STRONG AND SECURE

A Strategy for Australia's National Security

Australian Government
Department of the Prime Minister and Cabinet

From a foundation of strength to a secure future

VISION

A unified national security system that anticipates threats, protects the nation and shapes the world in Australia's interest

NATIONAL SECURITY OBJECTIVES

To protect and strengthen our sovereignty	To ensure a safe and resilient population	To secure our assets, infrastructure and institutions	To promote a favourable international environment

KEY NATIONAL SECURITY RISKS

- Espionage and foreign interference
- Instability in developing and fragile states
- Malicious cyber activity
- Proliferation of weapons of mass destruction
- Serious and organised crime
- State-based conflict or coercion significantly affecting Australia's interests
- Terrorism and violent extremism

PILLARS OF AUSTRALIA'S NATIONAL SECURITY

Countering terrorism, espionage and foreign interference	Deterring and defeating attacks on Australia and Australia's interests
Preserving Australia's border integrity	Preventing, detecting and disrupting serious and organised crime
Promoting a secure international environment conducive to advancing Australia's interests	Strengthening the resilience of Australia's people, assets, infrastructure and institutions
The Australia–United States Alliance	Understanding and being influential in the world, particularly the Asia-Pacific

AUSTRALIA'S NATIONAL SECURITY OUTLOOK

Economic uncertainty and global reordering

- Ongoing global economic uncertainty and volatility
- Shift in economic and strategic weight, and trade flows towards the Asia-Pacific region creating new risks and opportunities for Australia
- Active middle powers increasingly influential in the region; but the United States—China relationship will be the single most influential force in shaping the strategic environment
- Multilateralism is becoming more important for regional security and at the same time more difficult

Continuing importance of non-state actors

- Persistent threat from terrorism and increasingly sophisticated serious and organised crime, aided by money laundering and corruption
- Technology enabling remote but pervasive threats—for example malicious cyber activity
- Increasing influence of legitimate non-state actors such as private companies

Fragility and conflict in at-risk areas

- Low likelihood of major power war, but probable ongoing low-level instability in Australia's region
- Fragile states and instability in the Middle East and South Asia will remain a challenge
- Possibility for strategic shocks or local conflicts
- High demand for international development assistance

Broader global challenges with national security implications

- Resource security and scarcity
- Climate change
- Changing demographics
- Increasing urbanisation
- Increasing online engagement
- Resurgence of violent political groups
- Corruption

FIVE YEAR PRIORITIES

- **Enhanced regional engagement** in support of security and prosperity in the Asian-Century
- **Integrated cyber policy** and operations to enhance the defence of our digital networks
- **Effective partnerships** to achieve innovative and efficient national security outcomes

FOREWORD

In the 2008 National Security Statement, the Government committed to periodic reviews of the state of Australia's national security and the emerging challenges that we face. The Statement recognised the fundamental change occurring in the global order, resulting in both economic opportunities and potential security concerns for Australia.

In 2012, the *Australia in the Asian Century White Paper* explored the acceleration in the dramatic economic and strategic change occuring in our region. It laid out a roadmap for securing Australia's prosperity and resilience in the region and the world.

Our national security settings are critical to this endeavour. Indeed, there is no higher responsibility for a government than the security of the nation.

In recognition of this responsibility and to ensure Australia remains strong and secure in the Asian Century, I commissioned this, Australia's first National Security Strategy.

The Strategy surveys Australia's national security outlook. It describes our national security objectives and explains how we are achieving those objectives—the pillars of our national security.

The business of national security requires constant effort against an array of largely known risks. For example, espionage is an age-old challenge, but it is just as prevalent today in our hyper-connected world as it was in the Cold War.

There are other threats and risks that can emerge with little warning, and which have the capacity to shape the national security landscape.

The attacks of 11 September 2001 are the most influential national security event in our recent history. The threat of global terrorism not only shaped the national security landscape of the past decade, but also heralded a new era for national security across the globe. Since then, much of our national security focus has been dedicated to guarding against such an attack occurring on our own soil.

Some 12 years on, our strategic outlook is largely positive. We live in one of the safest and most cohesive nations in the world. We have a strong economy. A major war is unlikely. Our highly-effective national security capability is already focused on priority activities. We have made considerable gains against global terrorism, and our alliance with the United States is as strong as ever. We also have deepening relationships with a range of influential countries in the region and across the world.

This positive strategic outlook is no excuse for complacency. As the global order shifts, our capacity to shape institutions and forge consensus is more important than ever. We will be required to persevere and innovate to achieve our national security objectives. In these fiscally challenging times, we must actively manage our strategic risks and focus our efforts on the areas requiring greatest attention. We are entering a new national security era, in which the rapid economic and strategic change occurring in our region will be the most significant influence on our national security environment and policies.

Against this backdrop, this Strategy serves a number of purposes.

First and foremost it communicates to the Australian community, and our friends and allies abroad, how we perceive our security environment and how we are tackling the major challenges to our national security.

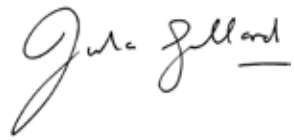
It provides a framework to focus our national security efforts in this period of change. Importantly, it also identifies three priorities that warrant further attention given our expectations of the strategic environment.

Australia must strengthen its regional engagement to support security and prosperity in the Asian Century. Enhancing our bilateral relationships will be vital. Forums such as the East Asia Summit will continue to evolve and offer more established and productive avenues for resolving differences and advancing shared interests.

The digital age is central to Australia's national security and economic prosperity. From terrorism to organised crime to espionage, malicious cyber activity is a growing and ever changing national security threat. **The Government will focus on delivering integrated cyber policy and operations** to deal with these developments in the context of its broader digital agenda. This will mean working even more closely with industry, the community and international partners.

Across the board, **the Strategy prioritises partnerships, not just among government agencies, but also between governments, business and the community to achieve effective and innovative results**. There are already good examples of better information sharing, coordinated planning and engagement with Australian business, and the community more generally. Australia must further coordinate and prioritise efforts across government and with our partners to build a resilient framework that protects and advances our interests.

My vision for our nation's security is to have a unified national security system that anticipates threats, protects the nation and shapes the world in Australia's interest. The National Security Strategy will help ensure that this vision is realised and that Australia remains **Strong and Secure** in the Asian Century.



Julia Gillard

Prime Minister of Australia

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EXECUTIVE SUMMARY

AUSTRALIA'S NATIONAL SECURITY STRATEGY

This National Security Strategy (the Strategy) is Australia's first. It provides an overarching framework for our national security efforts, and sets priorities for the next five years. The Strategy is an important next step following the 2008 National Security Statement, which articulated Australia's national security agenda and set in motion reforms to strengthen the national security community.

The Strategy is in two parts:

- Part I explains the national security framework—our vision and objectives, and the activities we undertake to achieve these objectives.
- Part II looks to the future—it examines the strategic outlook and sets priorities to ensure Australia embraces the opportunities and confronts the challenges of the Asian Century.

The Strategy lays out the pillars of Australia's national security, and sets directions for the next five years. It will aid in focusing the Government's pursuit of policies and objectives identified in the *Australia in the Asian Century White Paper.* The Strategy will help inform prioritisation of our resources in a time of fiscal constraint.

Importantly, the Strategy also serves to inform the Australian public, industry and our international partners of our approach to national security. The Strategy will be implemented through enhanced annual planning and budgeting arrangements across national security agencies. There will be a greater focus on partnerships that will see the strengthening of ties with states, territories and business.

Building on the existing strong foundation, **our vision for Australia's national security** is for a unified system that anticipates threats, protects the nation, and shapes the world in our interests.

Chapter One discusses Australia's **national security objectives:** to ensure a safe and resilient population; to protect and strengthen our sovereignty; to secure our assets, infrastructure and institutions; and to promote a favourable international environment. These objectives anchor decision-making and planning for the national security community.

Chapter Two explains the **evolution of Australia's strategic environment**. Given our geography and alliances, our approach to security has always emphasised the defence of our nation and its borders. Naturally, there has been a focus on our own region. Our efforts are reflected in our many regional partnerships. Importantly, our international engagement is imbued with our commitment to liberal democratic values, such as the rule of law, human rights, and equality of opportunity.

The events of the past decade were instrumental in shaping our approach to national security. We have built our capacity to combat terrorism and transnational crime, including through an expansion of our intelligence and law enforcement capability. We developed a more integrated approach to supporting regional stability, for example through our assistance to Timor-Leste and Solomon Islands. This experience also shaped our strong emphasis on civil-military cooperation in Iraq and Afghanistan.

Chapter Two concludes with a summary of the **important national security challenges** that Australia will continue to face, and the **opportunities** we must look to seize.

Chapter Three sets out Australia's fundamental approach to national security and how this

approach reflects the current national security environment. It describes the **eight pillars** of our approach to national security:

- Countering terrorism, espionage and foreign interference.
- Deterring and defeating attacks on Australia and Australia's interests.
- Preserving our border integrity.
- Preventing, detecting and disrupting serious and organised crime.
- Promoting a secure international environment conducive to advancing Australia's interests.
- Strengthening the resilience of Australia's people, assets, infrastructure and institutions.
- The Australia–United States Alliance.
- Understanding and being influential in the world, particularly the Asia-Pacific.

The second part of the Strategy looks to the future. In particular, Chapter Four examines the **strategic outlook** to anticipate challenges and opportunities in the years ahead. Most importantly, it examines the shifting geopolitical environment of the Asian Century. As the *Australia in the Asian Century White Paper* made clear, our approach to national security must make the most of the transformative economic and strategic changes occurring in Asia.

