After Mosul
Australia’s strategy to counter the Islamic State
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Cover image: Iraqi Army soldiers assault forward during a battalion clearance training scenario at the Taji Military Complex, Iraq. Australian and New Zealand forces are assisting the Iraqi Army to enhance the ability of Iraqi soldiers to combat IS, December 2015. Photo courtesy Department of Defence.
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The Prime Minister of Australia the Hon Malcolm Turnbull, MP addresses Task Group Taji 2 soldiers at the Taji Military Complex, Iraq on 16 January 2016. Photo courtesy Department of Defence.
As the battle for Mosul unfolds in Iraq, Australian policymakers must carefully consider Australia’s long-term objectives in the Middle East. One critical question needs to be answered because it’s central to the process of making strategy. What is the Australian policy objective: to what end are our forces there? Once that question is answered, we can decide what comes next.

The world has watched the Islamic State (IS) evolve from a regional insurgency to a proto-state and global terrorist organisation that poses a significant threat to Australia’s national security. In the future, the group is likely to revert to insurgency operations to ensure its survival, but the global terrorist threat will remain.

This analysis aims to inform policymakers on the current and future threat posed by the IS and what should be done about it. First, the current problem is explained by analysing four critical enablers that allow IS to function as an insurgency, proto-state and terrorist organisation:

- environmental factors that enable a safe haven
- military capability, including conventional combat power
- information operations that inspire, radicalise, recruit and expand a ‘virtual’ caliphate
- economic power to sustain IS operations.

Next, the Mosul offensive is analysed in terms of current and future IS strategy, and what that means for Australia. I conclude with recommendations for a strategy to counter IS’s evolving threat.

**Islamic State’s critical enablers**

A series of underlying environmental factors enable IS to control territory and maintain a safe haven in the Middle East. The violence, chaos and uncertainty resulting from sectarian conflicts in Iraq and Syria have provided the ideal conditions for IS to flourish, occupy and control territory and claim a caliphate. The caliphate is a safe haven, breeding ground and training area for terrorists, including foreign fighters, who may one day return home with their radical ideology, new-found skills, knowledge and experience.

As long as IS retains operational military power in Iraq and Syria, it has the capacity to secure territory and maintain a viable physical caliphate, which itself is a powerful ideological drawcard for extremists. The IS military capability comprises former Iraqi Baathists, Sunni nationalists and a large number of foreign fighters, including some from Southeast Asia and Australia. The IS fighting force achieved rapid success initially, which fed a powerful information operations narrative, giving the group credibility and prestige. Effective combat operations against IS over the past 12 months, however, have significantly reduced its military power.

Highly effective information operations have given the IS exponentially greater reach to influence, inspire and recruit. While its physical caliphate is shrinking as a result of recent military operations, a virtual (ideological) caliphate is continuing to expand. Largely by means of information operations in the cyber domain, IS continues to build a global terrorist network of affiliate groups—including those in Libya, Egypt and Yemen—and inspired individuals—
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such as the knife-wielding Ihsas Khan in Minto—that not only ensures the organisation’s survival but also gives it strategic depth. These groups and individuals continue promoting the IS by conducting violent terrorist attacks in its name. The attacks reinforce the organisation’s resilience and resolve, enabling it to retain strategic initiative despite tactical setbacks on the battlefield.

The IS draws on significant economic power to, among other things, pay fighters, finance global terrorist actions, acquire weaponry and provide governance and social services within its wilayats (provinces). Funding comes from various sources, including oil revenue, taxing controlled population, trafficking antiquities, kidnapping for ransom and international fundraising. It’s widely suggested that Saudi Arabian funding has been critical to the IS’s well-funded position. Notably, as IS loses territory, its ability to access local oil reserves is diminishing, and its loss of prestige affects international fundraising efforts.

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Current counterterrorism (CT) actions are affecting IS capabilities in an unpredictable manner, so it’s impossible to forecast with any level of certainty, but our strategy must be integrated and forward-looking to counter the evolving threat.

The IS will attempt to hold territory in Iraq and Syria while continuing to direct and inspire terrorist attacks against the West. It seems probable that it will eventually lose control of Mosul but will aim to retain the caliphate’s ‘heartland’ in eastern Syria and will remain heavily reliant upon its four critical enablers. It will aim to prolong the struggle to inflict maximum attrition on anti-IS forces but at some point will revert back to insurgent operations to ensure its survival.

For Australia, attacks by radicalised, IS-inspired individuals and returning foreign fighters remain the most likely and immediate threat to national security. Although lone-actor style attacks are the most likely threat, coordinated, large-scale terrorist actions remain possible. The enduring threat posed by foreign fighters returning to Australia and Southeast Asia requires a long-term and forward-looking CT approach.

The IS will aim to further expand its virtual caliphate and attempt to acquire the necessary knowledge, skills and resources to launch a chemical, biological or radiological (CBR) attack or large-scale cyberattack against the West in the future. A CBR attack is more likely than a cyberattack in the short term because of the group’s current expertise and capabilities.

Australia’s integrated response

In response to the IS threat, an effective Australian strategy needs to target as many parts of the IS’s complex, interconnected and global system as possible. To that end, Australia’s strategy requires a layered (deep, close and rear) and integrated approach, drawing on all instruments of national power to counter the threat. While effective collaboration is already occurring across departments and agencies, a more integrated approach will target the whole IS system. It needs to be holistic, understanding the links that bring together air strikes in Iraq with CT capacity-building in Southeast Asia and countering violent extremism (CVE) programs at home.

The IS now presents a global terrorist threat that must be defeated militarily, economically and ideologically in the Middle East, Southeast Asia and here. Australia’s CT approach can’t be linear. To effectively target the entire IS system, actions must be coordinated, integrated and synchronised across three functional geographical areas referred to here as the deep, the close and the rear.
Recommendations

A first principles review of current CT actions and programs should be conducted to inform a new, integrated CT strategy. Australia’s CT strategy should synchronise actions across the layered CT environment to improve efficiency, cooperation and effectiveness in countering terrorism.

The strategy should direct counter-IS specific actions as follows:

- **Deep.** Through whole-of-government actions in the deep, we’ll attack the IS system far from home. Environmental factors must be addressed in the Middle East through diplomacy, ‘peace building’ and humanitarian assistance, while continued ADF operations will help build partner capacity and destroy IS military power. The IS’s information operations must be disrupted and its economic power degraded across all three layers of the CT environment.

- **Close.** As IS expands its sphere of influence into Southeast Asia through affiliate groups, the Australian Government must match the increased threat with a forward-looking regional security posture. This approach will create strategic depth to give our CT agencies and partners time and space to deter, deny and defeat terrorist threats offshore. Enhanced CT capacity building, better intelligence sharing, and collaborative CVE and countering terrorism financing (CTF) efforts will help prevent further IS expansion into the region.

- **Rear.** The highest priority in combating IS terrorism is on home soil. Australia is most vulnerable to terrorist attacks in the rear because of the IS’s global reach through information operations that radicalise and inspire individuals, as well as the threat posed by returning foreign fighters. CT authorities must closely monitor returning foreign fighters, review the ADF’s role in domestic CT, audit CVE programs and design an overarching strategic communication plan to counter IS information operations across all three layers of the CT environment.
The threat from the Islamic State

The terror threat to Australia has increased significantly over the past three years. The Islamic State (IS) now poses a greater threat to Australia's national security than al-Qaeda did following 9/11.

