016 Würzburg train attack).

Recruitment normally occurs in two stages. It begins with a disaffected individual trolling through open forums, expressing sympathy with the plight of Muslims around the world (or with specific causes, such as the Rohingya). They're then identified by virtual recruiters and encouraged to join closed-group interactions hosted by such platforms as Telegram.

The lone-actor model is likely to remain the biggest threat in Australia. In 2018, Australia experienced several terrorist acts (as well as arrests for terrorism-related offences). In February, a 24-year-old Bangladeshi student named Momena Shoma stabbed a man in Melbourne's Mill Park a week after entering Australia. Reportedly, Shoma had planned to come to Australia to commit a terrorist act. In November 2018, Hassan Khalif Shire Ali attempted a vehicle bombing in Melbourne's central business district before stabbing three members of the public, one fatally. Neither had direct links to IS, though both claimed that they were inspired by the group.

Those two acts, coupled with successful prosecutions of Australians for financing terrorism or attempting to join IS (for example, Linda Merhi, Abdus Samad Zaid and Nowroz Amin), serve as a reminder that terrorism remains a threat—even as competition between states returns to the heart of international security. It's therefore likely that the threat level in Australia will remain 'Probable' (that is, there's credible intelligence to persuade the security establishment that individuals or groups continue to possess the intent and capability to conduct a terrorist attack in Australia).

Quick wins

There are several areas where the next Australian Government can score quick wins in addressing terrorism.

The government needs to invest in developing a better understanding of how online propaganda and recruitment work. While wanting to remove extremist content from such platforms as Facebook, Twitter and Instagram is understandable—and the big online operators have taken some steps to do so—it isn't possible to remove all such content, as the rate of uploading content far exceeds the rate of removal (for example, it's estimated that between 300 and 400 hours of video are uploaded to YouTube every minute). Moreover, there's no empirical research, substantive data or metrics that demonstrate whether the removal of violent extremist content is cost-effective. Consequently, it's possible that we're misallocating scarce resources to programs that are less effective than we imagine.

Thus, a quick win would involve using data analytics to assess whether the demand for the removal of violent content amounts to value for money. For example, it may be possible to assess the effectiveness of denial-of-service capabilities against known propagators of *Salafi-jihadi* messages or platforms that promote such services.

Working with online platforms to moderate content will also help to address the challenge of online radicalisation. Principally, there needs to be clarity what amounts to violent extremist content. We need to establish an industry standard in cooperation with international partners and then legislate an obligation on service providers to remove such content, flag those who have created or posted the content, and ban those who have repeatedly visited such sites or promoted their content. Working with programs such as YouTube's Trusted Flaggers or eGLYPH (based on Microsoft's PhotoDNA) could be useful, as they address content and access.

Recognising that those engaging in online violent extremism exist in at least three categories—nodes (principal accounts), amplifiers (boosters of node-created content) and shout-out accounts—is important because we now view all three as a single problem. Through typological assessment, we can better allocate resources.

The hard yards

The terms 'social cohesion' and 'multiculturalism' consistently appear in the domestic CT discourse. However, the groups in civil society that this discourse seeks to engage with increasingly balk at those terms, which they see either as meaningless or as a way to infiltrate their communities and get them to 'inform' on their members. Yet people in affected communities share the will to reduce the prospect that friends and family members may be radicalised and seek to engage in extremist violence. Therefore, more effort needs to go into developing a social cohesion narrative with those groups that speaks to them. One example of an initiative that does so is the Victorian Government's 'Victorian. And proud of it.' initiative.¹

The Australian Government should conduct a strategic review of its CT strategy, as the last one was issued in 2015. The review should examine the threat (actual and potential terror plots), what types of terror plots lone actors engage in and how to counter them. Looking at knife- and vehicle-based attacks and how, for example, the Israelis have dealt with the problem would be useful.

The new strategy should look at the role technology is playing in specific fields: recruitment, propaganda and military operations, including the role of drones. IS has acquired enormous technological skills in its military operations in Mosul, where it used drones as part of its military operations. This know-how has entered our region, for example in the 2017 siege of Marawi, so we need to anticipate its use domestically.

Currently, the states and territories have inconsistent approaches to the treatment of individuals convicted of terrorism offences. For example, in Victoria, they're placed with the general prison population (following an assessment of the risk they pose), while in New South Wales they're segregated, as that state's approach centres on concentration and containment, leading to their detention in the High Risk Management Correctional Centre in Goulburn. There's a need for a coherent approach because research indicates that prisons act as major incubators for violent extremism.

Individuals previously convicted of terrorism-related offences are now returning to society. In 2019, around 20 such people will be eligible for release. Concern over recidivism may be warranted. However, we've only limited data on recidivism; more is needed in order to better focus CT strategies and post-sentence engagement.

Australia has made good advances in promoting a regional approach to CT, including through the 2018 ASEAN–Australia Special Summit, the Sub-Regional Meeting on Foreign Terrorist Fighters and Cross Border Terrorism, sponsorship of successive counter-terrorism-financing summits, and the establishment of the APEC Counter-Terrorism Task Force, which oversees the Counter-Terrorism Working Group. It's important to continue to work through such platforms.

However, CT doesn't happen in a political, economic and social vacuum. Regional CT can't succeed without addressing issues of human rights, the marginalisation of communities, the lack of economic investment and the perception of elites' self-interest, because these add to the narratives of extremist groups. This requires having frank conversations on issues such as extrajudicial killings and corruption.

Breaking the rules

Australia adheres to a punitive, deterrence-based approach to people convicted of terrorism and terrorism-related offences (sentences have ranged from a few months to over 40 years), whereas in continental Europe there seems to be a stronger focus on rehabilitation and help, in combination with custodial sentences. Australia might reassess the value of a rehabilitative approach.

The *Criminal Code Amendment (High Risk Terrorist Offenders) Act 2016* permits the government, following an assessment, to apply post-sentencing detention to people convicted of terrorism offences if there's a 'high degree of probability' that they'll continue to pose a terrorism threat once released. There's a need to explore whether such a measure meets democratic principles, as incarceration in the absence of an offence is disturbing to democratic societies—as too is the prospect of releasing violent extremists who remain intent on conducting attacks. Again, better data on recidivism would help inform decisions about sustained detention.

Notes

- 1 Victorian Government, *Victorian. And proud of it.*, 30 October 2018, [online](#).

Climate change and national security

Dr Paul Barnes

The challenge

Cyclones, floods, bushfires and drought may be hallmarks of our sunburnt country, but the evidence that climate variability will make them worse is close to insurmountable.

We're seeing emergent changes occurring in the oceans in the direction and nature of ocean currents, acidification and warming effects within coastal water bodies. Australia is also experiencing variation in rain patterns and humidity and significantly high and sustained ambient temperatures.

Climate projections released by the CSIRO in 2015 for all future emissions scenarios suggest that Australia will experience more extreme heat, more extreme rainfall and fewer tropical cyclones but with a higher proportion of high-intensity storms.