Asia's economic growth will increase pressure on water resources and food and energy supplies, with implications for global markets and stability. The growing economic and political weight of China, India and other Asian powers, is also changing the established strategic order, including as a result of their increased military spending.

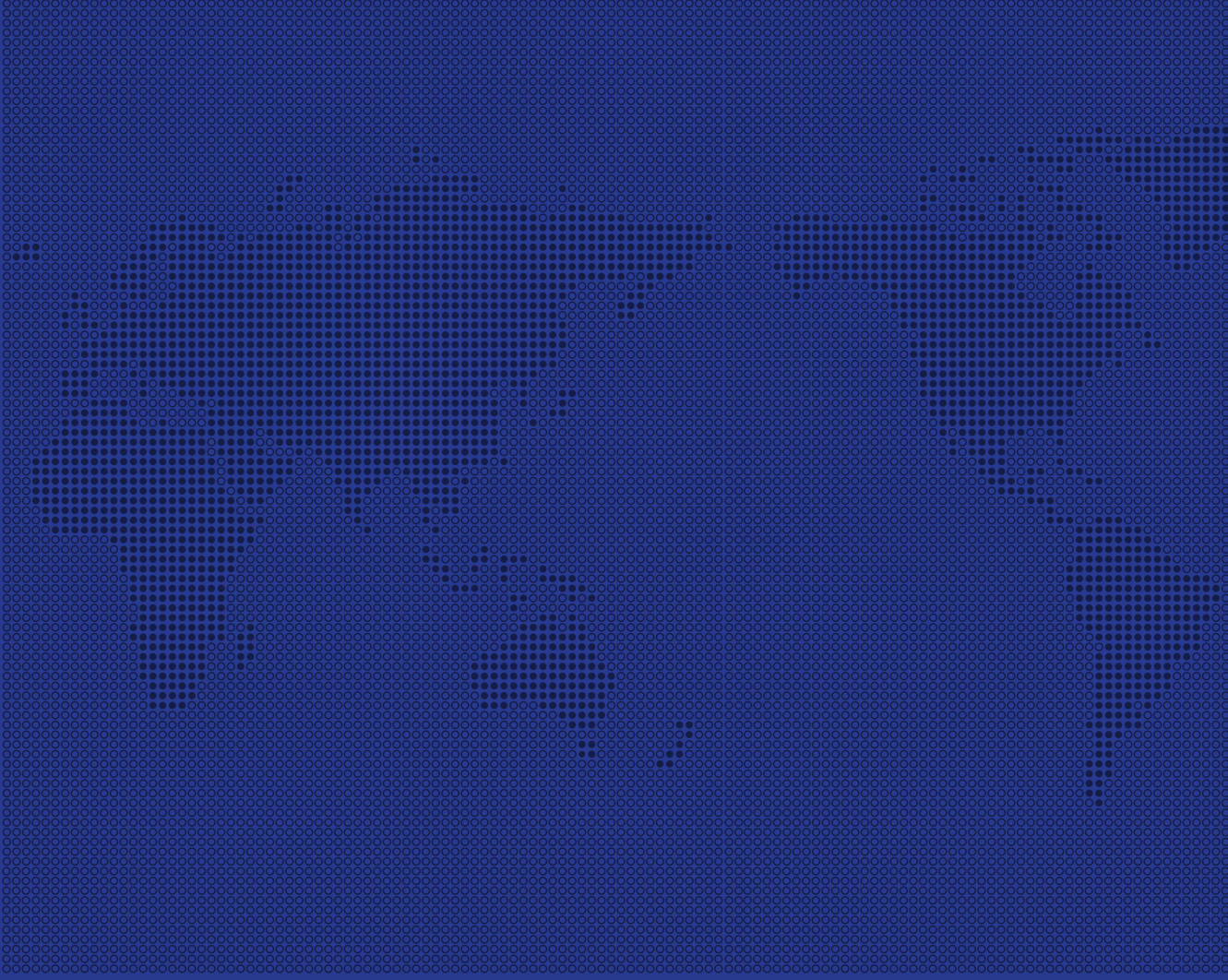
Neither strategic competition nor the growth in defence capabilities of regional countries makes conflict in the region inevitable or even more likely. Major regional powers understand that a war would be catastrophic. Deepening relationships between states across the region and the increasingly complex interdependencies that now underpin the Asia–Pacific also act as strong stabilising forces.

But there is no room for complacency. The interdependencies that make conflict less likely also make the potential consequences of even the most minor conflicts more far reaching. The increasing capability of armed forces in the region likewise increases the potential for minor clashes to have dangerous outcomes. A concerted effort will be required to shape a peaceful and stable order. Trust and entrenched patterns of dialogue and cooperation will be critical.

The threat posed by non-state actors is also likely to evolve and possibly expand—new technology will be harnessed by criminals and terrorists, as they continue to augment their tactics and approaches.

Chapter Five considers the implications of the strategic outlook for Australia's national security arrangements. It outlines **three priorities** for the next five years, to achieve our vision for our national security:

- **Enhanced engagement** in support of regional security and prosperity in the Asian Century.
- **Integrated cyber policy and operations** to enhance the defence of our digital networks.
- **Effective partnerships** to achieve innovative and efficient national security outcomes.



PART I

A FOUNDATION OF STRENGTH

CHAPTER 1

AUSTRALIA'S NATIONAL SECURITY

Image: A member of the Special Operations Task Group directs helicopters from the US 82nd Airborne Division to a landing zone at Gizab, Afghanistan. Photo by Army Captain Cameron Jamieson/courtesy of the Australian Defence Force.

Australia is a safe and confident country. Australians have the freedom and prosperity to enjoy our way of life and the security to pursue our interests at home and abroad. The security we enjoy has not come at a cost to the fundamental openness of our culture and society. As a harmonious and democratic nation we understand well the importance of an open society, new ideas and confident international engagement. It has brought us prosperity. It has shaped the fabric of our society. As we navigate the Asian Century, it will stand us in good stead.

Being open to the world brings both risks and opportunities. National security is concerned with both. It is fundamentally about protecting Australia from harm. At the same time, our national security activities should identify and make the most of new opportunities for our nation. As the Asian Century unfolds, new possibilities abound.

The economic transformation of China, our largest trading partner, is changing the economic and strategic balance of the world; and Asia as a whole is assuming ever greater global significance. New partnerships are emerging in the region and institutional frameworks are adapting to them. As a mature regional power, Australia is participating in these changes.

Such changes are not without challenges. There is always a degree of uncertainty with any change. An active and cooperative effort among major powers will be required to ensure our changing strategic order evolves peacefully.

There are also more immediate national security challenges facing governments around the globe. In particular, *non-state* actors such as criminal and terrorist organisations pose an enduring challenge. Organised crime is becoming more sophisticated. Our systems, methods and tools for dealing with it must keep pace—cyber-enabled crime in particular requires innovative responses that protect both the rights and security of citizens. Terrorism remains a serious threat requiring vigilance through a proactive intelligence effort, strong partnerships with states and territories, across business, the Australian community and our international counterparts.

Faced with emerging modern challenges, we must be prepared to adapt and act. Australia's current national security arrangements provide a sure foundation, with strong, connected footings in diplomacy, defence, development, border protection, law enforcement, and intelligence. Our arrangements are broad based too, with the Government working closely with the states and territories, business and the community.

This Strategy sets out our national security objectives (our 'ends'). It then explains how Australia's national security activity (our 'ways') is organised to achieve these ends. The Strategy then draws conclusions from the strategic outlook to identify areas of focus for the next five years. All this helps to inform coordinated decisions about national security resources (our 'means').

Our vision and objectives for national security

As we navigate the coming century, **our vision for Australia's national security** is for a unified national security system that works with partners to anticipate threats, protects the nation and shapes the world in Australia's interest.

This Strategy defines our **national security objectives**—our 'ends'—as follows:

- **To ensure a safe and resilient population**: the safety of the population as a whole.
- **To protect and strengthen our sovereignty:** the independence of our decision-making, and authority over our territory and resources.
- **To secure our assets, infrastructure and institutions**: including physical facilities, supply chains, intellectual property, information technologies, communication networks and Australia's natural wealth.
- **To promote a favourable international environment:** to influence and shape our regional and global environment to be conducive to advancing Australia's interests and values.

Our diplomatic, defence, development, law enforcement, border security and intelligence agencies pursue these objectives. These agencies often work in close cooperation with non-national security agencies, such as the Department of Resources, Energy and Tourism or the Department of Health and Ageing. Each organisation has a different role in responding to national security challenges, but they are united by the Government's fundamental responsibility for national security.

Working towards our national security objectives can create opportunities to further our national interests and support other goals of government. Perhaps most notably, there is a mutually reinforcing link between our national security and our economic wellbeing. A healthy economy underpins our stability and security, which in turn is conducive to the pursuit of our personal and national economic goals.

... THERE IS A MUTUALLY REINFORCING LINK BETWEEN OUR NATIONAL SECURITY AND OUR ECONOMIC WELLBEING.

WHAT IS NATIONAL SECURITY?

The overall security of a nation is inextricably linked to economic stability, resource sufficiency, good governance and social cohesion. The *Australia in the Asian Century White Paper* also recognises that on an international scale, there needs to be consideration of the collective economic and political security of the region, the human security of individuals in the region, the security of supply for food and energy, and the security of the natural system. All of these factors are considered by government.

This Strategy focuses on one aspect of security: *national* security.

National security is a broad and evolving concept. It is concerned with how we shape the environment, and how we prevent and prepare for threats to our sovereignty, people, assets, infrastructure and institutions. National security is also concerned with how we respond to such threats, and recover from any event which may occur.