In September 2014, following the rapid rise of the IS in Iraq and Syria, the Australian Government increased the national terror threat level to ‘probable: an attack is likely’. The threat level has remained high ever since. In 2015, the Council of Australian Governments published a counterterrorism (CT) strategy outlining Australia’s approach to countering terrorism. While it’s a useful foundation document, ASPI has consistently noted throughout 2016 that a new CT strategy is required (Davis 2016:28). The strategy needs to better focus CT efforts by synchronising CT actions internationally, regionally and domestically. I have limited the scope of this paper to countering the IS after Mosul is recaptured, but the recommendations should inform a broader CT strategy.

The IS has proven able to thrive in unstable and insecure conflict zones such as Afghanistan, Libya, Iraq and Syria. To achieve its rapid rise, the group exploited local grievances by feeding off and fuelling sectarian violence in failing nation-states. It then attempted to gain popular support by filling the power vacuum arising from a lack of effective government and governance.

In June 2014, the IS declared control over a Middle East ‘caliphate’ encompassing significant territory occupied by millions of predominantly Sunni Muslims. At that time, it held the strategic initiative because it had done what no other transnational Islamist extremist organisation has achieved: it controlled territory extending across internationally recognised borders, shocked the Western world by its abhorrent, violent and inhumane actions, and fully harnessed social media to proclaim its caliphate and promote a global call to jihad.

From its self-declared caliphate, the IS has recruited and trained fighters, directed and launched attacks, and prophesied a radical, violent ideology to all corners of the globe, including Southeast Asia and Australia. With the group consistently promoting Australia as one of its top three Western targets for terror attacks, our national interests are directly threatened (Anderson 2016).

Over the past 12 months, the Iraqi Security Forces (ISF), supported by Shia militia, Sunni tribal fighters, Iranian Revolutionary Guard (Quds) forces, as well as a multinational coalition, have recaptured almost half of Iraq’s lost territory, while the IS has also lost up to 20% of its territory in Syria (Turnbull 2016). While the IS’s military capability has been reduced, it’s far from being defeated. The battle for Mosul continues, its capital, Raqqa, remains a stronghold and it’s firmly rooted within both eastern Syria and western Iraq. Despite heavy losses, the IS still holds a significant amount of territory and controls a population of around 6 million people (Gurcan 2016).

Despite increasing pressure on its military capabilities in the Middle East, high-profile, violent terrorist attacks in the West demonstrate the IS’s resilience and resolve. An international network with considerable depth has enabled it to retain the strategic initiative by attacking the West and creating a distraction from operational setbacks in...
the Middle East. The group extended its global reach in 2015 by mounting attacks in 28 countries, compared to 13 countries the year before (IEP 2016:4).

This strategic depth reflects the organisation’s transition from a local insurgency to a global terrorist organisation. Global terrorist actions have kept the IS propaganda arm functioning with a message that resonates with disenfranchised people all over the world.

As the Mosul offensive continues, policymakers need to revise the long-term strategy for countering IS. When Iraq is eventually liberated, the IS will almost certainly fall back to its heartland in Syria. Therefore, to defeat it, Iraq and Syria need to be treated as a single problem with different causes. Those causes must also be remediated, or history will repeat and the IS will rejuvenate under a new name in the future. Put simply, we can’t treat the symptoms without also addressing the causes.

Influencing the underlying causes of the Iraqi and Syrian civil wars is the biggest challenge. Currently, the Iraqi and Syrian governments as an alternative to the IS don’t appeal to the Sunni communities in either country because of a clear Shia bias. Therefore, a broader political and humanitarian solution is needed to translate military success into strategic victory. It’s important to learn from history—15 years of counterinsurgency and CT operations in Afghanistan and Iraq—to appreciate that military action must be subordinate to but directly support political aims.

The solution must also extend beyond Iraq and Syria, as the sectarian violence there is part of a broader Sunni–Shia struggle throughout the Middle East. The proxy conflict between Shia-dominated Iran and Sunni-centric Saudi Arabia is symptomatic of much more deep-seated sectarian rivalry that will escalate further without strong regional leadership and united diplomatic intervention.

The Australian Government and the agencies that make up Australia’s CT machinery need to focus on an integrated CT strategy that will counter the IS in its heartland of the Middle East, closer to home in Southeast Asia and, most critically, here on Australian soil.

For those reasons, the Australian Government and the agencies that make up Australia’s CT machinery need to focus on an integrated CT strategy that will counter the IS in its heartland of the Middle East, closer to home in Southeast Asia and, most critically, here on Australian soil. To that end, a global strategy is needed to defeat the IS militarily, economically and ideologically. Australia’s CT approach must not be linear. To counter the entire IS system, CT actions must be coordinated and synchronised across all three layers.

Our deep, close and rear CT operations must be linked in purpose, as they directly align with Australia’s three strategic defence interests outlined in the 2016 Defence White Paper (Australian Government 2016:17). In a period of such great strategic change, with the rise of China and re-emergence of Russia, this approach will test and stretch government agencies and resources further than ever before. However, a high operational tempo and a focus on CT are the new normal and must be carefully balanced against competing strategic threats.
CHAPTER 2

Islamic State’s critical enablers

To fully appreciate the IS’s capability, it needs to be examined as a complete system of enabling capabilities. In this section, I examine the IS system, broken down into four critical enablers that paradoxically also represent vulnerabilities to be targeted as part of an integrated CT strategy.

Critical enablers (vulnerabilities)
IS’s critical enablers are also its vulnerabilities:
• environmental factors
• military power
• information operations
• economic power.

Environmental factors
There are many interrelated causal factors for the rise of IS, but the failure to secure the peace following the 2003 Iraq invasion is one of the most prominent. The US-led coalition’s highly controversial de-Baathification policy effectively destroyed Iraq’s state and social institutions. To this day, many Iraqi cities and villages have not recovered politically, economically or socially. De-Baathification left hundreds of thousands of former Iraqi soldiers and policemen on the streets, armed and without jobs. Additionally, a large number of highly educated Sunni public servants were left without work. These people became valuable human capital for the insurgency. A lack of functioning public utilities, including water and electricity, further agitated the population, and conditions were set for a complete breakdown of law and order.

A combination of the de-Baathification process and the coalition’s failure to understand or acknowledge the character of the conflict that it was engaged in enabled Al-Qaeda in Iraq (AQI) under Abu Musab al-Zarqawi and then the IS under Abu Bakr al-Baghdadi to flourish. Both groups exploited chaos resulting from local grievances, employed former Baathists to fight and govern, took advantage of Sunni animosity towards the government and promoted a sectarian civil war by targeting both Shia and Sunni citizens.

The evolution of IS from AQI is shown in Figure 1. The story won’t be retold here, but its lessons are important.
Two lessons can be learned from this:

- It’s essential to understand the character of the war or conflict that we’re engaged in. As many commentators have said, it took some time for the coalition to recognise—or perhaps accept—that following the 2003 invasion it was confronted with an insurgency rather than a problem of criminality. In addition, while nation building (or peace building) is important, security is a prerequisite for reconstruction and rehabilitation. The entire process requires effective civil and military cooperation to secure the borders, protect the population, remediate the causes of conflict and promote social cohesion for a lasting peace.