Natural disasters have been linked with variable climate for some time. They impose significant economic costs. Deloitte Access Economics estimated that in 2015 the total economic cost of natural disasters in Australia exceeded \$9 billion. It further stated that this figure would rise to an average yearly cost of \$33 billion by 2050 due to population growth, increased infrastructure density and people moving into vulnerable regions.¹ The cost of replacing critical infrastructure damaged by the impact of natural (weather-related) disasters alone in Australia between 2015 and 2050 will be \$17 billion. These are costs that should be avoided if possible.

But climate change also has security impacts. In 2015, in a departure from conventional notions of national security to a broader one encompassing environmental factors, the US Department of Defense identified key factors (among many) that were central to assurance of security.

That the Pentagon is saying such things is a sign that the climate change debate has shifted fundamentally towards consideration of what should be done in place of arguments about whether climate change is real. The factors include:

- persistently recurring conditions such as flooding, drought and higher temperatures, which further burden fragile states and vulnerable populations
- extreme weather events that are more frequent, more severe, or both, which may require military involvement in humanitarian assistance and disaster relief
- sea-level and temperature changes affecting coastal communities and military facilities and potentially leading to displaced populations.

These factors, should they manifest at the levels projected by many established authorities, will directly and indirectly affect Australia and its neighbours. Each factor can trigger significant disruptions. However, in contexts in which they're linked interdependently or contemporaneously, they're more than likely to challenge the capabilities and surge capacities of Australia's civil emergency and military agencies.

Climate- and weather-related disasters can also be considered, *in extremis*, existential threats to humanity. Therefore, new policy practices within government should be considered and historically delineated departmental roles and relationships should be reconsidered.

Choices need to be made nationally, in concert with state and local governments and the private sector, about how to best balance mitigation and response efforts for dealing with emergent national and international climate-related threats and impacts in the short, medium and longer terms.

Quick wins

If the next Australian Government wants to enhance our national and regional security in the face of climate variability and to support the wellbeing of our near neighbours, it needs to create new ways of 'doing' policy and practice. Some suggestions are as follows:

- Endorse the current draft National Disaster Risk Reduction Framework developed by the National Resilience Taskforce within the Department of Home Affairs and sustain a core team to implement agreed strategies within it, in collaboration with state and local government and the private sector.
- Establish strategic horizon-scanning capabilities for fast- and slow-moving climate-related threats to support both general policy development and specific climate impact assessments operating at two levels—an agency focus and a strategic (national) focus.
- Develop communities of practice involving relevant government agencies (local, state and federal) and the private sector to provide joined-up thinking on current and future vulnerability and mitigation strategies for addressing climate impacts.
- Replace the existing (2011) National Strategy for Disaster Resilience with a new National Climate Resilience Strategy overseen by a supported coordination effort advised by collaboration across all three levels of government, representative industry groups and dedicated national security agencies.
- Push the Pentagon's analysis into our own Defence organisation's strategic and capability policymaking and planning to shift the institution beyond its current setting of seeing climate change as one of many competing environmental factors.

The hard yards

There are pockets of excellence in disaster risk reduction and agile security planning in Australia at all levels of government, but we're not dealing with linear interactions of phenomena that are easily balanced by policy options derived from past experience. Now that climate-related disasters are projected to be more prevalent over the coming years, mitigation efforts at local, state and federal levels need to be carefully planned and well supported.

It's fairly clear that, both historically and recently, groupings of national security agencies in Australia haven't been able to articulate a joined-up approach to effectively begin to tackle the many impacts likely to flow from regional and global climate change effects and weather-related disasters. Greater coordination of effort is needed. This should occur over time as recent national security agency changes are more fully implemented, but time is a commodity that's rapidly disappearing. There's a degree of urgency, and such coordination shouldn't be left to chance.

The private sector is taking the lead and can be an example for the public sector. Key organisations such as the Insurance Council of Australia, the Institute of Company Directors and the Australian Prudential Regulation Authority (APRA) are becoming increasingly concerned about the increased frequency of such events and consequent cascading damage. It's significant that APRA, as an independent statutory authority accountable to the Australian Parliament for regulatory supervision of the banking, insurance and superannuation industries, has begun to ask questions of regulated entities about the viability of their processes to measure, manage and account for their exposure to climate-related disruptions.

Following the 1992 Earth Summit, the UN Environment Programme launched a finance initiative that joins up to 230 financial institutions (banks, insurers and investors) to scope and better understand current and emerging environmental, social and governance challenges—especially those linked to global climate change. Last year, local members of the initiative facilitated a two-day conference in Sydney, leading to the initiation of work on developing an 'Australian Sustainable Finance Roadmap'.

An intended end point of this work is enhanced resilience and stability of the finance sector in the face of shocks and stresses of significant climate change impacts. Additional improvements in institutional risk management and financial performance are expected through explicit consideration of environmental, social and governance exposures and opportunities in lending, insurance and investment analysis and decision-making.

It's time for overt, joined-up government efforts that are commensurate with industry efforts.

Breaking the rules

Policy is often derived from experience of the past and targeted at concerns of the present. That may work with simple and non-complex issues, but the likely climate-driven effects that Australia and nearby regions will face in the near to medium term aren't linear and require effective decisions and collaborative action beyond conventional approaches to governance.

Developed and developing economies share similar exposures to variable climate factors, and a view from the Pacific may be relevant to how we consider future choices. Tevita Motulalo of the Royal Oceania Institute, in examining challenges for Pacific economies resulting from climate change, has suggested that:

The best ways forward may not be just 'adaptation', but an evolutionary jump: especially for traditional development partners of the region to guarantee and facilitate (or at least not impede) new industries, viable economies, and more effective institutions that can handle the rapidly changing environment. Climate-proofed growth for Pacific economies is the best pathway to a stable region, and a secure pivot for global security in the future.²

One such evolutionary jump might be happening in the Philippines; in October 2018, 96% of the House of Representatives approved the creation of a new federal Department of Disaster Resilience. The new agency is expected to be a veritable one-stop shop providing leadership and coordination in the continuous development of strategic and systematic approaches to disaster prevention, mitigation, preparedness, response, recovery and rehabilitation.

While this Philippine innovation might not fit our needs, it's an example of what an economy severely affected by seasonal disasters exacerbated by climate effects has decided to do to support its security and the wellbeing of its population.

Climate-proofing Australia's national security will require new thinking and policy enhancement—possibly an evolutionary jump of our own—informed but not encumbered by the past or the present and made agile by looking with a variety of viewpoints to the future.

Notes

- 1 Deloitte Access Economics, *Building resilient infrastructure*, report prepared for the Australian Business Roundtable for Disaster Resilience and Safer Communities, 2016, [online](#).
- 2 Tevita Motulalo, 'Climate change and the shifting strategic landscape in the Pacific', *The Strategist*, 18 November 2015, [online](#).

Energy security

Clare Paynter

The challenge

Australia's energy sector is on the precipice of change, with a strong potential for an exciting energy-abundant future ahead of us. However, given our plentiful natural resources, Australians have historically been complacent about the risks that poorly managed energy security may present, which are further complicated by the large number of players in the sector.