In fulfilling its national security responsibilities, Australia draws primarily on its defence, intelligence, diplomatic, development, law enforcement and border security capabilities. Commonwealth agencies work in close partnership with the states and territories and, increasingly, business and the wider community. For some national security threats—most notably terrorism—our state and territory law enforcement and emergency services must play a critical frontline role.

Australia's national security capabilities have often played an important part in responding to other threats that could affect the safety and security of citizens. For example, our national crisis management arrangements and Australian Defence Force (ADF) assets can be used to assist the states and territories to respond to natural disasters.

Importantly, national security is not just about countering threats; it is also about making the most of opportunities. In particular, Australia seeks to shape the international environment, both to prevent the emergence of security threats, and to achieve broader benefits for Australia (such as trade and economic benefits).

CHAPTER 2

THE EVOLUTION OF AUSTRALIA'S STRATEGIC ENVIRONMENT

Image: Private Andrew Ogilvie, 23, from Queensland's Gold Coast, makes friends with a local child during a regional patrol in the township of Emera, Timor-Leste. Photo by Army Lieutenant Aaron Oldaker/courtesy of the Australian Defence Force.

Australia's place in the world

Australia's approach to national security reflects who we are and where we have come from—our values, our geography and our history. Our national security approach has been influenced by our allies, neighbours and international partners, as well as by those who threaten our peace, prosperity and sovereignty.

Australia is the world's sixth largest country. We have around 60,000 kilometres of mainland coastline.[1] Our extensive ocean and seabed interests extend well away from the shoreline and include important interests in Antarctica. We also import and export large volumes of commodities by sea.

Australia's geography has always been a key consideration for our national security. This geography has been a driving imperative for the maintenance of a strong, capable and independent ADF. It has helped discourage attack. It has motivated us to maintain strong partnerships. Our geography has also required a strong focus on border management to support legitimate travel and trade, while preventing the illegal movement of people and goods.

Of course, Australia's national security interests extend far beyond our borders. Indeed, they span the globe. We engage extensively in Asia, the South West Pacific, the Americas, Europe, the Eastern Indian Ocean, the Middle East and Africa.

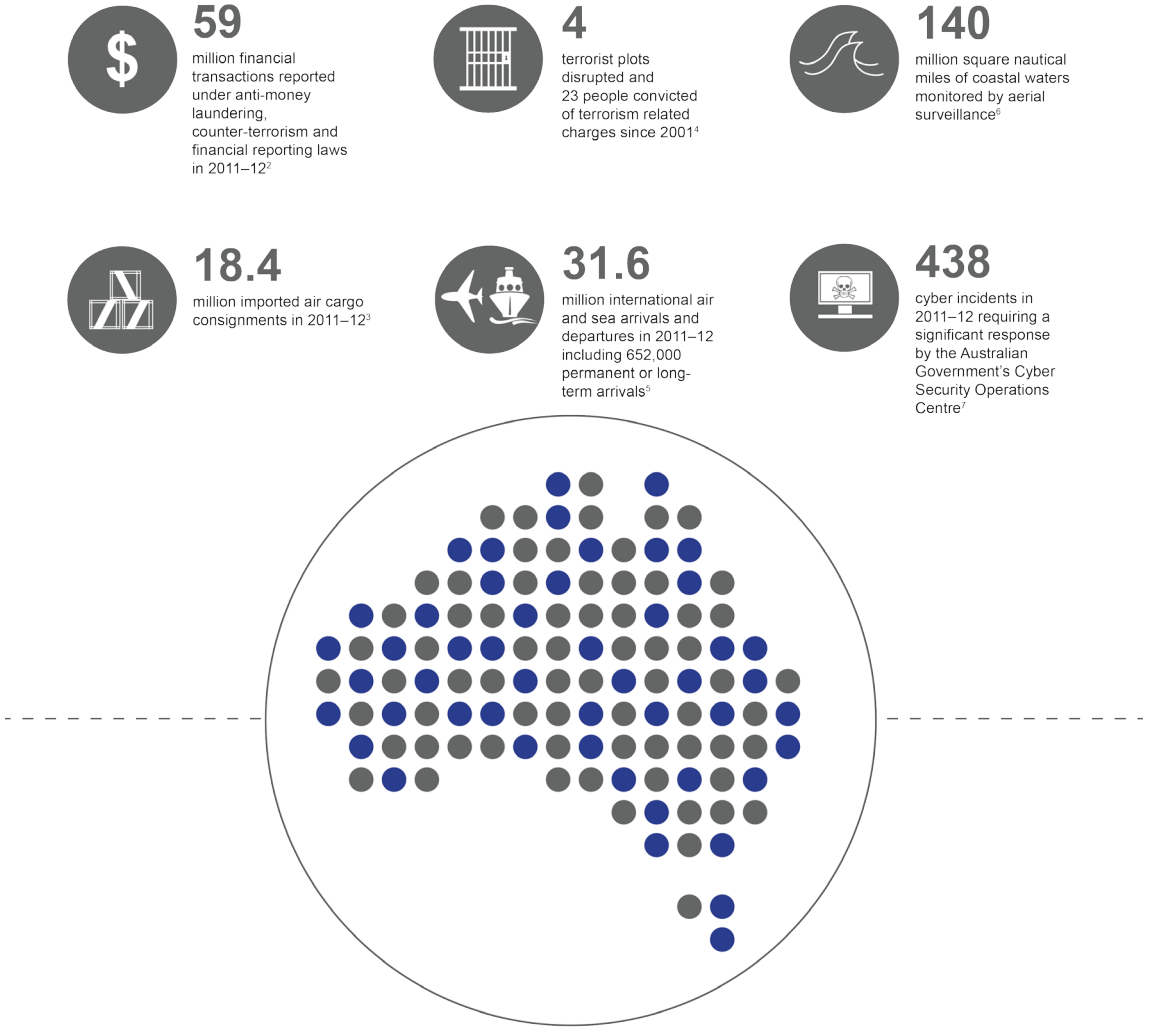
Australia is a liberal democracy with deeply held values. We stand for human rights and equality of opportunity at home and abroad. We uphold the rule of law: the principle that everyone, from the individual to the state itself, is accountable to laws that are publicly promulgated, equally enforced and independently adjudicated.

The rule of law provides the framework in which government balances its responsibility to protect Australia, its people and its interests while preserving our civil liberties. These values influence our foreign and defence policy. Our values underpin our reputation as a responsible member of the international community, committed to a rules-based global order.

Our national security arrangements reflect the basic tenets of who we are as a nation. But they also reflect the threats and opportunities we face, some of which have come into sharp relief over the past decade.

OUR NATIONAL SECURITY ARRANGEMENTS REFLECT THE BASIC TENETS OF WHO WE ARE AS A NATION.

Figure 1: National security by numbers



A transformative period for Australia's national security

This period since 1999 has been transformative for Australia's national security. Beginning with our involvement in East Timor (later to become Timor-Leste), this period also witnessed the catastrophic scenes of the September 2001 attacks on the United States and the Bali Bombings in 2002 and 2005, our military involvement in Iraq and Afghanistan, and the global financial crisis in 2008.

In the past decade, over 100 Australian lives have been lost in terrorist attacks around the world. The shocking terrorist events of this period precipitated a significant growth in Australia's national security spending. New anti-terrorism laws were introduced, and the combined budget for our national intelligence effort more than tripled between 2000 and 2012, growing to $1.5 billion.[14]

Australia's defence capabilities have also evolved in recent times to meet the challenges posed by stabilisation and peacekeeping operations in Timor-Leste and the Solomon Islands. The intervention in Timor-Leste in 1999 signalled the start of this shift, as Australia led the International Forces East Timor (INTERFET) coalition to restore peace and security in Timor-Leste, while facilitating humanitarian assistance.

This model informed the establishment of the successful Australian-led Regional Assistance Mission to Solomon Islands (RAMSI), created in 2003 and still operating—a partnership between the Solomon Islands Government and 15 Pacific contributing countries.

In 2001, in the wake of the 11 September attacks, Australia contributed a substantial combat element to the multinational effort in Afghanistan—part of the international campaign against terrorism. While our Special Forces deployments of 2001 and 2005 were aimed at countering terrorism, the deployment of diplomats, development advisers and Australian Federal Police (AFP) to Afghanistan since then has seen our contribution become a whole-of-government effort in Uruzgan.

Under a United Nations (UN) mandate and at the invitation of the Afghan government, we have provided substantial security, governance and development assistance through mentoring the Afghan National Army and National Police, built infrastructure, and helped improve the Afghan government's capacity to deliver core services to its people. All of this has been done with the aim of preventing Afghanistan from again becoming a haven for terrorism, and in support of our ally the United States.

In 2003, Australia contributed substantial combat forces to the United States-led mission in Iraq. Considerable civilian elements were also deployed to assist first the Coalition Provisional Authority and later to support the Government of Iraq.

A coordinated approach involving civilian, military and law enforcement continues to inform our support for disaster relief as well as for fragile states emerging from conflict. Defence assets were an important part of Australia's humanitarian relief effort to Indonesia following the 2004 Boxing Day Tsunami. Australia also provided a leadership role in building the international coalition that responded to the tsunami in Thailand. The ADF works side by side with the Department of Foreign Affairs and Trade (DFAT), the AFP, the Australian Agency for International Development (AusAID) and other agencies to provide this whole-of-government response.

Australia's national security transformation has not occurred in isolation. Enabled by sustained economic growth, our regional partners similarly increased their security focus and defence spending during this period. The need to cooperate more broadly on transnational threats affecting prosperity and security was acknowledged, and a range of forums and ways to cooperate now exist to counter such threats.