- For Iraq to be a viable state, there needs to be genuine power sharing and equality. The Sunni population was marginalised by Coalition Provisional Authority leaders immediately following the 2003 invasion and then by Shia politicians within the Iraqi Government. The Kurds in the north have long been marginalised by both Sunni- and Shia-led governments. There are still grievances among the population that must be addressed to create a stable and secure environment, or there’ll be further evolution of the IS into some other group in the future. Any solution in Iraq requires an integrated approach that addresses the cause (the sectarian divide) as well as the symptoms (insurgency, proto-state and global terrorist organisation).

There are many state and non-state actors opposing the IS on the battlefield today. In addition to the numerous armed militia groups and tribal fighters, Iran, Russia, Turkey and the US-led coalition—including Australia—all play a role, but with differing strategic objectives. This introduces significant complexity at the strategic level, as it involves the interaction of a multifaceted array of actors in an already highly dynamic system. At the tactical level, it introduces issues of force integration and ‘identification friend or foe’. This was highlighted on 24 November 2015, when a Turkish Air Force F-16 fighter jet shot down a Russian SU-24M bomber near the Syria–Turkey border. Another example occurred on 17 September 2016, when a coalition air strike resulted in the death of 62 Syrian troops and over 100 more wounded near the IS heartland of Deir al-Zour in eastern Syria.
Currently, it seems unlikely that the Western and Russian/Iranian coalition can unify with Iraqi and Syrian government efforts. Therefore, the opportunity will remain for the IS to operate in ungoverned, contested space. While this is certainly true for Syria, it will probably become more apparent in Iraq once Mosul is liberated and Shia militia shift focus to more directly serve sectarian and Iranian national interests. Once again, that will be at the expense of the Sunni population, thereby further exposing the sectarian division.

Under the Trump administration, the US may be better positioned to broker a mutually beneficial deal with Russia that achieves improved unity of effort and purpose in the Middle East. Such a deal would risk further marginalising the Sunnis and Kurds, so the terms would need to be carefully crafted.

Among all the chaos generated by a combination of environmental factors, the IS has remained resilient and at times thrived. It gained control of the population by quickly filling a power vacuum and providing a preferable form of government and governance or, when that failed, savagely repressing captive populations. When the IS controls territory, it then possesses the necessary relatively safe havens in which to train and prepare military forces for future attacks. Therefore, it’s insufficient to focus solely on defeating IS military power. The environmental factors must also be addressed, or there’s significant risk that the IS will again transition to underground guerrilla operations, rejuvenate and wait for the opportunity to recommence offensive operations. For this reason, the underlying, core grievances that gave rise and longevity to AQI and then the IS must be addressed as part of a systems approach to countering the threat.

Military power

The character and swiftness of the 2014 IS offensive were significant because the campaign resembled a conventional way of warfare not previously seen from the group or its predecessors. The operations were characterised by surprise, speed, firepower and maximum violence. Notably, heavy armour was evident for the first time in the IS inventory. The group resembled a conventional army in the systems it fielded, the tactics it employed and the discipline it displayed, along with the speed of its mobilisation of combat power. Even more remarkable than the IS’s military capabilities was the rapid collapse of Iraq’s army units based around Mosul. The combination of these factors helped secure the IS an important tactical victory. The IS arsenal continued to grow over the following months as Iraqi soldiers deserted and army divisions collapsed, leaving military hardware abandoned on the battlefield for the IS to claim.

The leadership component of the IS conventional fighting force is primarily made up of former Baathists and Sunni nationalists, but many of the ‘foot soldiers’ are foreign fighters. The UN Counter-terrorism Committee reported in July 2016 that there are almost 30,000 foreign fighters in Iraq and Syria (SCCTC 2016). A recent study published by the West Point Combating Terrorism Center shows that the IS has a diverse workforce, including foreign fighters from more than 70 countries (Dodwell et al.:iv). Around 110 Australians are fighting as part of violent Islamist extremist groups in the Middle East today (Carroll 2016a).

The foreign fighter pool includes people with a varied range of individual skills, experiences, ideals and ambitions. Around 90% of the recruits surveyed had no previous fighting experience, and only 12% of them desired a suicide role (Dodwell et al.:iv). Thus, most foreign recruits are either fighting in a conventional manner with very little military training or serving in supporting roles. This presents some vulnerability for the IS, as was evident during the 2016 battles of Sinjar and Bashir. Both were failed operations led by foreign fighters (Mironova & Hussein 2016).

To secure the territory that it controls, the IS must allocate a significant workforce to security and governance roles within those areas. This resource strain and increased reliance on foreign fighter capability has probably contributed to the group’s inability to hold territory over the past 12 months. The core group of experienced local jihadists—some of whom served in the Baathist regime—would be more likely to stay and fight than foreign fighters with varying levels of motivation, experience and resilience.
Australian authorities need no reminder that many veterans of the Soviet–Afghan War subsequently fought for al-Qaeda. Returning jihadists will have operational experience, terrorist skills and a large network of fellow fighters from whom to draw support. The same issue extends beyond Australia’s borders to Southeast Asia—a well-known recruitment ground for IS foreign fighters.

Information operations

The IS exploited its initial success in Iraq and Syria by promulgating a strong narrative that reinforced its ideology and promoted its sense of invincibility. A strength of IS propaganda is a message that positions it—via the caliphate—as the protector of the salafi movement and the Sunni version of the Islamic faith. It has exceeded al-Qaeda’s success in that regard and has proven more adept at harnessing the cyber domain to transmit its message to a global audience.

The IS influences large numbers of people through social media applications, such as Facebook and Twitter, and then directly communicates with those it recruits via applications such as Viber, WhatsApp, Telegram and Skype.

The IS brand of terrorism has become increasingly popular for salafi Islamist extremist groups around the world. A growing number of affiliate networks (wilayats, or provinces) have now extended into named geographical areas, and a number of insurgent groups around the world have become aspiring IS affiliates. While the IS hasn’t succeeded in expanding the boundaries of the caliphate in the Middle East since mid-2015, through affiliates it has promoted its ideology and expanded its reach into new regions, such as Southeast Asia. In September 2016, Australian Secret Intelligence Service Director-General Nick Warner confirmed that the IS now has a presence in the Philippines, in addition to cells in Indonesia and Malaysia (Cosier 2016).

Although the IS continues to extend its global reach, it has struggled to launch any large-scale terrorist attacks against the West outside of Europe. Large refugee movements have provided opportunities for the group to relocate skilled terrorists to facilitate and execute attacks in Europe (Sexton 2016); however, the extent to which that’s occurred isn’t yet known. Robust immigration and border protection protocols in Australia have made migration-related attacks much more difficult. The IS has instead relied on inspired individuals to conduct low-level attacks in Australia.

Building on the success of its Dabiq online magazine, the IS launched a new publication titled Rumiyah in September 2016. Significantly, the magazine was published in seven different languages, including English (SBS 2016). The first edition had a heavy Australian focus, including a four-page obituary of a Lebanese-Australian foreign fighter and appeals for attacks to be carried out in Melbourne and Sydney suburbs, as well as at popular sporting and tourist venues. Attackers are directed to ‘stab, shoot, poison or run down victims with a vehicle’. That message may resonate and inspire some people, particularly because it provides an opportunity to conduct unsophisticated attacks at home, without having to travel and fight abroad.
Just days after the launch of the new *Rumiyah* magazine, Australia’s fourth terrorist attack in two years occurred in the Sydney suburb of Minto. The attacker, Ihsas Khan, was found to have extremist material on his computer and admitted he was motivated by IS (Carroll 2016b). That unsophisticated attack highlights how easily terrorist attacks can be conducted with minimal resources. The IS continues to promote the successes of inspired individuals and affiliate groups because that’s good for its brand of terrorism. These attacks also further promote the salafi-jihadi movement.