Without careful stewardship, this transition includes several stumbling blocks. For example, the large number of renewable generator applications underway may impede the long-term planning ability of electricity networks, and the sharp reductions in revenue that renewables will bring to baseload generators may serve only to destabilise the domestic electricity market.

The absence of an agreed definition of 'energy security' also adds further uncertainty for industry and consumers. The energy network is a delicately balanced system, and a range of disturbances can severely affect its stability and reliability.

Several recent disruptions highlight the importance of stability and reliability. In December 2015, the Tasmanian energy crisis was triggered after the sudden failure of the Basslink undersea power cable, when low dam storage levels, a drought and the recent removal of gas-fired generators combined to create a perfect storm. In the aftermath, key stakeholders held months of emergency meetings to fast-track the installation of diesel generators, while the undersea cable was painstakingly restored.

In the 2016 South Australian blackout, high-care patients had to be urgently transferred after a hospital backup generator failed. At another medical facility, several embryos were cruelly lost. On the Eyre Peninsula, the power was out for several days.

The rushed closure of Hazelwood Power Station in 2017 demonstrated the implications of large infrastructure being owned by private international entities, when the government and market operator were unable to achieve an orderly shutdown. Given that only four of Australia's eight states and territories have full ownership of their electricity networks (Western Australia, Tasmania, Queensland and the Northern Territory), this is a sobering thought.

Life in Australia's iconic remote towns would also quickly grind to a halt should our already critically low stockpile of imported liquid fuels be compromised. Within weeks, there would be no fuel to fly our planes, no petrol to drive our cars, and no diesel available to restart our perilously balanced power system.

Ultimately, these challenges present the next Australian Government with an immense opportunity to establish long-term leadership on transitioning and promoting energy security. States have tried in its absence, but gas, liquid fuels and electrons all transit across borders.

A unified approach is needed. By both removing barriers and casting a watchful eye over the market, the federal government can continue to encourage significant private development, while preventing Australians from being short-changed. At the end of the day, who else does the buck stop with?

Quick wins

The immediate focus of the government needs to be on establishing an orderly and secure transition of the electricity sector, as there's a growing wave of investment into renewable sources that should be accommodated as much as possible.

Benchmarks are critical. The government must commit to and deliver regular national energy security assessments—a critical yardstick in this fast-moving sector. Ideally, the assessments should be conducted by an independent panel as diverse as the sector it aims to capture.

It's also imperative that the government creates a clear definition for energy security as a basis for addressing the intent of the Paris Climate Agreement. This will establish a platform on which to create better policies.

The government should resurrect the National Energy Guarantee as a matter of urgency. It's not perfect, but it's the best chance we have to move past political paralysis.

Because renewables are now considerably cheaper, sustaining measures to underwrite coal- or gas-fired generation is an expensive distraction.

Next, it's important to ensure that transparency is a clear objective for generators and network operators in the National Energy Market. Currently, players are surging forward with blindfolds on, unable to gain an accurate perspective.

Alleviating congestion and unlocking existing network capacity are the next step towards a coherent transition. Implementing the renewable energy zones identified in the Australian Energy Market Operator's Integrated System Plan should do just this, ahead of new waves of private investment.

Finally, electric vehicles (EVs) are starting to go mainstream, and it's easiest to implement policy now rather than chase our tails to catch up with demand. The government needs to ensure that all new and upgraded distribution networks include enough capacity for electric vehicles. The future is very near.

Two specific points need addressing: liquefied natural gas and reliance on liquid fuels.

Liquefied natural gas is a critical transition fuel, and Australia has been blessed with plentiful resources, but the high gas exports of recent years shouldn't be allowed to compromise our energy security.

To ensure that gas generators can reasonably support renewables through the transition away from inflexible coal-fired generation, a domestic gas reservation policy should be implemented. This would be an instance of the federal government (or state governments) providing watching guidance over the market to secure the best outcome for Australians.

Australia is vulnerable as a result of our reliance on liquid fuels. All going well, our liquid fuel situation should look very different in 10 years' time due to the advent of EVs.

This has already been shown to be the case in San Francisco, where EVs exceed 25% of active vehicles and tariffs are changing as a result. We must ensure that policy considerations incorporate views of a future in which there's a reduced dependence on liquid fuels as EVs become more established.

However, that doesn't alleviate the severity of the situation today, when unacceptably low levels of liquid fuel storage have the potential to bring the country to a grinding halt. There's no easy way around this—we need a concerted effort to bring our onshore stocks up in the face of geopolitical instability across maritime supply chains.

The hard yards

If quick wins are about facilitating the transition to a secure, multisourced energy sector, the hard yards are in establishing this new energy era and supporting it with a range of flagship projects and longer term policy considerations.

Energy security—from the perspective of reliability—is no longer broken into distinct elements such as electricity, gas and liquid fuels. This is the era when key linkages are critical.

After resurrecting the National Energy Guarantee, it's time to make it more ambitious. We've also started to implement the renewable energy zones, so consideration should now be given to nation-building projects—Snowy 2.0 or the Battery of the Nation project in Tasmania.

It's important to note that flagship projects should be chosen very carefully in an increasingly distributed power system, and single expensive projects such as these could distract from a multitude of other projects, and potentially even become stranded.

Australia will need to invest in road infrastructure differently. With a wave of electric vehicles on its way, a solid network of high-voltage chargers needs to be installed along every major highway in Australia.

Once that's in place, the focus can be shifted to building hydrogen generation, targeting sites with excellent wind, solar and water resources to allow the electrolyzers to run almost 24 hours a day. A hydrogen fuel cell network can then be implemented to ultimately crack our dependence on liquid fuel for transport once and for all.

Breaking the rules

Electricity transmission infrastructure is expensive, is difficult to maintain and is affected by inclement weather. In the new age of distributed energy resources, we can reconsider conventional reliance on long-distance network connections and shift to largely self-sufficient microgrids across Australia so that each city or town has enough generation and storage to power its houses, communities and cars.

In doing so, we'll create a robust market of new energy services and improve the resilience of our overall network.

A new approach to development and human security in Papua New Guinea

Stephanie Copus-Campbell

The challenge

Papua New Guinea (PNG) is Australia's closest neighbour, separated by less than four kilometres of water. Many of PNG's domestic challenges, especially those resulting in the movement of disease, crime and people, can compromise Australia's border security. The influence of external powers, whose intentions are inimical to Australian interests, in PNG would present a profound strategic challenge.

While these challenges can be significantly abated through comprehensive engagement and social and economic development, PNG has remained, for over four decades, in the bottom quarter of the UN Human Development Index.¹ It's in Australia's national interest to see this situation improve, especially since PNG's population is set to double within 20 years and reach 30 million by 2050.²

An incoming Australian Government should regard the bilateral relationship with PNG as one of Australia's most important foreign policy priorities.

A core element of the relationship should be to assist PNG to positively shift social and economic indicators. Australia must continue with a substantial aid program but improve the impact of that aid. This will take leadership, courage and an appetite for doing things differently.