Over the past decade, this regional transformation has been driven by strong economic growth across Asia, led by China. Australia's economic ties to the region have grown dramatically, while trading relationships within the region have become more enmeshed through the evolution of integrated supply chains.

The 2008 global financial crisis saw the largest and sharpest drop in global economic activity in recent decades. Our economy slowed, but did not fall into recession, performing better during this period than other advanced economies. The financial crisis also affected the United States and Europe far more than Asia, accelerating the long-term shift in global economic weight from west to east.

In recent times, new and more complex national security challenges have received greater global attention. The growing number of malicious cyber incidents has juxtaposed the dangers of a hyper-connected world against the considerable economic and social benefits afforded by the Internet. Our national security and law enforcement agencies are now focusing more urgently on how best to combat cyber-based threats, but not at the expense of Australians' privacy and the broader benefits the online environment brings.

The events of the past decade changed the focus of our national security. They elevated terrorism as a threat; prompted greater attention to the stability of the region; and highlighted the link between national security and economic concerns. In this decade, we also became aware of the potential future risks of our increasing reliance on digital technology. We have adapted well to these changes. But many of the underlying challenges will remain.

National security risks

Our strategic environment combines elements of continuity and change. Several challenges have emerged in recent decades. Where these challenges directly affect our ability to achieve our national security objectives, they become strategic risks that need to be mitigated. The following are the primary risks that Australian national security agencies must manage.

Espionage and foreign interference: While not always visible, espionage and foreign interference are key national security risks that require constant vigilance. Australia's standing in the world, our technological and commercial strengths and close foreign relationships make us an attractive intelligence target. Acts of espionage or foreign interference—whether covert or overt—can impinge upon our sovereignty, our political processes and our commercial activities, and damage our international reputation and economic wellbeing.

Instability in developing and fragile states: Developing, fragile and conflict-affected states cannot always provide basic services and security. This can

AT A GLANCE: DEVELOPMENTS IN AUSTRALIA'S NATIONAL SECURITY

In the four years since the 2008 National Security Statement, the Government has focused on building a cohesive approach to national security.

KEY ACTIVITIES

- Focused the efforts of government across the spectrum of national security policy and operations, through a comprehensive suite of White Papers, strategic plans and reviews including: Cyber Security (2009),[15] Defence (2009),[16] Aviation (2009),[17] Counter Terrorism (2010),[18] Organised Crime (2010),[19] Disaster Resilience (2011),[20] Aid (2011),[21] Intelligence (2011)[22] and Australia in the Asian Century (2012).[23]
- Strengthened legal frameworks and powers to ensure Australia's national security and law enforcement agencies have the appropriate tools to fight terrorism and combat organised crime, including through the *National Security Legislation Amendment Act 2010.*[24]
- Appointed the Independent National Security Legislation Monitor in 2011 to ensure that national security legislation is effective and proportionate to the level of threat, and to ensure it contains appropriate safeguards for protecting the rights of individuals.
- Better coordinated national intelligence capability and made legislative changes to remove barriers to information sharing and interoperability.
- Worked towards common goals in partnership with others, including by implementing key initiatives such as the *National Security Information Environment Roadmap,*[25] *Critical Infrastructure Resilience Strategy*[26] and establishing the Cyber Security Operations Centre.
- Appointed a National Security Adviser to improve strategic direction within the national security community and support whole-of-government national security policy development, implementation and crisis response.
- Introduced better coordination of national security budgets to allow consideration of decisions across all national security agencies.
- Established the National Security College in 2010 to educate Australia's current and future national security leaders.
- Established new national crisis management arrangements that have been tested regularly and proven during recent floods, fires and overseas emergencies.

render them vulnerable to transnational crime, inter-communal violence fuelled by small arms and light weapons proliferation and, in some cases, terrorism. The resulting instability can cross borders, affecting the security of neighbouring countries, the region, and Australians and Australia's interests.

Malicious cyber activity: Every day, Australian governments, businesses and individuals face a range of cyber-related threats such as state-based and commercial espionage, identity theft, and denial and disruption of services. If left unchecked, cyber-related threats have the potential to undermine confidence in our social and economic stability and our prosperity.

Proliferation of weapons of mass destruction: While current key proliferation challenges involve states some distance from Australia—North Korea and Iran in particular—the consequences of any further expansion of nuclear arsenals around the globe would run counter to our national security objectives. The spread of weapons of mass destruction creates tension and instability, and erodes international norms. This is of particular concern in parts of the world where tension is already heightened.

Serious and organised crime: Serious and organised crime can undermine our border integrity and security. It can erode confidence in institutions and law enforcement agencies, and damage our economic prosperity and regional stability. It can involve the procurement, distribution and use of illegal weapons. This type of crime is highly adaptive and may link to, or exacerbate, other significant issues of national security, such as terrorism and malicious cyber activity.

State-based conflict and coercion significantly affecting Australia's interests: The current international environment is unlikely to see war between major powers. However, it is characterised by shifting power balances, strategic and economic competition, and territorial disputes. This competition brings a degree of uncertainty and complexity to the relatively benign global landscape. It increases the consequences of the ever present risk of miscalculation. Minor clashes in areas of strategic significance to Australia can also seriously affect our interests. A more likely challenge to our interests than armed conflict is the risk of another state seeking to influence Australia or its regional and global partners by economic, political or military pressure.

Terrorism and violent extremism: Since 2001, four terrorist plots in Australia have been disrupted and 23 individuals convicted of terrorism offences.[27] Other potential terrorists have been thwarted, and regional and global terrorist and insurgent networks have been degraded. Yet, despite our successes, enduring vigilance is required to avert the possibility of an attack on our soil or an attack affecting Australia's interests overseas.

National security opportunities

To focus only on dangers in the world would be to neglect the opportunities to improve our security environment and shape our strategic landscape. It is as important to seize these opportunities as it is to address threats. Australia's approach to national security connects all levels of government, business and the community. Our approach looks outward for areas of mutual interest and exchange, and positions us well to take advantage of these opportunities. The return on this effort is not always immediate, but it can be significant in the longer term.

Over the years, Australia's national security and foreign policy efforts have created opportunities that benefit our broader national interests. Many of these have emerged as a consequence of the ongoing pursuit of our national security objectives, such as showcasing the quality of our defence industry on operations and joint exercises.

Other activities, like our efforts to promote international norms for cyberspace, see our diplomats, international lawyers and policy specialists working with industry, the not-for-profit sector and foreign governments to shape a secure, open and accessible online environment that directly benefits our national security, societal safety and digital economy.

Australian government departments such as DFAT and our intelligence agencies play an important role in identifying future trends and the factors that drive them. Australia's aid program helps fragile countries become more stable—seven of the top ten recipients of Australia's aid are considered fragile. Our diplomats, law enforcement, border security and military personnel, development advisers and others engage internationally to promote transparency, stability, development and cooperation.

The resulting partnerships and trust established contributes significantly to the pursuit of our national security objectives. However, it also delivers benefits far beyond the scope of our national security. Longer term, it fosters favourable conditions in which our economic and social interests can prosper. It can also strengthen a culture of support and cooperation whereby we can assist, and in turn be assisted by, others during times of crisis and natural disaster.

AUSTRALIA'S SECURITY RELATIONSHIP WITH INDONESIA

Australia and Indonesia enjoy an increasingly deep and productive relationship. The establishment of annual Leaders' Meetings in November 2011 is indicative of the importance both countries place on our strategic partnership. It is a comprehensive relationship encompassing a broad bilateral and global agenda. A strong plank of our partnership is the cooperation between Australia and Indonesia on a wide range of security-related issues—from counter terrorism and counter proliferation of weapons of mass destruction to the disruption of people smuggling. This cooperation benefits both countries significantly.

Under President Yudhoyono's leadership, Indonesia has emerged as a leading economic and strategic power in the region. As it has grown in stature, Indonesia has become even more important to Australia's national interests. This trend will continue. If economic growth of around six per cent per annum continues, Indonesia is on track to become one of the top 10 economies globally in purchasing power parity terms by the next decade. With its growing economic and political weight, and through its membership of key multilateral bodies, including the Group of 20 (G20), Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN) and the EAS, Indonesia is already assuming a greater role in global decision making.

Australia and Indonesia have developed an extensive and cooperative counter terrorism relationship in areas such as intelligence cooperation, law enforcement, border and transport security, legal framework development, counter terrorism financing, defence, and countering violent extremism. Law enforcement cooperation has contributed to Indonesia's success in arresting around 800 terrorist suspects, about 600 of whom have been convicted.[28] Australia and Indonesia jointly manage the Jakarta Centre for Law Enforcement Cooperation. Widely regarded as a model of international law enforcement cooperation, the Centre has provided training for more than 11,000 police officers from throughout the region.[29]

Another important element of our security engagement with Indonesia is the further development of our long-standing bilateral defence relationship. In September 2012, at the inaugural annual Indonesia-Australia Defence Ministers' Meeting, ministers signed a Defence Cooperation Arrangement. This arrangement will take our defence cooperation forward into the next decade, building on strengthened engagement under the 2006 Framework Agreement on Security Cooperation (the Lombok Treaty). Enhanced defence cooperation initiatives will include joint education and training, and participation in joint and regional exercises, with a focus on fostering close operational and strategic cooperation across vital areas such as humanitarian assistance and disaster relief, peacekeeping, counter terrorism and maritime security.

Our development program with Indonesia is Australia's largest bilateral aid program ($505 million in 2011–12).[30] Working in partnership, this program is helping to reduce poverty and support growing economic prosperity. Diplomatic relations are also maturing and deepening. In March 2012, the Ministers of Foreign Affairs and Defence of the two countries met in 2+2 format for the first time.