In order to retain credibility, the IS appears to be transitioning to a virtual caliphate as its physical caliphate shrinks in the Middle East. This is probably the beginning of IS transitioning once more into survival mode.

This means that anti-IS forces must pressure it everywhere. As the IS is now expanding further into Southeast Asia, Australia, in collaboration with regional partners, needs to apply an integrated and layered approach to countering the threat.

**Economic power**

Economic power is critical for the IS to maintain a viable caliphate and sustain its capacity as a global terrorist organisation. To control the population in occupied territory, it needs to provide effective governance, including functioning utilities and social services. That comes at a cost.

The group often attracts foreign fighters with financial incentives. The fighters in the Middle East are paid salaries, and the ongoing cost of logistically sustaining military operations is significant. When the IS leadership directs terrorist attacks overseas, there’s a cost involved. The complexity of the attack drives the price tag.

In 2015, the IS generated an estimated US$2 billion in revenue (IEP 2016:53). The group relies on many sources for income, of which oil is the biggest, since its caliphate occupies some of the world’s largest and most profitable oilfields (Shelley 2014). IS oil revenue at one point averaged US$1.3 million a day (IEP 2016:53). Other sources of income include taxing and extorting the population it controls, trafficking antiquities, seizing cash reserves from banks and kidnapping for ransom, as well as international sponsorship. External funding has come from private donors in Saudi Arabia and Qatar who view the IS as a means of countering the growing Shia influence in the region (Pfeiffer 2014). A pending ASPI special report on CTF provides further background on various sources of funding, which IS draws upon for economic power (Norton & Chadderton 2016). All of this demonstrates the systems nature of the IS problem: the more territory that it controls and the deeper the strategic reach that its information operations enable, the greater access to resources it has.

IS revenue declined as territory was ceded over the past 12 months, placing the group under significant financial pressure. Air strikes have destroyed sources of oil revenue and more than $500 million in cash reserves that the IS held to finance its terror activities and maintain its economy. Reporting indicates that fighter salaries have been cut in half due to the impact of the air strikes (Strack 2016). In addition, the closure of some crossing points along the Turkish border has affected IS smuggling routes, thereby restricting the outflow of oil and antiquities and the inflow of foreign fighters.
CHAPTER 3

The 2016 Mosul offensive and beyond

To determine the best response to counter the IS, it’s essential to make some forecasts. In this section, I assess the risk IS poses to global, regional and national security after Mosul. The call by some commentators to repatriate our troops once Mosul is liberated is based on flawed logic. The IS won’t be defeated when Mosul falls, and the conditions that enabled the group to rise in the first place will still exist. Therefore, if Australia wants to properly counter the persistent threat, we'll need to commit to the Middle East as part of an integrated, layered strategy.

The Mosul offensive commenced on 17 October 2016 using ground forces heavily supported by air power, artillery, armour and engineers. The Iraqi coalition of around 30,000 troops is a diverse group of fighters, including the ISF, Kurdish Peshmerga and Shia, Sunni and Christian militia. At the time of writing, American advisers and an air coalition, including Royal Australian Air Force fighter/attack aircraft, are supporting the Iraqi ground forces. Up to 4,500 IS fighters and more than a million civilians were in Mosul when the fighting began.

Battle plan

The Mosul battle plan (Figure 2) involved the Iraqi coalition encircling the city from the north, south and east. The western flank was left open, primarily because the IS still controls that territory but also to leave an avenue for enemy fighters to withdraw from the city. It’s easier to target enemy fighters in the desert rather than in the urban confines of Mosul. However, it’s unclear at this stage how many IS fighters are withdrawing from or reinforcing Mosul.

For its part, the IS had more than two years to prepare its defences. Its defensive plan incorporates underground tunnels and oil fires to conceal movement, dummy tanks to deceive coalition aircraft, snipers and complex obstacle belts using a combination of improvised explosive devices, tied to natural and manmade obstacles, to channel attacking forces into a designated killing ground. Civilians have been coerced to perform supporting roles and, if they don’t comply, are either executed or used as human shields.

In On war, Carl von Clausewitz explained why defence is the stronger form of warfare (Clausewitz 1832[1993]:427). Although the desired combat advantage for offensive operations is 3:1 (Davis 1995:4), the attackers’ numerical superiority of around 10:1 is more appropriate for Mosul, given the complexity of the urban terrain and the character of combat that they are engaged in. Notably, the ISF combat brigades are likely to need heavy reinforcements as the battle unfolds over the coming months. Urban warfare is extraordinarily complex; if the battles for Ramadi and Fallujah haven’t already shown that, Mosul certainly will.
The ISF made steady progress early in the offensive, liberating many villages in the advance to Mosul. Not surprisingly, the advance slowed significantly after it reached the rural–urban fringe of what is Iraq’s second largest city. On the fifth day of the offensive, the IS counterattacked the Kurdish city of Kirkuk in an effort to divert attention, force the redistribution of Iraqi combat power, reclaim some territory and provide a much-needed success story for its propaganda arm. The ISF repelled the attack using its reserve forces.

In the urban areas, the IS has used obstacle belts to channel advancing forces into killing grounds, where they are ambushed, and immobilised vehicles at the rear of formations to prevent withdrawal. It then inflicts maximum attrition in an effort to delay and ultimately defeat the attacking forces. Where necessary, tunnels are used to...
reinforce parts of the battle front to prevent the penetration of its defences. This modus operandi is likely to continue for the foreseeable future, as the IS embraces opportunities to counterattack and regain lost territory whenever possible. In addition, the group has destroyed the Mosul airport, rendering the runway inoperable for coalition aircraft. Widespread human rights violations have also been reported, and mass graves have been discovered in the wake of the IS's withdrawal.

Likely outcome

Heavy fighting will almost certainly continue for several months. The ISF will recapture Mosul, but not without a hard fight and heavy attrition. Complete Iraqi combat brigades will need to be rebuilt when the fighting ends and will therefore require continued training. Essential IS leadership and enabling capabilities will withdraw from the city in an effort to preserve combat capability for future operations. Coalition surveillance assets will be heavily focused on the western corridor to destroy as much of the withdrawing IS capability as possible.

When Mosul is liberated, the IS will still occupy a swathe of territory from Tal Afar west to the IS capital, Raqqa. The battle for Raqqa will probably be even more difficult, given the lack of unity among the various coalitions operating in Syria. IS warfighting capability will be further degraded as its sources of funding and flow of foreign fighters are disrupted and anti-IS forces gain further confidence.

The IS will reach a logical tipping point at which it will transition to survival mode and reassume its insurgency until the conditions are right to recommence offensive operations.

The IS will reach a logical tipping point at which it will transition to survival mode and reassume its insurgency until the conditions are right to recommence offensive operations. At that point, remnant IS fighters will continue to operate covertly in key urban centres, including Baghdad, Raqqa and Mosul. Insurgents will commit indiscriminate acts of terror using improvised explosive devices to terrorise vulnerable citizens and demonstrate the Iraqi and Syrian governments’ inability to provide security.