Continued efforts should be made, based on lessons learned in the past, to link aid to the entire Australia–PNG whole-of-government relationship spanning defence, health, immigration, policing and so on. Australian aid should also be applied as part of a suite of development tools, including trade, labour mobility and private-sector investment. As history shows, aid alone is insufficient to help countries achieve stability, growth and prosperity.

Quick wins

The current PNG Aid Investment Plan, Australia's articulation of its aid strategy, is expiring. This gives an incoming federal government the opportunity to define a new approach to helping PNG achieve better development results.

A quick strategic win would be to better focus the aid dollar. Australian aid is currently spread over 10 different sectors, each of which contains a range of programs that in turn target many different priorities. Within health, for example, it includes support for the decentralisation of health service delivery; immunisation; institutional strengthening and capacity building; health infrastructure; training; addressing communicable diseases; snakebite treatment; health security; and maternal and child health.

Focus is important because over half a billion dollars in aid doesn't go far, considering the development challenges confronting PNG and its own insufficient resources and capacity to meet the needs of almost 10 million people in one of the fastest growing populations in the world. It's the same amount, for example, that the Northern Territory (population 250,000) spends on resourcing schools for a year;³ the Australian Capital Territory, with 400,000 people, has allocated for health infrastructure in 2018–19;⁴ and the NSW Government provided to farmers in 2018 for drought relief.⁵

A new strategy is also an opportunity to articulate quick wins that increase support for Australian aid. Performance targets might include decreases in child mortality through increasing very low rates of immunisation; establishing a new partnership between Australian and PNG police that sees more uniformed Australian officers on the ground to improve perceptions of security (but not until fully understanding lessons learned from previous attempts); rehabilitating high-priority infrastructure; or entering into public–private partnerships that result in rapid change in areas such as education. Finding immediate ways to demonstrate outcomes as part of the multi-country APEC initiative to get 70% of the country connected to power by 2030 will show commitment to address a major priority for the PNG Government and the community.

Another quick win would be to demonstrate new approaches to partnership that can more effectively leverage skills, resources and a commitment from all interested stakeholders, including other donor countries and organisations, such as New Zealand, Japan, the EU and China, multilaterals such as the World Bank and the Asian Development Bank, and the private sector, to achieve common goals.

Partnerships are important because many of PNG's significant development challenges affect a variety of stakeholders that each share an interest in finding solutions. When the interests of all these stakeholders come together—the national interests of PNG, Australia and other countries; the social and economic interests of subnational governments and communities; the business interests of the private sector and landowners; and the humanitarian interests of not-for-profits and multilateral organisations—creative solutions can be found to drive change that would otherwise be impossible.

The hard yards

While quick wins are necessary to increase confidence and support for aid and to maintain the relationship with PNG, there are no quick fixes. Most of the change necessary to protect Australia's national interests are intergenerational, and success requires multidecade strategies and time frames, bipartisan commitment to stay on course with each change of government, capacity to identify what isn't working and modify the approach, and a willingness to take risks, try new things, work differently and commit to robustly measure and report results. These are all difficult in risk-averse bureaucracies, which have historically tended to reward output and process over impact and outcomes.

Adopting a partnership strategy that sets the stage for significant and positive change over many years will also require adjustments to how the aid program is managed and delivered. Building relationships also takes time and expertise and a critical mass of people committed to PNG—which isn't always easy to find, especially because PNG is considered a hardship posting.

Short-term initiatives need to link to longer term programs to ensure that they're sustainable and not making things worse for PNG and its people. In defining a new strategy, and identifying quick wins, it's important to have a clear understanding of what can go wrong over time and how to reduce the chances of negative outcomes. For example, a goal might be to lower rates of human immunodeficiency virus (HIV) and tuberculosis partly by ensuring that more people have access to lifesaving drugs. But if the commitment isn't long term, this laudable goal can result in drug-resistant disease when drug supply is disrupted (PNG now has one of the highest rates of drug-resistant HIV in the world).

Australian aid accounts for over 70% of all aid to PNG, so reducing or changing programs in one area to the benefit of another will create winners and losers and make efforts to better focus the aid program challenging. Australian aid makes up only 8% of PNG's budget. For development outcomes, it matters what PNG does with the other 92%. Effective aid must understand and operate within the broader context: within sector, whole-of-government, bilaterally and across donor partners.

Breaking the rules

Helping PNG to improve development outcomes will necessarily mean very different approaches to Australia's traditional methods of design, procurement, monitoring, evaluation and partnership in its aid program. This will require breaking some current rules—such as how the aid program undertakes contracting, works with the private sector and recruits aid officials from the Department of Foreign Affairs and Trade posting rounds to work in PNG. If the past 40 years indicate what the future holds, the result of not changing will be tens of millions more people on Australia's doorstep with poorer health and education, greater levels of insecurity and frustration, and every reason to look elsewhere in building relationships of strategic value to the future of PNG.

There's a significant opportunity for an incoming government to prioritise PNG as one of Australia's most important relationships and to lead a new approach to help change the country's development trajectory to improve the lives of its population. In securing its own national interests, can Australia afford not to give it a go?

Notes

- 1 HDI—Human Development Index: 1975–2005, country rankings, *Photios.com*, 2018, [online](#); UN Development Programme, *Human development data (1990–2017)*, UN, 2018, [online](#).
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Assisting Papua New Guinea with maritime and border security

Dr Sam Bateman

The challenge

Maritime and border security in Papua New Guinea (PNG) are major concerns for Australia. PNG is Australia's closest neighbour. If its borders and waters aren't secure, then illegal immigrants, drugs and other prohibited goods can readily move through PNG into Australia.

PNG's maritime and border security arrangements have many gaps, and we could be doing more to assist PNG in this regard. Stepping up is consistent with the recent Pacific initiatives and is in both PNG's and Australia's interests. If we don't step up our efforts, China could well step in with defence and security assistance.

PNG is an archipelagic nation with a large exclusive economic zone (EEZ) and long and complicated borders with its neighbours. Some parts of the EEZ, including far-flung islands, are very remote. Surveillance and patrol of this large area to maintain sovereignty, protect resources and prevent illegal activity is a challenging task. Illegal, unreported and unregulated fishing is a major problem across the EEZ.

PNG agencies working on border and maritime security are starved of equipment and funding. The national approach to these requirements has also lacked coordination, so each agency 'does its own thing'.

The PNG Defence Force (PNGDF) and Royal PNG Constabulary (RPNGC) share the main responsibilities for maritime and border security, but their efforts are weak. The RPNGC has insufficient resources deployed to border areas and has closed key border posts.

The PNGDF appears to allocate priority to implementing its plans for force expansion rather than the conduct of current operations. Existing and planned aircraft of the PNGDF Air Transport Wing are unsuitable for maritime surveillance. PNGDF patrol boats have insufficient resources to undertake extensive patrolling of PNG's waters, and PNGDF units based in Kiunga and Vanimo near the Indonesian border also lack resources for any worthwhile patrolling of the border area.