Our positive relationship with Indonesia contributes profoundly to Australia's overall security. Maintaining the positive trajectory of that relationship is a priority. This will require continued support at the highest levels for our shared agenda, and a determination to work together to advance our shared interests.

CHAPTER 3

PILLARS OF AUSTRALIA'S NATIONAL SECURITY

Image: Members of the Specialist Response Group. Photo courtesy of the Australian Federal Police.

Australia's national security activities combine to form eight pillars that reflect the evolution of our national security environment:

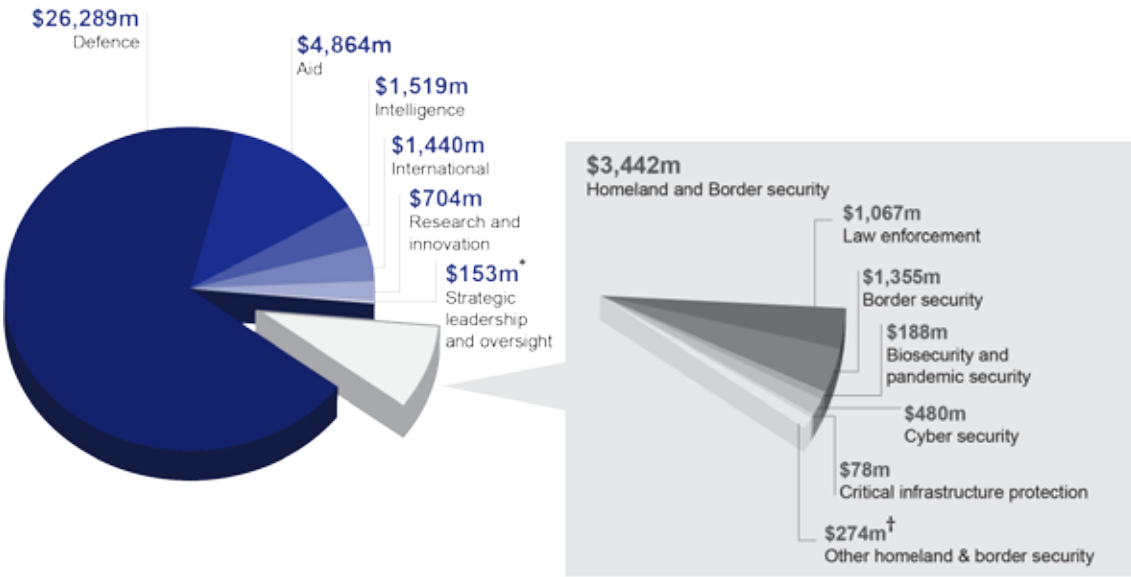
- Countering terrorism, espionage and foreign interference.
- Deterring and defeating attacks on Australia and Australia's interests.
- Preserving Australia's border integrity.
- Preventing, detecting and disrupting serious and organised crime.
- Promoting a secure international environment conducive to advancing Australia's interests.
- Strengthening the resilience of Australia's people, assets, infrastructure and institutions.
- The Australia–United States Alliance.
- Understanding and being influential in the world, particularly the Asia-Pacific.

In strategic terms, these pillars encapsulate our activities—that is, what we are doing now to meet our national security objectives. Australia has invested substantially to build and maintain these pillars to meet the challenges and requirements of the 21st Century. National security expenditure has grown from approximately $18,600 million in 2001–02 to $33,546 million in 2011–12 (excluding aid).[31] While expenditure is not currently measured by pillar, Figure 2 provides a high-level breakdown of Australian spending on national security and aid.

Defence dominates our national security expenditure, representing 68 per cent or $26 billion of total spending in 2011–2012.[32] This reflects both the importance and cost of maintaining a strong defence force. Homeland and border security accounts for around nine per cent of the total spend, with law enforcement and border security being the most significant elements.

Each of the eight pillars typically involves a concerted and coordinated effort across government, often with involvement from states, territories, business and the community. Together they help support our efforts to achieve our national security objectives. We will maintain our efforts across each of these pillars, as they will continue to underpin our national security.

Figure 2: National security and aid expenditure 2011–12



* This category covers national security functions performed by the Attorney-General's Department, the Treasury, the Department of Finance and Deregulation and the Department of the Prime Minister and Cabinet.

† This category includes law enforcement and immigration oversight, transport security, and crisis management and emergency assistance.

Source: Department of Finance and Deregulation

COUNTERING TERRORISM, ESPIONAGE AND FOREIGN INTERFERENCE

Terrorism, espionage and foreign interference undermine our way of life and are transgressions of our sovereignty. Unfortunately, they are also all persistent threats. Terrorism is typically an overt violent act which affects people, infrastructure, governments or the economy. Espionage and foreign interference can also cause serious harm to people, infrastructure, governments and the economy, but by contrast, are usually conducted covertly.

Over the past decade, highly effective efforts in Australia and overseas have disrupted and degraded terrorist networks. However, terrorist tactics and techniques continue to evolve, and with them, the nature of the threat. Events at home and overseas have inspired some Australians to attempt acts of terror here, while others may be drawn to participate in overseas conflicts. More recently, the possibility of attacks by 'lone actors' has emerged as a greater concern globally. But state-sponsored terrorist organisations such as Hezbollah also remain a challenge that can emerge at short notice.

States have always used espionage as a tool to pursue national interests. Today, our reliance on cyberspace has increased our exposure to this threat. Espionage and foreign interference activities against Australia place a range of our national interests at risk, including: classified government information; commercial information with direct consequences for business and the economy; intellectual property; and the private information of our citizens.

KEY FEATURES OF OUR APPROACH

- Maintaining an intelligence-led approach focused on prevention and supported by better coordination through the Counter Terrorism Control Centre.
- Coordinating Australia's counter terrorism investigations through Joint Counter Terrorism Teams in each state and territory.
- Cooperating with international partners to degrade terrorist networks in our region.
- Maintaining effective border management arrangements to prevent the movement of people who might wish to engage in terrorism, espionage or foreign interference.
- Implementing the *Countering Violent Extremism Strategy* to discourage Australians from radicalising to violent extremism.[33]
- Contributing strongly to global efforts to cut off funding for terrorism, including through robust implementation of targeted sanctions.
- Engaging with more than 125 countries through our intelligence networks on counter espionage, cyber threats, legal matters, training and technical exchanges.[34]
- Engaging with business, particularly by sharing information and providing protective security advice to help defend against high-priority terrorism and espionage threats.
- Implementing comprehensive cyber initiatives and strengthening cyber security partnerships between governments and with industry.

DETERRING AND DEFEATING ATTACKS ON AUSTRALIA AND AUSTRALIA'S INTERESTS

Defending Australia and its interests against direct attack is a first order responsibility of government. Although the likelihood of a conventional armed attack on our territory is remote, the consequence of such an attack could be devastating.

This is not the only military contingency for which we must prepare. For example, Australia has been a regular contributor to UN operations. Beyond that, it is possible a conflict affecting our strategic and economic interests could break out in the Indo–Pacific region (a region that spans the Indian Ocean to the Western Pacific).

It is therefore essential that we maintain the capacity to protect Australia's sovereignty, assets, infrastructure and institutions from conventional armed attack, and to contribute to international security efforts where appropriate. The ADF is an essential part of our approach. Maintaining credible high-end capabilities enables us to act decisively when required, and deter would-be adversaries. It strengthens our regional influence. Importantly it contributes to the maintenance of a strong Australia–United States Alliance—a relationship that is critical to our ability to deter and defeat adversaries.

Australia's defence capability is complemented by our active foreign service, which builds influence across the globe and contributes to a more stable region. Strong bilateral relationships and preventative diplomacy enables Australia to make the most of opportunities in the global environment, and help to progress the security and economic prosperity that we seek with our regional partners.

KEY FEATURES OF OUR APPROACH

- Guided by successive White Papers, Australia is investing in core defence capabilities, including Joint Strike Fighter aircraft and a future submarine capability.
- Maintaining a strong Australia–United States Alliance and a growing network of strategic relationships with neighbours and regional partners.
- Deploying our army, navy and air force personnel in 14 Operations across the globe, contributing to stability in our neighbourhood, combating terrorism and upholding a rules-based global order.
- Deepening security dialogues and combined defence activities with key partners across the region to build greater understanding, trust and cooperation.
- Investing $1.5 billion (2011–12) in our intelligence efforts across government.[35]
- Marshalling expertise from across government during times of crisis overseas to deliver the best possible assistance to protect Australia and Australia's interests.

PRESERVING AUSTRALIA'S BORDER INTEGRITY

The increasing connectedness of global markets and the growing accessibility of air and sea travel have increased the pressures on Australia's borders. This connectedness brings significant opportunities, but also significant challenges to maintaining security and efficient management of our borders. With around 60,000 kilometres of coastline, we have one of the largest physical border environments in the world.

But protecting our border integrity begins well beyond the physical border. Australia's military, customs, federal police, intelligence services, immigration, quarantine inspection and diplomatic personnel work cooperatively to maintain our border integrity. Australia is investing in technologies and establishing stronger links with regional and other governments to enhance stability and detect and deter threats.

Australia has moved to an intelligence-led, risk-based approach to assessing all passengers and cargo entering the country. This approach enables border agencies to identify and assess risks and conduct timely interventions. This has resulted in an increase in the seizure of illegal items, including drugs and firearms.

Australia's border integrity is also challenged by irregular maritime migration facilitated by people smuggling. Responding to people smuggling and irregular maritime migration—including through the implementation of the Expert Panel on Asylum Seekers recommendations—remains an important focus of the Government.