At all costs, the IS will aim to retain control of its core territory (see Figure 3), stretching from Raqqa to Deir al-Zour in eastern Syria and straddling the Euphrates River. The rocky desert surrounding this IS ‘heartland’ helps provide a natural defensive barrier that will make any anti-IS counterattack difficult. Undoubtedly, IS leaders will continue to believe that the caliphate remains viable while this territory is occupied and controlled.

As the IS falls back on its core territory, it will continue to wage an international terror campaign against the West. It will harness the cyber domain to continue radicalising potential recruits to fight and support the global jihad, while further expanding the virtual caliphate into Southeast Asia. Attacks in the West will help to shift the focus away from IS battlefield and territorial losses in the Middle East. Some foreign fighters will return home with new skills and an extensive terror network from which to draw support to plan and execute lethal attacks on home soil. Attacks conducted by Islamist extremists in the West are likely to continue to fuel anti-Muslim sentiment, further marginalising and isolating Muslim communities and potentially increasing the group’s longer term recruitment pool.
Future risks for Australia

Attacks on Australian soil by IS-inspired individuals and returning foreign fighters remain the most likely and immediate threat to Australia’s national security. Such attacks are relatively easy and inexpensive to conduct and are ideologically effective. Inspired individuals present a high risk to national security as ‘lone actors’ operating below the detection threshold of the CT agencies. Any actor with intent can carry out an unsophisticated terrorist attack with minimal resources and virtually no support network. Despite the low level of sophistication, such attacks still incite fear and terrorise the population, but they are difficult for the Australian intelligence community and law enforcement agencies to detect and prevent because of the actor’s low intelligence signature.
A more complex plot involving multiple actions, like the November 2015 Paris attacks, remains possible. In such an event, the IS would clandestinely plan and spectacularly execute coordinated attacks at several sites to overwhelm our CT command and control and our response capabilities. Likely targets would be crowded football stadiums or concert halls—sites that channel and confine large numbers of people. Figure 4 shows the spectrum of past and likely future IS terrorist attack profiles against the West.

Figure 4: The Islamic State’s attack profiles

The most dangerous risk manifests if IS acquires the resources, skills and knowledge to launch a chemical, biological or radiological (CBR) attack against the West. Less likely, but perhaps more costly, would be a large-scale cyberattack against critical infrastructure or financial systems in conjunction with a kinetic attack. The cumulative effects of simultaneous cyber and physical attacks would be devastating.

It’s unlikely that the IS currently has the capability to conduct such attacks, as it lacks the necessary resources and expertise. It’s probable, however, that it has the intent and will look to recruit experts to conduct cyber and CBR attacks in the future. This presents a highly dangerous yet realistic future threat scenario with potentially catastrophic consequences. The IS will seek to recruit highly skilled cyber, CBR and explosives experts to enhance its current capabilities and increase the level of sophistication in future attacks. Notably, an innovative and adaptive IS will further complicate our CT efforts in the West.

The IS motto—‘enduring and expanding’—provides some insight into the group’s long-term ambitions (McCants 2015:142). It plans to extend its caliphate boundaries into Muslim-minority countries within Europe, as well as Muslim-majority states in Southeast Asia. The group’s rise in Australia’s immediate strategic environment is of particular concern for the Australian Government and our CT agencies.
CHAPTER 4

Australia’s integrated response

The 2016 Defence White Paper notes that our country’s most strategic defence interest is a ‘secure, resilient Australia’ achieved through the ability to deter, deny or defeat any attempt by a hostile country or non-state actor to attack, threaten or coerce it (Australian Government 2016:17). This language is clear and unambiguous: the Australian Government will protect against IS-directed or IS-inspired terrorist attacks.

Australia has experienced four terrorist attacks since the threat level was raised around two years ago. In addition, our authorities have disrupted 11 terrorist plots, including 10 linked to the IS. In making his national security statement during the first sitting week of the 45th Australian Parliament in September 2016, Prime Minister Turnbull noted that since May there had been a ‘constant barrage of terrorist attacks’ against the West, most of them inspired by the IS. He went on to say that the IS presents ‘the most immediate security challenge’ affecting Australia.

To what end?

Despite this direction, the desired ends remain unclear in the minds of many Australians. Therefore, this section of the report defines the objectives and discusses the most appropriate ways and means for Australia to counter the IS after Mosul. The term ‘countering’ has been chosen carefully here. It’s perhaps no longer feasible to defeat or destroy the entire IS system, particularly when the grievances that enabled its rise in the first place continue to exist. Those grievances are the root cause of the conditions that created an insurgency—in its different manifestations—and an emergent global terrorist organisation. In effect, the IS’s rise is symptomatic of a broader cause. Australia can help treat the symptoms, but addressing the cause is a whole new proposition that requires an Arab-led solution in the Middle East.

In the light of these factors, Australia’s strategy must be integrated, holistic and layered, harnessing all instruments of national power to counter this unprecedented terrorism threat. This section isn’t intended to summarise all current CT efforts or rehash previous ASPI recommendations. Instead, I focus on integrating counter-IS actions across a layered CT environment. Notably, positive CT action is occurring everywhere; however, it now needs to be better synchronised, communicated, evaluated and adapted as the IS continues to evolve.

Strategic objectives

A clearly defined end-state reads well but isn’t particularly useful when the envisaged peace relies on many factors outside of Australia’s control, not the least a complex, adaptive and evolving threat. Such systems are impossible to predict, and the relationship between cause and effect is only discernible after the fact. Therefore, the coalition’s 2003 vision of a winnable war in the Middle East may no longer be realistic.
So, what does ‘winning’ now look like? Is containment enough to prevent the spread of IS terrorism? It’s probably not, as the IS’s core capability (military power) appears to be geographically contained in the Middle East now, but the global terror—enabled by information operations, economic power, affiliate groups and inspired individuals—continues. Regardless of the utility of a defined end-state, a future CT strategy requires achievable objectives.

Drawing on analysis presented in the preceding sections, I suggest the five counter-IS objectives in Figure 5 in priority order.

Figure 5: Five essential counter-IS objectives, in priority order

<table>
<thead>
<tr>
<th>Essential Objectives</th>
<th>Essential Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Protect the population from IS-directed or IS-inspired terror attacks on home soil.</td>
<td>Rear</td>
</tr>
<tr>
<td>2. Prevent the spread of Islamist extremist ideology and radicalisation in Australia.</td>
<td>Rear</td>
</tr>
<tr>
<td>Desirable Objectives</td>
<td>Desirable Objectives</td>
</tr>
<tr>
<td>3. Support ASEAN governments to prevent the establishment of new, and disrupt existing, terror safe havens in Southeast Asia.</td>
<td>Close</td>
</tr>
<tr>
<td>4. In coalition, defeat IS military power in its so-called caliphate.</td>
<td>Deep</td>
</tr>
<tr>
<td>Aspirational Objective</td>
<td>Aspirational Objective</td>
</tr>
<tr>
<td>5. In coalition, support the restoration of sovereign, legitimate states in the Middle East and help remediate the causes of the civil wars to prevent the reconstitution of a Sunni insurgency.</td>
<td>Deep</td>
</tr>
</tbody>
</table>

Australia’s layered CT environment

In designing a holistic and integrated strategy to counter IS, Australia must think globally, regionally and locally. I suggest visualising the environment in terms of deep, close and rear layers, as shown in Figure 6.