PNG has three main borders: with Australia, Indonesia and Solomon Islands. All three have security problems. The borders with Indonesia and Solomon Islands aren't well patrolled on the PNG side and are largely open to the uncontrolled movement of people and goods.

The 720-kilometre border with Indonesia requires the most protection. Indonesia attaches high importance to this border and in recent years has undertaken major infrastructure and social development projects in its border areas. Those developments haven't been matched on the PNG side.

The border with Australia across the Torres Strait is the best controlled of PNG's borders, but some illegal movement of people and goods, including drugs and firearms, still occurs.

PNG's border security threats include the illegal movement of drugs, weapons and tobacco and people-smuggling and human trafficking. Illegal firearms enter PNG across all three of its borders.

They are sought after for tribal fighting, robbery and personal protection. Weapons and ammunition are smuggled into PNG from Australia, reportedly in exchange for drugs.

PNGDF thinking and strategy are dominated by its Land Element. The PNGDF Commander's priorities for additional Australian support are capabilities for greater land mobility and helicopters flown by PNG personnel.

Australia's Defence Cooperation Program (DCP) with PNG is currently worth \$42.7 million. Much of this is directed towards Land Element training and exercises. PNG is to receive four of the new Guardian-class patrol boats as part of Australia's Pacific Maritime Security Program, which also includes up to 1,400 hours of aerial surveillance each year across the central and western Pacific using two dedicated long-range aircraft based in the region. Our current maritime security assistance to PNG is largely focused on bringing the new patrol boats into service, but we should also be concerned about how those vessels are employed.

Australia's support for maritime security through the DCP distorts the way in which the PNGDF's patrol boats are employed. Much of the PNGDF's effort is allocated to 'naval' activities, especially exercises with other navies, largely funded through the DCP. Those exercises have some benefits but they take the patrol boats away from national priorities of sovereignty protection and maritime law enforcement.

PNG has taken some action recently to improve maritime and border security. In 2017, it appointed its first Immigration and Border Security Minister and announced the establishment of an Oceans Office to have oversight of its maritime affairs. However, it's not clear whether those initiatives are bearing fruit.

Quick wins

There's an urgent need for capacity-building assistance to PNG to help patrol its waters and protect its borders. Australia might assist by responding positively to the PNG Deputy Prime Minister's recent call for the creation of a joint coastguard or maritime police force with Australia and the US for law enforcement in PNG's waters. We might respond by deploying RAN or Australian Border Force patrol boats, or both, to work cooperatively with PNG assets in patrolling PNG's waters.

The Australian Government might offer advice and assistance to redress problems with PNG's naval bases, which are severely run down. The Port Moresby base is being reclaimed for port development without a satisfactory alternative. Australia and the US have agreed with PNG to redevelop the naval base at Lombum on Manus Island. A refuelling facility is a basic requirement. Redevelopment should also include the Momote airfield to allow Australian and American maritime patrol aircraft to be based there.

The hard yards

Despite being a large archipelagic country with extensive maritime interests, PNG lacks maritime awareness. Internal issues of law and order and infrastructure attract the most political interest. A conflict of interest exists between the highlands provinces and the coastal and island provinces; the highlands have more political influence.

Australia should work towards promoting greater maritime awareness in PNG. PNG might follow Indonesia's archipelagic model (*wawasan nusantara*) and use the country's archipelagic nature as a uniting force rather than as a dividing one.

We might assist PNG more directly in developing strategies for maritime and border security. This would help provide an understanding of requirements across all areas of government and help coordination between the many agencies in PNG concerned with maritime and border security.

We might also provide greater support for PNG in maintaining its borders with Indonesia and Solomon Islands. However, borders are sensitive national issues, and PNG might not initially welcome direct Australian assistance in this area. Such assistance might also affect Australia's relations with Indonesia and Solomon Islands.

As a first step, bilateral talks might be initiated with PNG on Australian assistance with security along its borders with Indonesia and Solomon Islands. The talks might be supported later by trilateral talks involving Australia, PNG and each of the other two countries.

Breaking the rules

The PNGDF's current plans to expand its size, particularly of its Land Element, are unrealistic because of the costs involved. It's already unable to meet its current maritime and border security commitments due to inadequate funding. Its plans also ignore past problems in maintaining a larger force and maintaining discipline among underemployed soldiers.

Despite these problems, Australia appears to support PNGDF expansion. This is largely due to the Australian Army being the dominant external military influence in PNG. The RAN has shown relatively less interest in PNG, and the RAAF almost none at all. That might need to change to make the Lobrum initiative succeed. So, breaking the rules might include adopting a more balanced approach to our military influence in PNG, as well as encouraging PNG to think more about the civil dimensions of maritime and border security.

PNG faces no external military threat but does need to exert sovereignty over its maritime areas. Arguments for the expansion of the PNGDF Land Element, including the raising of a third infantry battalion and reserve battalions, revolve around the force's largely self-motivated involvement in civil emergency assistance and nation building. The resources committed to preparing and expanding for those tasks might be redirected to current operations, especially maritime and border security.

Consideration might also be given to whether PNG's maritime and border security would be best provided by splitting the Maritime Element from the PNGDF to form a PNG coastguard with its own command arrangements, priorities and policies. This idea would be strongly opposed by the military establishments in Canberra and Port Moresby, but wider national factors and opportunities for deep partnerships with Australia should also be considered.

The technology and security agenda

Future technologies and Australia's defence industry

Dr Malcolm Davis

Australia's approach to defence capability development tends to emphasise the acquisition of exquisite and expensive 'legacy' platforms—combat aircraft, submarines, naval surface combatants and armoured fighting vehicles—and then look to fill 'capability gaps' between them.

They're essential force components, but their high cost means that our ability to acquire large numbers of them is constrained, leaving our defence force relatively small and boutique, while the time taken to acquire them is too long. The big systems may well remain key to military operations, but by themselves they will not be sufficient for our defence force to prevail in future conflict.

One way to minimise capability risk, which will be magnified by a rapidly deteriorating strategic outlook, is to recognise and exploit new technology areas that can be deployed quickly and act as force multipliers or allow us to introduce new types of 'leap ahead' capabilities that complement—and in some cases displace—big, complex platforms. Investment in these areas would also allow new areas of Australia's defence industry to flourish.

The challenge

The Australian Government must identify and prioritise investment in 'leap ahead' technologies that could generate disruptive innovation in a manner that delivers lasting decisive advantage to the ADF in future war.

Quick wins

The next Defence White Paper must recognise science and technology as a fundamental input to capability of equal standing to industry and other existing fundamental inputs. With that in place, the government must then lay out a defence science and technology strategy that clearly identifies key technology priorities for the ADF over a 10-year time frame.

Funding levels through the Next Generation Technologies Fund of \$730 million over the decade to 2025–26, and the Defence Innovation Hub of \$640 million through to 2025–26, should be doubled or even tripled to implement the strategy. This would allow for both faster development and adoption of new technologies and broader coverage of technology areas.