KEY FEATURES OF OUR APPROACH

- Protecting Australia's border including (in 2011–12): processing of more than 31 million international air and sea passengers, inspection of over 100,000 sea cargo containers, surveillance of more than 140 million square nautical miles of Australian waters and coastlines;[36] and completion of 24,000 visa security assessments.[37]
- Enhancing the management of our borders, including through the *Commonwealth Organised Crime Strategic Framework*[38] and the Next Generation Border Security initiative.
- Implementing the recommendations of the *Report of the Expert Panel on Asylum Seekers*.[39]
- Maintaining a world class Refugee and Humanitarian Program to protect refugees worldwide and respond to their resettlement needs.
- Adopting incentives that encourage asylum seekers to pursue safe pathways to protection, including the establishment of regional processing arrangements for irregular maritime arrivals.
- Promoting regional cooperation through the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime, to strengthen the capacity of member countries to better respond to irregular migration.
- Investing more than $1.6 billion since 2009 to build a sustainable biosecurity system that minimises threats to Australia's primary production sectors, human health and environment.[40]
- Identifying high risk foreign travellers through analysis of visa data and biometrics.
- Adopting an intelligence-led model of cargo and passenger inspections, which enabled border agencies to stop almost 250,000 weapons, including more than 1,100 guns and gun parts, from entering Australia in 2012.[41]

PREVENTING, DETECTING AND DISRUPTING SERIOUS AND ORGANISED CRIME

Serious and organised crime impinges on our prosperity, confidence and way of life. Australian businesses, funds and citizens are highly attractive targets for organised crime syndicates, reflecting our relative prosperity and technological sophistication. Contemporary criminal syndicates increasingly operate as global enterprises, sometimes in conjunction with state actors. They have the capacity to inflict serious harm on our economy, businesses and institutions. The annual cost of organised crime to Australia is conservatively estimated at $15 billion.[42]

Australia harnesses domestic and international partnerships to combat serious and organised criminal activities such as cybercrime, money laundering, and the illegal movement of goods and people across borders. A key focus is preventing criminals from accessing the profits of their crimes and from accessing funds to facilitate their criminal activities. So too is building business and community awareness of security and safety in the online environment.

KEY FEATURES OF OUR APPROACH

- Implementing the National Criminal Intelligence Fusion Capability, which brings together specialists from a wide range of agencies to better prevent, disrupt, investigate and prosecute organised crime.
- Working with the states and territories through the *Commonwealth Organised Crime Strategic Framework* and the *National Organised Crime Response Plan* to focus on key cross-jurisdictional threats.
- Using multi-agency taskforces to combine and coordinate a broad range of Commonwealth, state and territory capabilities, enabling more effective and sophisticated responses to organised criminal activities.
- Targeting the proceeds of crime through the Criminal Asset Confiscation Taskforce, and ongoing prevention and detection of money laundering through comprehensive anti-money laundering arrangements.
- Working with industry to make Australia a harder target for organised crime.
- Sharing intelligence and cooperating on formal criminal proceedings with international law enforcement partners.
- Assisting partner countries to strengthen legal, administrative and security institutions by supporting their implementation of the *UN Convention Against Corruption*[43] and adoption of the *Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention*.[44]
- Supporting analytical work by the UN and others to better understand corruption and transnational crime trends in East Asia and the Pacific.

PROMOTING A SECURE INTERNATIONAL ENVIRONMENT CONDUCIVE TO ADVANCING AUSTRALIA'S INTERESTS

Australia's national security and economic prosperity are best served by an open, rules-based global order. We have a fundamental interest in global rules and institutions that prevent conflict, effectively manage security threats and support the free flow of people, goods, services, ideas, capital and principles. These rules and institutions play a crucial role in establishing norms, promoting stability and furthering collective action on issues of concern.

Volatility in developing countries, some of which are considered fragile, could disrupt regional stability and prosperity, and damage Australia's security interests. For instance, weak governance and institutions in some countries have been exploited by transnational criminal networks and extremists.

Australia's aid program supports stability through poverty alleviation. Our program supports governments to be more responsive in delivering justice and services to their citizens. Our aid program also promotes more resilient communities—able to cope better with, and recover from, crises.

KEY FEATURES OF OUR APPROACH

- Supporting multilateral engagement as a member of organisations and forums including the UN, International Atomic Energy Agency (IAEA), World Trade Organization and EAS.
- Working through the G20—including as host in 2014—to promote strong, sustainable and balanced global growth by ensuring international economic rules, norms and institutions work effectively.
- Promoting the strength of arms control treaties and adoption of standards from the IAEA and the Organisation for the Prohibition of Chemical Weapons.
- Promoting international peace and security as a non-permanent member of the United Nations Security Council (UNSC) for 2013–14 and through deployments to UN peacekeeping and peace monitoring missions.
- Through the International Security Assistance Force (ISAF) mission in Afghanistan, helping to prevent the country from again becoming a haven for global terrorists, provide security, and contribute to a better future for the Afghan people.
- Deploying around 380 AFP members to multi-and bilateral international missions in the Asia-Pacific region and international hubs to promote the rule of law and build law enforcement capacity overseas.[45]
- Participating actively in the annual Pacific Islands Forum (PIF) and related regional dialogues, including the annual PIF Regional Security Committee meeting.
- Providing over half of Australia's bilateral and regional aid to fragile and conflict affected countries.

STRENGTHENING THE RESILIENCE OF AUSTRALIA'S PEOPLE, ASSETS, INFRASTRUCTURE AND INSTITUTIONS

It is not possible to eliminate all risks to our national security. If a major security incident occurs we must be ready to respond and recover quickly.

Australia's ability to meet national security challenges is tied closely to our resilience. Our communities must be resistant to extremist sentiment and communal violence, and hostile to organised crime. Our key institutions and infrastructure must be protected against attack, and the ongoing value of our assets must be assured. Should the worst occur, our communities and institutions must work together to help themselves and others. Together we must ensure the supply of essential services.

The Government works with the states and territories, the private and not-for-profit sectors and the broader community to prepare for national security challenges and enhance Australia's resilience.

For example, the Government is:

- preparing for pandemics and bio-threats by stockpiling vaccines;
- building community cohesion and resilience to violent extremism;
- engaging with business to enhance the resilience of our critical infrastructure and mitigate vulnerabilities in the global supply chain; and
- working collaboratively to build disaster resilient communities across Australia.

Enhancing resilience also involves engaging with the community to build an understanding of national security risks and responses.

KEY FEATURES OF OUR APPROACH

- Building resilience across governments, the private sector and not-for-profit sectors and the community, through the ongoing implementation of the Council of Australian Government (COAG) *National Strategy for Disaster Resilience*.
- Partnering with business and industry under the *Critical Infrastructure Resilience Strategy*, to enhance resilience and ensure the continued provision of essential services in the face of all hazards.
- Sharing information on priority risks with key industry sectors via the Trusted Information Sharing Network, the ASIO Business Liaison Unit and the Business Government Advisory Group on National Security.
- Providing consular assistance to Australians overseas.
- Collaborating with state and territory governments in pandemic planning, including through the *2011 National Action Plan for Human Influenza Pandemic*.[46]

THE AUSTRALIA–UNITED STATES ALLIANCE

The Australia–United States Alliance (the Alliance) remains our most important security relationship. It has formed the foundation of our defence and security cooperation since shortly after the Second World War. The Alliance has proved a critical enabler for the development of our own military capability. It remains an important anchor for peace and security in our region.

The value of the Alliance lies not simply in its defence aspects. It strengthens our prosperity as well as our security. The United States is integral to global economic growth and security, and provides the critical underpinning to the rules-based order that exists today.

Our Alliance has continuously evolved to maintain a contemporary focus and address emerging threats. It binds us to consult on mutual and complex threats, and to act to meet common dangers. The Alliance increases Australia's ability to protect itself and its interests by providing for:

- regular dialogue;
- joint training exercises;
- intelligence-sharing;
- access to defence technology;
- scope for complementary diplomacy; and
- research and development cooperation.

The Alliance allows us to work together on issues of common concern and make a practical contribution to regional and global security.

KEY FEATURES OF OUR APPROACH

- Strengthening the interoperability of Australian and United States defence forces, including through:
  - regular exercises, such as the biennial Exercise Talisman Sabre;
  - implementation of the Defence Trade Cooperation Treaty; and
  - acquiring interoperable and complementary capabilities, such as the E/A-18 G "Growler" variant of the Super Hornet aircraft and the MH-60R Seahawk "Romeo" helicopter.
- Continuing regular ministerial dialogues, including the annual Australia United States Ministerial Consultations (AUSMIN).
- Cooperating on shared strategic and regional security interests including through the Australia–Japan–United States Trilateral Strategic Dialogue.
- Supporting activities flowing from the United States Force Posture Review, including rotations of United States Marine Air Ground Task Force personnel through northern Australia.
- Contributing to the international efforts in Afghanistan.
- Addressing the growing challenge of cyber threats by including large scale cyber attack within the scope of the Australia–United States Alliance.
- Sustaining a robust intelligence relationship, including in the defence field.

UNDERSTANDING AND BEING INFLUENTIAL IN THE WORLD, PARTICULARLY THE ASIA–PACIFIC

Australia has global interests. Our international relationships are wide-ranging, strong and mature. However, as recognised in the *Australia in the Asian Century White Paper*, our security and prosperity are first and foremost linked to the Asia–Pacific region. Strengthening our position as an influential regional actor is therefore a focus of our foreign policy.

We maintain strong relationships with countries in the region through strategic, economic and people-to-people links. Our focus on these relationships is often to build collective approaches to shared challenges and opportunities.