Deep (Middle East)

Through whole-of-government actions in the deep layer, we have the capacity to attack the IS system far from home. Environmental factors must be addressed in the Middle East through diplomacy, ‘peace building’ and humanitarian assistance, while continued ADF operations will help build partner capacity and destroy IS military power. IS information operations must be disrupted and its economic power degraded across all three layers of the CT environment.

Diplomacy

While a negotiated peace accord appears unlikely, Australia should continue working diplomatically with Middle East and coalition partners to defeat the IS’s conventional fighting forces while also addressing the underlying grievances that caused the Iraqi and Syrian civil wars. Such a strategy requires arrangements to address the sectarian divide, which has been reinforced since the 2003 invasion of Iraq, and provide equal opportunities for all citizens. Sectarianism is an age-old problem that can’t be easily or quickly solved, but strong, inclusive Arab leadership is needed to design a political solution.

Arab partners are central to this process and must be encouraged to assume the lead role in designing a comprehensive Middle East security strategy, supported by the West. We need to be careful not to pick sides; Shia, Sunni and Kurds must be treated equally. Syrian President Bashar al-Assad has committed unimaginable human rights violations against his own people, but deposing him now may generate even further instability. Therefore, to achieve unity of effort, a deal may need to be struck in which he agrees to step down over time. As unpalatable as that is, it may be the only way to have the US, Russia, Iraq and Syria reach agreement.
It’s ultimately the Arab states that must define what they want a peaceful Middle East to look like. Australia has an interest in the outcome—as do Iran and Saudi Arabia—and so will look to influence the outcome, but the Iraq–Syria problem requires an Arab solution. Of course, that won’t be easy and may not even be a realistic hope because the Arab states don’t constitute a homogeneous entity and there’s a long history of regional conflict. But we must continue to try.

The diplomatic approach also requires sensitive statecraft to discourage wealthy countries such as Saudi Arabia and Qatar from funding madrasahs that promote Islamist fundamentalism and extremist ideology.
Humanitarian assistance

The international community, including Australia, needs to respond urgently to a growing humanitarian crisis emanating from the Middle East and flowing into Europe. The West has treaty, humanitarian and ethical obligations to render assistance to the millions of internally displaced people and refugees affected by the conflict. Prime Minister Turnbull recently announced to the UN Security Council that Australia would accept more refugees. Our controversial stance against asylum seekers on one hand but humanity in accepting refugees who follow legal processes on the other demonstrates a responsible and effective immigration and border protection policy.

In the wake of the Mosul offensive, hundreds of thousands more Iraqi citizens will be displaced. They need to be supplied with food, water and shelter, and eventually be reintegrated into Iraqi society. Basic human needs must be met or these people will almost certainly turn against the Iraqi Government, which they’ll be likely to hold responsible for their predicament. This is the first step in addressing the core grievances that gave rise to the IS in the beginning. Australia should increase humanitarian assistance funding for displaced people in Iraq and Syria, in addition to increasing our refugee intake.

Peace building

The Australian Government will not alone or by choice embark on a nation-building enterprise in Iraq or Syria, but that effort is now necessary. Both countries need billions of dollars in funding to reconstruct destroyed infrastructure after years of conflict (Freear 2016:2). However, ‘nation building’ has a bad image from years of previously failed efforts in Iraq and Afghanistan, so I instead use the term ‘peace building’. While peace building is critical, security is a prerequisite for reconstruction and rehabilitation to occur. This entire process requires effective civil–military cooperation to secure the borders, protect the population, remediate the causes of conflict and promote social cohesion for a lasting peace.

As a constructive and respected coalition partner, Australia should make the case for the international community to help rebuild Iraq and Syria. Peace building will be an important part of a process to bridge the sectarian divide and promote inclusivity. Funding injections are needed at the local level to promote decentralised governance, reduce layers of corruption and mitigate sectarianism. Without this, the Sunnis will remain aggrieved and isolated. Since a stable and secure Middle East is in Australia’s national interest because of the terrorism threat emanating from the region, the Australian Government should contribute financially to an international reconstruction fund. All support should be explicitly conditional on the achievement of clearly defined milestones.

Military operations

At the end of July 2016, the coalition had conducted more than 14,000 air strikes and trained more than 25,000 Iraqi soldiers (OPS 2016). The effect is evident in the ISF’s recent success on the battlefield. However, the ISF will need to regenerate combat capability following the Mosul offensive.

The ADF should continue its role in building partner capacity with the ISF, as well as providing offensive air support in Iraq and Syria. The battle of attrition against core IS elements is critical to deny safe havens and training areas to terrorists in the future. Put simply, militarily defeating the IS over there reduces its ability to influence and recruit supporters and execute terrorist attacks here.

A capable police force is essential to enable the Iraqi Government to maintain law and order when the fighting ends. Without effective security, the IS will be allowed to easily transition to insurgency operations, buy time to rejuvenate and prepare to recommence offensive operations in the future. Therefore, the ADF’s long-term commitment as part of a broader strategy is critical.
Close (Southeast Asia)

As the IS expands its sphere of influence into Southeast Asia through affiliate groups, the Australian Government must match the increased threat with a forward-looking regional security posture. This approach will create strategic depth to give our CT agencies and partners time and space to deter, deny and defeat terrorist threats offshore. Enhanced CT capacity building, better intelligence sharing and collaborative CVE and CTF efforts will help prevent further IS expansion into the region.

Counterterrorism capacity building

During the September 2016 ASEAN Summit, Prime Minister Turnbull proposed that Australia will host a special summit in 2018, focused on economic reform and CT. This signals Australia’s intent to assume a leadership role for CT in the region.

Australia has strong and longstanding relationships with its ASEAN partners. The Australian Federal Police (AFP) and other Australian Government agencies are active in the region, particularly in partnering with Indonesian authorities to combat transnational terrorism and enforce border protection policy. The AFP is heavily invested in Indonesia and has 23 CT liaison officers posted there (AFP, n.d.).

The ADF has established longstanding regional relationships through bilateral and multilateral exercises, education and training, as well as humanitarian assistance and disaster relief operations. We should further strengthen partnerships, where possible, to achieve multinational, multiagency and cross-jurisdictional synergies. Indonesia, Malaysia and the Philippines are priorities because of the existing IS presence and influence in those countries. Because of extrajudicial killings in the Philippines and the apparently declining influence of the US on the Philippines Government, President Duterte will be difficult to work with, but it’s important that we remain engaged. We need to anticipate the IS extending deeper into the region and be postured and partnered to respond accordingly.

Intelligence sharing

Intelligence drives CT operations, so information sharing is critical to a successful CT strategy. Intelligence encompasses everything from human intelligence at the tactical level through to the interception of IS communications using strategic capabilities. It enables ADF air strikes on IS leaders and battle positions in the deep layer, but is just as critical in supporting AFP CT disruption operations in the close and rear layers. The Australian intelligence community is cooperating well with law enforcement agencies domestically and with the ADF and coalition partners abroad. However, more can be done—outside of the Five Eyes community—to share relevant tactical, operational and strategic information with foreign governments and their security and intelligence agencies, particularly in Southeast Asia.