Establishing an Australian equivalent to the US Defense Advanced Research Projects Agency (DARPA) would be a very good move. This organisation would aim to exploit disruptive innovation and identify 'Maxim gun moments' that could allow the future ADF to avoid technological surprise (and perhaps achieve its own), gaining the means not only to punch above its weight but to prevail against larger adversaries.

The 2018 Defence Industry Capability Plan identifies sovereign industrial capability priorities, but they tend to ignore some of the more cutting-edge technology developments. For example, there's no mention of advances in autonomous weapon systems and platforms or hypersonic propulsion, which are going

to be transformative in future war. Nor is there any consideration of ‘Space 2.0’ capabilities, such as responsive space launch and small satellite technology. Given Australia’s emerging sovereign space industry, those areas need to be seen as sovereign industrial capability priorities.

The hard yards

Those quick wins would enable Defence to identify and invest in many key technologies that are considered ‘leap ahead’ capabilities important for Australia’s requirements for war in the 2020s and beyond.

Let’s start with swarming in war with unmanned autonomous systems (UAS). This is a step beyond the sort of ‘drone’ technology commonly used during the global war on terror, and beyond even the Reaper unmanned aerial vehicle to be acquired under Defence’s AIR 7003 program.

Future war will see combatants exploiting large networked swarms of UAS in the air, on and under the sea and, potentially, in the longer term, on land. This could transform the battlespace through new ways of gathering tactical intelligence over a complex battlefield.

Swarms of small and cheap UAS can gather and share intelligence, exploit natural stealth, and, with the application of artificial intelligence, self-coordinate their actions.

Applied effectively, they could overwhelm an opponent’s anti-access/area-denial (A2/AD) defence through sheer numbers, akin to fire ants attacking prey.

Manned platforms would deploy and control swarms of UAS at long range, ‘on the loop’, removing the need to penetrate contested environments.

If the government is serious about exploiting this technology, it needs to invest in perfecting trusted autonomy technologies for UAS. That will demand that we acquire resilient battlespace networking, and develop autonomous systems that can self-coordinate in a swarm.

Another innovation would be to consider how additive manufacturing might transform logistics for such a capability. We can now 3D-print a drone. Why not 3D-print *en masse* directly at the front line?

Another priority for Australia’s near-term development of future military capabilities should be hypersonic weapons. Hypersonics relates to aircraft and missiles travelling at Mach 5 (five times the speed of sound, approximately 6,000 kilometres per hour) or faster. That high speed offers very significant advantages in rapid attack over great range and an ability to defeat A2/AD systems.

Hypersonic antiship missiles may make the survivability of naval surface combatants such as the Hobart-class destroyer and Hunter-class frigate within an adversary A2/AD environment unlikely. Future war will be a ‘race to the swift’ in which the side that can strike most rapidly wins. Continued reliance on yesterday’s slow, limited-range stand-off weapons (such as the RAN’s Harpoon antiship missile) puts the ADF at a severe military disadvantage against a major power with long-range supersonic or hypersonic weapons in tomorrow’s war. Rapid replacement of lost systems will also be an attribute of the victor, and that is much more possible with ‘disposable’ technology like UAS swarms than with frigates or submarines.

Australia is a world leader in civilian hypersonics research, but in this country the technology remains firmly stuck in the science lab, rather than being applied to real military capability. The government should be investing strongly in developing hypersonic capabilities that can be quickly deployed operationally for future stand-off weapons, in cooperation with key partners such as the US, Europe and Japan.

Hypersonic weapons travelling at Mach 5 are fast, but nothing is faster than light (at around 300,000 kilometres per second). The development of solid-state laser weapons and high-power microwave weapons ('directed-energy weapons') is a logical riposte to the threat posed by hypersonic missiles being developed by peer adversaries. Such directed-energy weapons are being developed by potential adversaries and Australia's allies.

A related area is electronic warfare, which will be critical to success or failure in the future battlespace. Advances in radar and sensor technology could potentially undermine the effectiveness of stealth, which is the basis of the F-35A's combat edge. The use of electronic warfare to counter an adversary's 'counter-stealth' acts to preserve the technological edge of our airpower. It allows us unique approaches to both attack and defence.

Autonomous systems, hypersonics, directed-energy weapons and electronic warfare are where Australian defence science and technology research, and defence industry, can play an important role. Failure to invest in these areas will see the ADF less able to survive in the next war.

Breaking the rules

Two areas of technology investment can lead to new capability that fills two existing capability gaps. The first gap is the absence of long-range strike and deterrence. With the retirement of the F-111C, the RAAF has invested in shorter range platforms such as the F-35A that sacrifice payload and long range for stealth. Certainly, the government should move quickly to invest in acquiring longer range stand-off weapons, but the RAAF should also consider acquiring a new long-range manned or unmanned strike platform with comparable or superior payload, speed and range to the F-111C. This could be facilitated by participation in the US Air Force's 'penetrating counter-air' and the US Navy's 'next generation air defence' programs, and similar European projects. Establishing sovereign support of emerging technology programs through the measures discussed above makes that valuable Australian contribution possible.

The second gap is sovereign space support. Exploiting the space domain is vital for the ADF in future war. Australia's fast emerging space industry is well placed to support the ADF's 21st-century warfare requirements by supplying locally built satellites for intelligence, surveillance, reconnaissance, communications and specialised tasks. Australian companies are already establishing space launch sites in South Australia and in the Northern Territory. Australian companies are also developing launch vehicles, both rockets and reusable hypersonic vehicles, able to deploy Australian satellites on need from such launch sites. Defence funding for a sovereign space capability that can support the ADF must become a key new joint capability to complement existing force components in the 2020s and beyond.

Investing in fundamental research: quantum technologies and defence

Dr Andrew Davies

The challenge

The Australian Government has many avenues for funding research in technologies relevant to defence and national security. As well as supporting the broad university sector, researchers can access a number of government-funded schemes under the auspices of the Australian Research Council¹ and the Department of Industry, Innovation and Science.² Some specific technology sectors, such as the recently formed Australian Space Agency,³ have their own funding lines and organisational structures. Within Defence, there's the Defence Science and Technology Group, which collaborates with both overseas partners and other Australian researchers, and the Capability Acquisition and Sustainment Group, which has a number of avenues for funding research in support of its other activities.

There are two main reasons for using the defence budget to fund research activities:

1. *Key technologies*: If we're to maintain a degree of defence self-reliance (and, more broadly, want to keep the technology base of our economy healthy), it's important to have an in-country cadre of practitioners in key technologies to help Defence understand new developments and make the best use of new technologies.
2. *Local innovation*: Australian researchers sometimes have ideas that could provide our armed forces with a competitive advantage (a good example being CEA's radar systems—see ASPI's *Rearming the Anzacs* for a discussion of how that cutting-edge indigenous technology was matured into a war-fighting system.⁴)

Given the relative scarcity of resources, there are always new calls for funding coming from the research sector, and the incoming government will find itself being offered briefings on a range of technology areas. Many will be pitched as offering the possibility of substantial returns on investment if successful, while others will be accompanied by warnings of the dangers of being left behind on important developments. The next Minister for Defence and the cabinet—who are unlikely to have deep scientific or technical expertise themselves—will have to prioritise the allocation of the limited available funds, being asked in effect to try to pick winners.