This relationship-building is pursued not only by foreign affairs officials, but also by our police, intelligence, military and border protection officials, through initiatives such as the Defence Cooperation Program. Our focus on development also contributes to these relationships, with the Asia–Pacific region to receive 75 per cent of Australian aid by 2015–16. While the diversity of our region means that we may not always have the same perspectives as other countries on all issues, cooperation is vital to our region's collective security.

KEY FEATURES OF OUR APPROACH

- Strengthening our relationships with regional partners, specifically through:
  - annual Leaders' Meetings with Indonesia;
  - 2 + 2 Foreign and Defence Ministers' Dialogues and other security cooperation with Indonesia, Japan and South Korea;
  - foreign and security dialogue and military-to-military engagement with China;
  - foreign and security policy dialogue with India within the framework of the Australia–India Strategic Partnership;
  - expanding our regional security cooperation, for example by establishing bilateral strategic dialogues with Singapore, Vietnam and the Philippines; and
  - deepening defence, diplomatic, development and law enforcement cooperation with New Zealand and partners across the Pacific.
- Fostering cooperation through multilateral regional forums, such as the EAS, and with ASEAN.
- Sustaining a comprehensive network of relationships through 95 diplomatic posts in 77 countries, including formal Defence representation in 30 diplomatic missions.[47]
- Developing and implementing new comprehensive country strategies, beginning with China, India, Indonesia, Japan and South Korea, in accordance with the *Australia in the Asian Century White Paper*.
- Improving our intelligence capabilities through strong coordination and prioritisation, and effective sharing and collaboration with our close partners.

PART II

BUILDING A SECURE FUTURE

CHAPTER 4

AUSTRALIA'S NATIONAL SECURITY OUTLOOK

Image: Development Adviser Kathryn Elliott discusses projects for improving water management in Afghanistan with the Uruzgan Directors of the Ministry of Energy and Water, and the Minister of Rural Rehabilitation and Development. Photo by Lorrie Graham/ courtesy of Australian Agency for International Development.

An assessment of the strategic environment suggests that the outlook for Australia's national security over the next decade is largely positive. Major conflict is unlikely and we have a proactive, effective and adaptive national security capability to respond to challenges as they unfold.

However, there are already clear elements of strategic competition at play in the region. For the most part, tensions that have arisen have been managed well. But miscalculation or escalation is possible in contested areas, such as in the South and East China Seas, and by countries of strategic concern, such as North Korea.

The threat of terrorism will require ongoing vigilance. Some traditional threats will migrate online—and new ones will emerge—as we embrace the digital age and become more dependent on space-based infrastructure.

To the extent that any such challenges directly involve Australia, we are well placed to meet them with strong and agile national security capabilities. The fact that we will continue to be one of the world's most stable, resilient and cohesive nations will help us to deliver the community-wide responses that some challenges require.

Most of Australia's future national security challenges will come from beyond our borders. That means we must comprehend global trends to inform our domestic and international security policy settings. Analysing trends does not eliminate uncertainty—unexpected events will inevitably happen. Even if we understand our environment well and predict most major trends, shocks may still occur. Nonetheless, the first priority for effective national security is to understand the trends and drivers of most significance to Australia.

For Australia over the next decade, the most significant trends are likely to be:

- uncertainty in the global economy;
- a rebalancing of global power;
- the continuing importance of non-state actors; and
- low-level conflict in high-risk areas.

Economic uncertainty and the global reordering

The financial crisis and associated downturn in the United States and Europe have been dominant forces in shaping domestic and international policy agendas around the globe since 2008. Economic uncertainty will continue to shape our strategic environment and will affect national policy priorities, the focus of multilateral forums and the influence of private companies in global developments. The relative economic health and growth potential of Asia during this time will also ensure countries and companies place a higher priority on pursuing opportunities in our immediate region.

But possibly the most significant factor for our national security is the impact of shifts in the global balance of power. The financial crisis of 2008 highlighted the global strategic reordering that had been under way for some time. Now in 2013, the reordering is well progressed and its significance for Australia is becoming clearer.

Australia's region is home to several major powers, but our major ally the United States and our major trading partner China will have the greatest influence on the region. The United States has publicly articulated its 'rebalancing' toward the Asia–Pacific and remains the world's most powerful strategic actor. Commensurate with its size and interests, China is playing an increasingly active role in regional affairs and multilateral forums and is building a significant military capability. India and Indonesia, among other states, will be more economically and strategically influential actors in the Asia–Pacific.

At times there have been tensions over issues such as competing territorial claims and historical disputes. By and large these have been well managed. All countries in the region have benefited from the resultant stability, economic growth and prosperity that have characterised recent decades.

The United States and China, like Australia, have clear economic interests in preserving the security and stability of the region. Together with regional partners, we expect that both the United States and China will work hard to maximise the cooperative aspects of their relationship and minimise the competitive elements. The cooperation of all countries in the region is fundamental to stability.

Further afield, countries including Brazil, South Africa and Russia will play a more active and influential role in their respective regions and on a global stage. Australia is likely to increasingly engage, and have the opportunity to work with, these and other nations on a variety of security issues—a more immediate prospect following our election as a non-permanent member of the UNSC.

The global strategic reordering coupled with the emergence of Asia as an economic and strategic centre-of-gravity has created a vibrant arena of middle power activity. More Asian countries will play an increasingly active role in shaping the region. Countries from Europe and South America will also be seeking greater strategic and economic traction in the region.

On the whole, this global strategic reordering is positive. But it brings with it challenges. On the one hand it will enable Australia to reinvigorate traditional relationships, such as those with the United Kingdom, France and other like-minded countries, in the pursuit of common security interests on issues such as cyber. It will also see confident and globally-minded Asian nations seeking to enhance cooperation with Australia. However, as we pursue closer relationships with them, regional powers could seek to exercise influence over our national decision making and use of our resources. More active middle powers are also likely to challenge established regional dynamics and the degree of influence Australia currently possesses with our closest regional partners.

The military modernisation occurring in many Asian nations could also give rise to new tensions. As recognised in the *Australia in the Asian Century White Paper*, this military modernisation is a natural by-product of the sustained economic growth across the region over the past decade. However, emboldened behaviour or a lack of transparency could create uncertainty and nervousness.

The challenges and disputes likely to arise in the region will increasingly demand multilateral responses. In the Asia–Pacific, several overlapping forums have emerged to address a variety of security and economic developments over the last half century. Multilateralism is inherently difficult and requires perseverance in pursuit of sometimes seemingly incremental development. Australia is working with its partners to strengthen regional forums—especially the EAS and the ASEAN Regional Forum—so that they can better contribute to regional stability. At the same time, we are developing bilateral relations with our most important partners, and providing support for smaller or *ad hoc* groupings to gain traction on issues of shared concern.

The continuing importance of non-state actors

Both strategically and economically, non-state actors will play an increased role in the world. This is due to such trends as greater global interdependence, the widespread adoption and rapid evolution of technology, increasing cross-border traffic flows, and a global focus on economic growth. Traditionally, national security consideration of non-state actors has focused on terrorist and organised criminal networks. However, legitimate non-state actors, from private companies to non-government organisations, will also be more influential over the coming decade.

National and multinational companies are increasingly important partners for the Government in achieving our national security objectives. For example, the partnerships established with major companies to protect critical infrastructure in light of the threat posed by terrorists are likely to take on a greater importance in response to the threats and opportunities of the digital age.

As countries continue to prioritise economic growth, they will also need to protect the prospects of their most valuable and vital sectors. This imperative will not only influence economic policy, but also bilateral relationships, interactions in multilateral forums and the development of trade policy. Countries will need to be conscious of this potential source of influence, and to consider how best to partner with local and international organisations to achieve common objectives.

The actions of terrorist and criminal networks and other non-state actors will continue to challenge our national security and that of our regional partners. Some of our smaller neighbours, with fewer resources and hence less capability, may be particularly vulnerable. Because their weakness may have implications for our national security, we cannot consider our response to terrorist and criminal networks in isolation. Australia and our regional partners' shared understanding of the threats posed by such networks is constantly improving. Our individual and shared responses are likewise increasingly well targeted and sophisticated. However these threats will continue to evolve. A separate but equally worrying development for all, is the emergence of 'self-radicalised and lone actor' terrorists.

The Internet—while enabling many social and economic opportunities into the future—is also likely to be the source of other new national security challenges, such as the activities of certain 'hacktivist' groups. The potential impact and rapid evolution of non state based threats, particularly online, suggest we must be vigilant and agile if we are to respond effectively.

Issues and events here or overseas may inspire some Australians to engage in politically motivated violence or lead to instances of inter-communal violence and possibly violent protest. Fortunately, such violence is not a prominent feature of our society. But when there are conflicts between countries that have diaspora communities here, we may occasionally experience tension or isolated clashes. Ideologically motivated groups, such as racist, nationalist or religious extremists, may also seek to ignite communal violence.

CHINA'S ROLE IN THE REGION

Within one generation, China's rise has transformed the living standards of its own population and done much to boost the economies of countries throughout the Asia-Pacific. In economic and political terms, China is unquestionably already a global power. With the possible exception of the United States, no other country is likely to have more influence on economic and strategic developments in the Asia-Pacific region: China's national objectives and how they are pursued will have far-reaching effects on nations, economies and inter state relations.

Indeed, because China will be such an important player, its future role in the region and the nature of its relations with the United States will necessarily feature prominently in any consideration of contemporary geopolitics or regional dynamics.

As the *Australia in the Asian Century White Paper* made clear, China's military growth is a natural, legitimate outcome of its growing economy and broadening interests. The rapidity of that military modernisation has given rise to a degree of uncertainty or even sensitivity. The series of maritime territorial disputes between China and some of its neighbours have exacerbated sensitivities.