As an example, Australia should share intelligence with regional partners—Indonesia, Malaysia and the Philippines—conducting Sulu Sea patrols to counter maritime terrorism and the movement of extremists in the region (Liang 2016). The joint sea patrols enhance our national security by helping contain the IS within the region. Additional intelligence sharing with law enforcement agencies on land will disrupt IS information operations and degrade its ability to recruit foreign fighters and move funds.

Rear (Australia)

The highest priority in combating IS terrorism is on home soil. Australia is most vulnerable to terrorist attacks in the rear layer because of the IS’s global reach through information operations that radicalise and inspire individuals, as well as the threat posed by returning foreign fighters. CT authorities must closely monitor returning foreign fighters, review the ADF’s role in domestic CT, audit CVE programs and design an overarching strategic communication plan to counter IS information operations across all three layers of the CT environment.
Domestic counterterrorism

Federal, state and territory law enforcement agencies, in partnership with the Australian intelligence community, have the prime roles in domestic CT. Australia’s federal system, with its multiple jurisdictions, is a complicating factor for domestic CT. Each state has different capabilities, programs and initiatives. Despite this, the Joint Counter-Terrorism Team in each jurisdiction performs a unifying function that’s working well.

The ADF has a role to play in domestic CT situations to back up local law enforcement agencies in extremis if requested. It could be required to play a key role in the future, particularly if the IS builds the capacity to employ cyber or CBR capabilities. The ADF is currently conducting an internal review of its role in domestic CT. The findings of that review should feed into a CT first principles review, led by the Australian Government, that informs a new CT strategy.

Counterterrorism legislation

The government should continue fluid amendments of CT legislation, as robust new Australian CT laws are proving effective. In July 2016, Sydney recruiter Hamdi al-Qudsi was convicted of supporting terrorism by recruiting and aiding seven Australians to travel to and fight with IS in Syria. His eight-year jail sentence sends a clear message to those radicalised or vulnerable Australians considering or already supporting Islamist extremist groups abroad.

The Australian Government has cancelled fewer passports in 2016 to prevent the movement of foreign fighters than in 2015 (Carroll 2016c). The decrease in the flow of foreign fighters can probably be attributed to waning IS prestige and credibility caused by battlefield losses, as well as increased global emphasis on CT. Monitoring that flow must remain a high priority, as it is one of the greatest future threats to our national security.

The Australian Government’s ‘returning terrorist suspect teams’ are focused on responsibly managing the return of foreign fighters. Best judgement needs to be applied to enforce tough CT laws while respecting human liberties. It comes down to what’s acceptable. For example, control orders should be imposed where the government lacks sufficient evidence to prosecute terror-related offences.

Countering violent extremism

In 2010, the Australian Government released the Counter-Terrorism White Paper: securing Australia, protecting our community, which promotes ‘building a strong and resilient Australian community to resist the development of any form of violent extremism and terrorism on the home front’ (Australian Government 2010). The Attorney-General Department’s CVE Unit has worked to develop CVE policy; however, most CVE programs are decentralised and implemented at the state and territory level because of our federal system. The CVE programs need to be audited and their efficiency, effectiveness and sustainability measured to better connect CT actions across jurisdictions. Some consideration may also be given to changing the name of CVE, which itself presents a barrier to some elements of the community.

As part of the social cohesion framework, communities need to be brought together in meetings of minds to exchange information and ideas. This is where Australian Muslims gain a platform to voice their concerns and provide innovative ideas to counter radicalisation and IS messaging. It will also provide a vehicle to give greater exposure to the views of the many Muslims who oppose the IS’s ideology and methodology.

Countering terrorism financing

CT efforts to weaken the IS need to focus on disrupting the entire IS financial system through coordinated CTF efforts in the deep, close and rear layers. While the group’s political and geographical space is being reduced in the Middle East, its economic lifeline must also be severed to ensure permanent damage. This requires not only continued air strikes on its oil and cash reserves, but also a concerted CTF effort to interdict its cash flow and diplomatic efforts to disrupt its sales of antiquities, oil and other commodities on the black market.
The IS remains an adaptive enemy that will continue to innovate and find new sources of funding from state and non-state sponsors. The international community must collaborate to squeeze it financially, thereby reducing its current capability and preventing it from acquiring more sophisticated weaponry with greater lethality in the future. The Australian Government and our coalition partners must pressure Middle East states to prevent their citizens making private donations or giving other forms of support to extremist groups in Iraq and Syria. If diplomatic pressure doesn’t work, all efforts must be made to interdict the support and impose economic sanctions against those states.

As a signatory to the Terrorism Financing Convention, the Australian Government has been proactive in interdicting the transfer of international funds to terrorist organisations. The Australian Transaction Reports and Analysis Centre (AUSTRAC) shares financial intelligence with more than 40 Australian Government, state and territory partner agencies. AUSTRAC is also working effectively with regional partners and other global financial intelligence units to track international funds transfers that risk financing terrorism. During the August 2016 CTF Summit in Bali, AUSTRAC and its Indonesian counterpart, PPATK, launched a regional risk assessment on terrorism financing—the world’s first such publication. While these actions are having a positive effect, CTF efforts now need to be better coordinated with other global CT actions to ensure unity of effort.

Strategic communications

The Australian Government needs to better collaborate with international partners to counter the IS narrative. This means being agile, adaptive and proactive with information operations. To better understand the information environment, Westerners need to be more empathetic, reverse the lens and appreciate the problem from the other perspective. We must have the humility to understand why IS messaging resonates with others. That way, we’ll be better informed and able to develop a more effective counter-narrative. This means we need to engage with experts, including people from academia and Arabic speakers who have a deep understanding of the Middle East and of Islam in its various forms.

The government should develop a strategic communication plan that’s subordinate to the new integrated and layered CT strategy. The plan should:

- reinforce the message that the IS doesn’t have the right to speak for all Muslims
- explain why the IS doesn’t constitute a nation-state
- oppose sectarianism, which is the polarising factor that fuels the Iraqi and Syrian civil wars
- work with Muslim Australians to explain why IS actions are manifestly un-Islamic and why the IS contravenes the principles of Islam
- reinforce the rapid decline of the IS and highlight the personal and legal risks in joining the violent extremist movement in either a combat or support role
- draw on rehabilitated foreign fighters to speak publicly about the hardships of life in the caliphate and the dangers of fighting for the IS on the battlefield
- report IS human rights abuses (the targeting of civilians, including violence against religious minorities and other Muslims) and treatment of foreign fighters.
Information campaigns and educative programs need to reach all Australians. However, note that I’m an English-speaking Anglo from a Christian background, so this messaging might not resonate with a 16-year-old of Middle Eastern descent. We need to engage with that teenager and allow them to play a role in generating the messaging.