Researchers in quantum technologies—those based on the subtle behaviour of matter and light and the molecular and lower levels—will be among those seeking support. They'll be able to point to a range of promising new devices that will exceed—and potentially greatly exceed—the performance of existing systems. In some cases, especially quantum computing, it wouldn't be too big a stretch to talk about truly socially transformative outcomes. And equally transformative changes to defence, intelligence and wider security could come from quantum computing's ability to break the world's strongest encryption systems. But there are no guarantees of success, and the competition is fierce, as groups around the world are working towards the same ends. (The interested reader can find more in ASPI's 2017 publication *From little things: Quantum technologies and their application to defence*.⁵)

Quick wins

There probably aren't too many quick wins to be had in this area. For example, quantum computing has been an active research field for decades and is yet to produce a practical device. Despite recent progress towards a more stable and usable quantum computer,⁶ current machines remain largely at the 'proof of concept' stage, and much more has to happen for their potential to be realised.

If there are 'quick' (and I use the term advisedly) wins in the field, they'll be found in areas that rely on relatively simple quantum systems that are more amenable to being incorporated into a practical device. As discussed in ASPI's *From little things* paper, quantum sensing systems fall into that category. Examples include precision inertial navigation and positioning systems that promise substantial performance gains over existing classical physics-based systems. Defence applications include providing accurate positional information without reference to GPS (thus increasing the resilience of systems in a GPS-denied environment) and improved navigation systems for submerged submarines, reducing the need for them to expose an antenna for positional fixes.

Australian research groups are working on quantum sensing systems, and Defence could usefully ensure that it has a sound understanding of their progress and be prepared to offer resources for the most promising. The CEA radar example cited above eventually came to fruition, and benefited from Defence support along the way, but it was hardly 'fast-tracked', and there were times when more support would have helped expedite the excellent outcome. For promising technologies, doing more sooner increases the chance of gaining a competitive advantage.

We should note here that comparative advantages only work when you have a technological lead over competitors. In that context, policymakers in the next government could usefully read ASPI's paper on the Chinese military's collaborations in Australian universities.⁷

The hard yards

Despite the slow pace of development of usable quantum computers, a breakthrough remains possible, and there are many research groups working on the problem around the world. If it proves possible to build a large-scale programmable quantum computer, that will change virtually every aspect of modern life. The development of 'classical' (as opposed to quantum) computers has increased the number of calculations that can be performed per second by a factor of a million in the past 30 years. Quantum computing could do the same again in a single step. That explains the considerable hype that surrounds the subject, though it should be noted that many articles on the subject underplay substantial engineering difficulties.

Security-related applications of a quantum computer include code breaking—the encryption underlying many of today's secure communications being especially vulnerable—the design of novel new materials and the detection of very faint signals against background noise. Given the potential of quantum computing, it fits into the 'key technology' category, meaning that investing in in-country efforts is prudent—even if a breakthrough happens elsewhere, we'll need to understand it. Researchers will always welcome more money but, given that the government already supports research in quantum computing through a centre of excellence (funded by the Australian Research Council)⁸ and other collaborative ventures,⁹ the current arrangement is probably adequate—at least until we understand that some of the security applications are closer to realisation.

Breaking the rules

The links between academia and government science have improved in recent years. The Turnbull and Morrison government's focus on innovation has helped, and both carrots (government-backed collaborative funding avenues) and sticks (the general tightness of university-provided research funds) have helped bring researchers together, but the level of coordination and cooperation could be further improved. Australia lacks a high-level coordination mechanism like that provided in the US system by the Defense Advanced Research Projects Agency (DARPA).¹⁰ Funding and coordination provided through DARPA allows the Pentagon to maintain a robust research program across a wide range of technology areas that an internal science organisation wouldn't be able to sustain. In Australia, the Defence Science and Technology Group plays some of the same roles, but it's insufficiently outwardly focused (and not resourced) to play the forward-looking and active role that DARPA plays across the US research community. In fact, DARPA extends its net beyond the US, and Australian researchers have participated in DARPA-funded activities.

The design of OzDARPA would require some care. The US system is much larger than ours and is generally more entrepreneurial in its approach. There's a risk that trying to replicate DARPA here would result in a higher ratio of bureaucratic overhead to research investment. A local version would need to be lean and focused—and it's important that it be at arm's length from the day-to-day business of defence science. (DARPA reports directly to senior Pentagon management, not upwards through other Pentagon science reports.)

To put some numbers around the proposal, at US\$3 billion, DARPA's annual budget is about 0.5% of the US defence budget. A similar funding level here would be around A\$170 million. That needn't be all new funding, as some of the current one-off funding lines (such as those for quantum computing and artificial intelligence) could be brought under the new agency. One bonus of such an approach would be the potential to replace foreign funding—with its attendant risks of loss of comparative advantage—with local money.

Notes

- 1 Australian Research Council, Australian Government, [online](#).
- 2 Department of Industry, Innovation and Science (DIIS), *Science and research priorities*, Australian Government, [online](#).
- 3 DIIS, *Australian Space Agency*, Australian Government, 7 January 2019, [online](#).
- 4 Robert Macklin, *Rearming the Anzacs*, ASPI, 6 December 2017, [online](#).
- 5 Andrew Davies, Patrick Kennedy, *From little things: quantum technologies and their application to defence*, ASPI, 22 November 2017, [online](#).
- 6 James Vincent, 'IBM's new quantum computer is a symbol, not a breakthrough', *The Verge*, 8 January 2019, [online](#).
- 7 Alex Joske, *Picking flowers, making honey*, ASPI, 30 October 2018, [online](#).
- 8 Australian Research Council, *2017 ARC Centre of Excellence for Quantum Computation and Communication Technology*, Australian Government, 20 July 2018, [online](#).
- 9 Ministers for DIIS, 'Major leap forward for Australian quantum computing', media release, 20 September 2016, [online](#).
- 10 Defense Advanced Research Projects Agency, US Department of Defense, [online](#).

Artificial intelligence and security: future policy directions

Professor Hugh Durrant-Whyte

The challenge

Artificial intelligence (AI) will be a defining strategic technology over the next decade. All developed countries are investing massive resources and talent in building capabilities in AI; the business of the world's largest companies is predicated on the development and application of AI; future defence and security will be driven by the use of AI in algorithmic warfare and information advantage. To quote Vladimir Putin, 'AI is the future for all humankind ... Whoever is the leader in this sphere will become the ruler of the world.'

The challenge is to ensure that Australia maintains an advantage in this technology space—building AI capability, understanding how to apply it to economic and social outcomes, and knowing how to use AI to ensure algorithmic and information security against potential threats.

A quick win

In marked contrast to our international peers, Australia has yet to step up to the crease with any form of coherent and integrated approach to developing national AI capabilities that could be used to underpin advantage in both security and national prosperity. In September 2018, the US Defense Department announced a US\$2 billion program called AI Next.¹ Similar scales of funding have been committed in China, France and the UK. In contrast, the 2018–19 Australian Government budget committed to only A\$30 million of investment in AI research over the next four years. While many countries have identified AI as a key enabling technology, Australia's published science priorities focus almost exclusively on traditional applications.²

A significant quick win for the next government would be to commit to building and supporting a national capability in AI, at a scale comparable to other developed countries, supporting research organisations, government and industry and bringing a degree of coherence and drive to the sector. A national capability will deliver both security and national prosperity outcomes and needs the active participation of universities, industry, government and Defence. Gartner estimates that business value derived from AI will total US\$1.2 trillion in 2018, rising to \$3.9 trillion in 2022.³ Australia can't afford to not be a part of this global trend.

The hard yards

'AI' isn't a new technology; the term was coined in the 1950s when, at that time, researchers told the US Department of Defense that they could make computers as smart as people in only five years. Practically, current AI is (no more than) a set of computer programs or algorithms that can use data ('learn', in the jargon) to adjust their behaviour and performance over time. AI algorithms in use today—clustering, regression, neural networks—would be familiar to researchers from the 1960s. However, the power of modern mathematics and algorithms, married with vast amounts of data and massively increased computing power, has made the 'no more than' hugely powerful. Indeed, algorithms, data and computing have combined to fundamentally disrupt and change every aspect of humanity—including security and defence.

AI and information advantage will underpin and drive future deterrence, war-fighting and security capabilities across the full spectrum of threats and actors. A substantial change in policy mindset will be needed to harness the power of modern algorithms and data in the security and defence sector. In particular, this means challenging the sector to engage in the development of new AI methods and technologies and to focus on operationalising algorithms in all aspects of their business, rather than just procuring platforms such as ships, tanks or planes.

It's important that the sector appreciate that the acquisition of AI capability is very different from conventional equipment purchases; you can't 'buy an AI' and then maintain it as part of the inventory. On the contrary, while a physical ship, tank or plane is planned and built for 50 years, the algorithms that will now run those platforms can be updated every day in response to both increased threats and new capabilities. As a comparison point, look at the Tesla car—a common platform with software and algorithms (new drive controls and increasing autonomy) updated remotely, regularly and frequently. So keeping systems that run on AI will require constant investment to stay relevant and competitive.

Accompanying a change in mindset from platforms to information and algorithms will be a change in strategy, skills and engagement. All levels of defence and security will need to enhance digital and information skills, and modernisation will put a premium on training in these areas. This spans from the development of new command skills in areas such as information manoeuvre to investment in synthetic environments to build and exercise skills, from decision-making to simulated training.

Culturally, defence and security will need to undertake two major shifts. The first is to embrace connectedness and sharing of information not just across systems and commands with departments, but also across government. Second is the recognition that technology, especially AI, robotics and automation, will drive reductions in the number of people and platforms needed to deliver defence and security outcomes—and they must prepare for this.

Engagement outside of the traditional defence and security context will also be key to building advantage. In areas such as image processing, autonomous systems, decision support and cognitive communications, the commercial sector is now substantially ahead of defence and security in the application of AI technologies. The commercial sector now invests far more money and attracts much more talent than the defence and security sector. This offers opportunities, but the defence and security sector needs to work at the national level to systematically harness these capabilities outside the normal narrow space of defence and security contractors, especially engaging the start-up community and being prepared to take more risk in engagement and procurement of AI.

Breaking the rules

There's much commentary and hype about the coming 'singularity' in AI. While algorithms are becoming ever more powerful, the reality is that we're no closer to understanding 'thinking' computers than we were 50 years ago. To quote Andrew Ng, a highly regarded professor of AI at Stanford, 'I worry about AI superintelligence in the same way I worry about overpopulation on Mars.' Algorithms and data will grow in sophistication and impact, but true machine intelligence is a long way off. As noted recently in *The Economist*,⁴ we should therefore be less concerned about future killer robots and the ultimate impact of AI and be more focused on the very real capabilities and applications of AI to defence and security now.

One rule-breaking suggestion that might help open eyes and change mindsets is to go beyond various ‘grand challenges’ and demonstration days that let teams from universities and companies show off new systems. An ‘AI challenge’ might instead be much more than a demonstration. It could empower (and fund) a small number of AI teams (drawn from start-ups and universities) to work to transform a real part of Defence’s business, for example in logistics or even personnel. Working within Defence would have its challenges, but the payoff would be real AI adoption and a shift in mindset about what’s possible.

Notes

- 1 Defense Advanced Research Projects Agency, *AI Next Campaign*, Arlington, Virginia, [online](#).
- 2 The national science and research priorities are food; soil and water; transport; cybersecurity; energy; resources; advanced manufacturing; environmental change; and health. Australian Government, *Science and research priorities*, May 2015, [online](#).
- 3 Jonathan Greig, ‘Gartner: AI business value up 70% in 2018, and these industries will benefit the most’, *TechRepublic*, 25 April 2018, [online](#).
- 4 ‘Restraining the robots: autonomous weapons and the new laws of war’, *The Economist*, 17 January 2019, [online](#).

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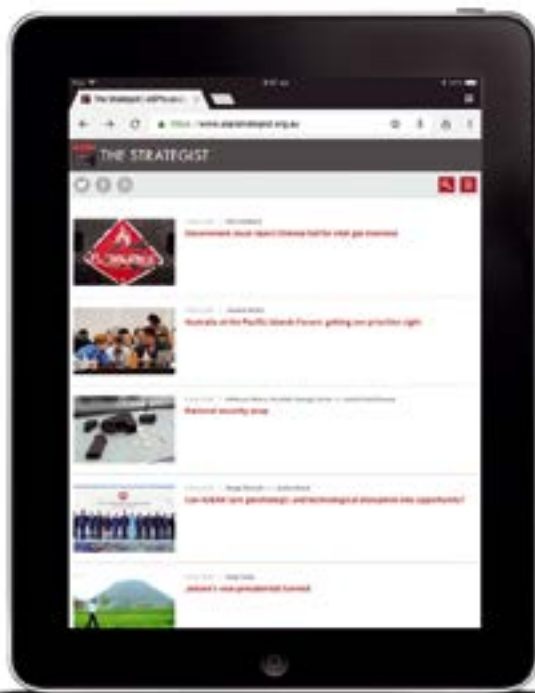


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Agenda for change 2019

Strategic choices for the next government

In 2018, many commentators pronounced the rules-based global order to be out for the count. This presents serious challenges for a country such as Australia, which has been an active contributor and clear beneficiary of that order. The government that we elect in 2019's federal election will be faced with difficult strategic policy choices unlike any we've confronted in the past 50 years.

This volume contains 30 short essays that cover a vast range of subjects, from the big geostrategic challenges of our times, through to defence strategy; border, cyber and human security; and key emergent technologies.

The essays provide busy policymakers with policy recommendations to navigate this new world, including proposals that 'break the rules' of traditional policy settings. Each of the essays is easily readable in one sitting—but their insightful and ambitious policy recommendations may take a little longer to digest.