Many lone terrorist actors operate covertly, so the private sector and civil society are perhaps best positioned to identify and report suspicious or unusual activity. Following the arrest of two 16-year-old boys during a CT disruption activity in Bankstown on 12 October 2016, Professor Greg Barton provided insight into what unusual behaviour might look like:

> If you see someone changing their social relations—perhaps leaving behind old friends and family and seeing new friends in their life—changing their ideas quite markedly and acting with aggression in a way that wasn’t characteristic in the past, those three things together are a warning. (Bervanakis 2016)

**Now what?**

In 2015, the Council of Australian Governments released a CT strategy that provides a framework for Australia’s approach to countering terrorism. It’s a useful foundation document but, as consistently highlighted by ASPI this year, it fails to adequately align ends, ways and means (Davis 2016:28). The best way to evaluate and connect current CT actions and programs to ensure unity of effort is through a first principles review of Australia’s CT architecture and machinery. The review should inform a new, integrated CT strategy that improves efficiency, cooperation and effectiveness in countering the IS. A subordinate CT strategic communication plan should be produced to more effectively counter the IS narrative and better inform the public of Australia’s integrated CT actions.
Conclusion and recommendations

The IS brand of terror has no boundaries. More than any other Islamist extremist group, the IS has successfully engaged with the cyber domain through information operations to inspire, recruit and mobilise a fighting force and an extensive logistical and financial support network. It has exploited environmental factors and harnessed military and economic power to occupy and control territory. Functioning as a proto-state, it has since expanded its physical and virtual caliphates by adopting affiliate groups and inspired individuals to generate a global terror network that poses an unprecedented terrorism threat to international, regional and domestic security.

The response to this terror threat must be decisive. Australia must integrate all instruments of national power in a layered approach—deep, close and rear—to defeat the IS in its caliphate, secure our borders and protect our population. The group’s conventional fighting forces must be destroyed in the Middle East, its affiliates neutralised in Southeast Asia and inspired individuals monitored and, if possible, deradicalised, here in Australia. Prevention is the key to CT in the future.

The Australian Government is a valued partner in the coalition against IS. It must remain strong and resilient, mission-focused and invested in a long-term CT campaign. Australia can’t afford to operate at cross-purposes. A multilateral, integrated approach is necessary to ensure unity and economy of effort.

In partnership with Western and Arab partners, Australia must remain committed to a political solution, supported by a military campaign that destroys IS military power with offensive air strikes and builds ISF capacity to ensure a self-reliant future Iraqi state. Defeating the IS in Mosul will send a powerful message and significantly restrict its use of the caliphate as a recruiting tool. Simultaneously, the flow of finances and foreign fighters to the group must continue to be disrupted, and information and intelligence shared within a collaborative global CT network. As the enemy evolves, so too must Australia’s CT strategy.

As an ideological organisation, the IS isn’t likely to lose its will to fight. Once its conventional military power is destroyed, it will transition to survival mode, return to traditional insurgency operations and buy time to rejuvenate, just as it did previously. For this reason, the IS must be defeated militarily, economically and ideologically. Concurrently, legitimate, inclusive and functioning states need to be re-established in Iraq and Syria. That requires international support to reconstruct those states with decentralised governance to address environmental factors and local grievances that caused the civil wars. Until that occurs, the Middle East will remain a safe haven, breeding ground and training area for terrorists.

People all over the world view each terrorist attack as an example of failed CT policy. Our communities need to be more resilient. The government needs to continue to manage perceptions, and Australians must accept that terrorist attacks will happen when and where they are least expected. The Australian intelligence community and our law enforcement agencies are stretched, so radicalised, IS-inspired individuals will plan and try to mount terrorist attacks below the agencies’ detection threshold. In these circumstances, Australian citizens are the most
effective means of identifying high-risk individuals or groups who threaten national security. Grassroots community education and information programs, as well as effective and open communications, are the key to preventing attacks in Australia.

There’s no greater priority than Australia’s national security, so an integrated CT strategy is an insurance policy for the future. It should be informed by a first principles review of Australia’s CT arrangements. CT actions must be reviewed, measured and adapted regularly to enable Australian CT agencies to counter the evolving threat. The character of the conflict must also be well understood to enable agile and adaptive CT actions to deny the IS any strategic, operational or tactical initiative in the future.

Recommendations

The Australian Government should complete a first principles review of CT, linking CT efforts in the Middle East (deep), Southeast Asia (close) and at home (rear) to inform a new counter-IS CT strategy. CT actions should include:

**Deep**
1. Diplomatically engage with coalition and Middle East regional partners to design a Middle East security strategy that addresses the environmental drivers of the conflict.
2. Increase humanitarian assistance funding and refugee intakes.
3. Contribute to an international reconstruction fund to rebuild destroyed infrastructure in Iraq and Syria.
4. Continue the ADF’s work to build partner capacity with the ISF and conduct air strikes in Iraq and Syria to destroy the IS’s military and economic power.

**Close**
5. Enhance CT capacity building with Southeast Asian partners through closer ADF and AFP engagement to disrupt terrorism in the region.
6. Improve intelligence sharing with regional partners—particularly Indonesia, Malaysia and the Philippines—to prevent the IS expanding its physical presence in Southeast Asia.

**Rear**
7. Reassess and more clearly define the ADF’s role in domestic CT.
8. Audit CVE programs to measure their efficiency, effectiveness and sustainability and link them with CT actions across all jurisdictions.
9. Closely monitor returning foreign fighters and impose control orders where the government lacks sufficient evidence to prosecute them for terror-related offences.
10. Increase CTF capacity building and technical assistance across all layers to detect, disrupt, and deny terrorist financing.
11. Develop a strategic CT communication plan to better inform the public of CT actions and CVE initiatives and to counter IS information operations.
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<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>ADF</td>
<td>Australian Defence Force</td>
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<tr>
<td>AFP</td>
<td>Australian Federal Police</td>
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<td>AQI</td>
<td>Al-Qaeda in Iraq</td>
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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>AUSTRAC</td>
<td>Australian Transaction Reports and Analysis Centre</td>
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<tr>
<td>CBR</td>
<td>chemical, biological, radiological</td>
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<td>CT</td>
<td>counterterrorism</td>
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<tr>
<td>CTF</td>
<td>countering terrorism financing</td>
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<td>CVE</td>
<td>countering terrorism financing</td>
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<td>IS</td>
<td>Islamic State</td>
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<tr>
<td>ISF</td>
<td>Iraqi Security Forces</td>
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<tr>
<td>PPATK</td>
<td>Pusat Pelaporan Dan Analisis Transaksi Keuangan (Indonesia’s financial intelligence unit)</td>
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<td>UN</td>
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Some previous ASPI publications

- **STRATEGY**
  - *Why Russia is a threat to the international order*
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- **The Cost of Defence**
  - *Eighty-eight million, seven hundred & seventeen thousand, six hundred & fifty-two dollars and five cents per day*
After Mosul
Australia’s strategy to counter the Islamic State

As the battle for Mosul unfolds in Iraq, Australian policymakers must carefully consider Australia’s long-term objectives in the Middle East. One critical question needs to be answered because it’s central to the process of making strategy. What is the Australian policy objective: to what end are our forces there? Once that question is answered, we can decide what comes next.

The world has watched the Islamic State (IS) evolve from a regional insurgency to a proto-state and global terrorist organisation that poses a significant threat to Australia’s national security. In the future, the group is likely to revert to insurgency operations to ensure its survival, but the global terrorist threat will remain.

This analysis aims to inform policymakers on the current and future threat posed by the IS and what should be done about it. First, the current problem is explained by analysing four critical enablers that allow IS to function as an insurgency, proto-state and terrorist organisation:

• environmental factors that enable a safe haven
• military capability, including conventional combat power
• information operations that inspire, radicalise, recruit and expand a ‘virtual’ caliphate
• economic power to sustain IS operations.

Next, the Mosul offensive is analysed in terms of current and future IS strategy, and what that means for Australia. The paper concludes with recommendations for a strategy to counter IS’s evolving threat.