These disputes must be resolved peacefully and all parties should avoid miscalculations that would jeopardise the stability and economic growth that has characterised the Asia-Pacific over recent decades.

For Australia's part, we will continue to encourage China to use its growing capabilities and influence to contribute actively and positively to maintaining regional peace and stability. More active and open engagement by China with the region, including through regional institutions, would help to assuage any nervousness about the prospects of ongoing stability across the Asia-Pacific.

Australia will continue to engage in practical cooperation with China on issues of shared concern, and will seek to encourage negotiated resolutions to any regional disputes. We will encourage China to embrace openness and transparency to help build understanding and trust across the region.

As part of this, Australia would welcome China playing an increasingly active and constructive role in multilateral forums, commensurate with its status as a global power. Bilaterally we will seek to build on our robust economic relationship, our political and strategic dialogue, and our established defence ties to develop a more comprehensive dialogue across the breadth of issues of shared interest.

Fragility and conflict in at-risk areas

A major war is unlikely over the next decade. However there are areas of instability which present a risk to Australia's interests, should conditions deteriorate. Our immediate region is home to both fragile and developing nations, some of which may be more susceptible to the effects of natural disasters, demographic and economic pressures, as well as political tensions.

Importantly, in those countries where we and other regional partners have played peacekeeping and peace monitoring roles—Solomon Islands and Timor-Leste—the immediate outlook for security and stability is more positive. While both countries face long-term development challenges, their improved outlook is due, in part, to Australia's commitment to their stability and development. But with the path to sustainable development being neither short nor smooth, instability will continue to be a feature of our immediate region.

Instability and the prospect of continuing heightened tensions in South Asia and the Middle East have the potential to affect Australia's interests. Afghanistan, particularly following transition in 2014, will require ongoing support from the international community if the development and security gains made over recent years are to be consolidated under Afghan leadership. The downstream impacts of the upheavals sparked during the Arab Spring, and concerns over Iran's nuclear ambitions, could also lead to heightened tensions and possibly further conflict within and between states. In addition, the possibility of further proliferation of weapons of mass destruction in the region would have negative longer-term implications for regional security.

Closer to home, the provocations and unacceptable behaviour that have characterised North Korea's foreign policy for the last half century will persist, with its growing nuclear and missile ambitions and capabilities presenting an added complication. In other parts of Asia, tensions arising from territorial disputes and shifting power balances could result in isolated armed clashes or confrontations.

Overall, these trends and possibilities point to an environment where:

- strategic shocks and surprises are possible;
- demand for international development, humanitarian assistance and support for displaced persons will remain high; and
- local conflicts or heightened tensions may emerge with little warning.

ASIA–PACIFIC AND INDO–PACIFIC

The 'Asia–Pacific' is a commonly used geopolitical construct. It encompasses those countries in the Asian continent and around the Pacific Rim and includes our ally the United States, our key economic partner China, our Strategic Partner India, and our nearest neighbours. The Asia–Pacific has been Australia's primary strategic and economic frame of reference over recent decades.

The term 'Indo–Pacific' has emerged more recently. It captures the region spanning the Indian Ocean through to the western Pacific Ocean. 'Indo–Pacific' emphasises the growing significance of this geographic corridor and of India, with Australia increasingly considering its interests through this lens, as well as the Asia–Pacific.

Both terms can be used to define Australia's strategic setting and are referenced throughout this Strategy. Use of the term 'Indo–Pacific' complements the term 'Asia–Pacific'—they are both useful frames through which to view Australia's national security interests.

BROADER GLOBAL CHALLENGES WITH NATIONAL SECURITY IMPLICATIONS

As an Asia-Pacific nation with global interests, Australia will continue to monitor and analyse a range of challenges for their immediate or longer term national security implications.

Resource security and scarcity: Energy and food security concerns may increasingly come to the fore, and competition could exacerbate tension over territorial disputes. Resource shortages, potentially manifesting as higher prices for basic necessities, are also likely to lead to unrest within poorer countries.

Climate change: The more severe effects of climate change, in particular the increase in frequency and severity of natural disasters, compounded by competition over scarce natural resources, may contribute to instability and tension around the globe, especially in fragile states.

Changing demographics: The world's population is growing, placing further pressure on energy and resources. This can generate increased political and social pressures within countries and across regions including through increased refugee outflows. Future migration will continue to alter the demography of developed countries. Disparities in wealth and opportunities, and ethnic and religious differences more generally may affect social cohesion and cause unrest.

Increasing urbanisation: Larger, urban populations will require expanded law enforcement and security resources and will increase the potential for, and scale of, communal violence, public disorder or social unrest. Urban areas can also be vulnerable due to their high reliance on critical infrastructure.

Increasing online engagement: Increased online engagement creates economic opportunity and greater social interaction. However it also facilitates increased levels of malicious activity, from organised crime to state-sponsored espionage.

Resurgence of violent political groups: The recent global economic downturn has seen a resurgence of violent political groups, particularly in parts of Western Europe. Nationalist and racist extremism is almost always driven by dramatic and sustained economic decline, the presence of particular ethnic minorities, or the perception that one ethnic group is widely engaged in crime or public violence. Future serious economic woes are likely to generate similar problems.

Corruption: Across the globe, corruption remains a key enabler of transnational crime, including people smuggling and trafficking. Corruption also subverts the rule of law and can entrench weaknesses in fragile states—creating an uneven playing field and undermining development goals.

CHAPTER 5

AUSTRALIA'S NATIONAL SECURITY FOCUS FOR THE YEARS AHEAD

Image: The Prime Minister the Hon Julia Gillard MP attends the Gala Dinner of the East Asia Summit hosted by His Excellency Dr Susilo Bambang Yudhoyono, November 2011, Indonesia. Photo by AUSPIC/courtesy of the Department of the Prime Minister and Cabinet.

Australia must prepare for the most likely, and most important, eventualities in the future strategic environment. To the extent we can, we must seek to influence that environment to our advantage. To this end, we require the best possible understanding of our strategic environment, clear objectives and the most coordinated, effective and efficient application of our effort and resources.

Responding to the strategic outlook

From the assessment of our national security outlook set out in Chapter Four, certain judgements can be formed about the specific strategic outlook for the eight pillars of our national security. Figure 3 summarises these key judgements and indicates how Australia will respond.

Figure 3: Key implications for Australia's national security pillars

PILLARS	KEY JUDGEMENTS	RESPONSE
Countering terrorism, espionage and foreign interference	• Terrorist networks are resilient and will persist • Potential for home-grown radicalisation and violent extremism • Foreign actors target government, industry and business to obtain advantage • Increase in malicious cyber activity	• Emphasising preventative approaches at home and abroad • Continuing to build capacity to discover and degrade hostile foreign clandestine activities • Continuing to build partnerships with the business community • Encouraging strong security procedures for government and industry • Ensuring intelligence legislation keeps pace with the changing security environment
Deterring and defeating attacks on Australia and Australia's interests	• Traditional United States dominance increasingly contested in the region • Increasing strategic competition: low risk of conflict, but high consequences of miscalculation • Military modernisation across Asia • Instability and conflict in at-risk areas	• Increasing military cooperation, joint exercises and diplomatic engagement with countries across Asia to build greater transparency, open communication, confidence and trust • Acquiring core ADF capabilities • Undertaking comprehensive defence planning, including the *2013 Defence White Paper*
Preserving Australia's border integrity	• Increasing movement of people and goods to Australia • Growth in transnational crime • Ongoing irregular migration patterns	• Increasing use of risk-based systems to target threats • Enhancing cooperation across border security, law enforcement and intelligence agencies • Cooperating with our regional partners to counter people smuggling • Implementing the recommendations of the *Report of the Expert Panel on Asylum Seekers*

PILLARS	KEY JUDGEMENTS	RESPONSE
Preventing, detecting and disrupting serious and organised crime	• Uptake of new technology by criminal organisations • Instability in the world economy driving illicit markets • Fragile states enabling trafficking and smuggling	• Ensuring that Australian legislation keeps pace with the changing nature of criminal activity • Expanding and deepening regional and global law enforcement connections • Enhancing collaboration with Australian and partner national security agencies • Building Australia's cyber defences to become hostile to cyber crime
Promoting a secure international environment conducive to Australia's interests	• Ongoing instability across Africa and the Middle East • Continuing risk of instability in fragile and developing states • Multilateralism is more important but also more difficult, so global consensus on shared issues will be challenging • Proliferation of weapons of mass destruction will continue to attract a concerted international effort • Competition over resource availability and environmental management creates further tension in the region	• Using global forums, including through our membership of the UNSC, to strengthen international partnerships, address shared issues and, in turn, strengthen global rules-based order • Supporting Afghanistan beyond the 2014 transition to Afghan National Security Forces (ANSF) leadership • Providing development assistance to fragile and developing countries, particularly in the Asia-Pacific • Partnering with developing States in our region to manage the implications of climate change • Working with countries experiencing or emerging from natural disasters or conflict
Strengthening the resilience of Australia's people, assets, infrastructure and institutions	• Major shocks could occur with limited warning • Trans-border threats such as pandemics remain a possibility in our increasingly connected world • Increasing importance of communities and private sector in achieving national resilience • Global integration of supply chains • As the climate continues to warm, extreme weather events and natural disasters will increase in frequency and severity across the region	• Enhancing information sharing with key industry sectors • More effective integration of national security, social and economic policy • Working collaboratively across governments, with private and not-for-profit sectors and the community to prepare for potential shocks • Strong horizon scanning • Building partnerships with the national critical infrastructure community • Ensuring our national security crisis management arrangements and capabilities can deploy quickly and effectively in support of state and territory responses to natural disasters

PILLARS	KEY JUDGEMENTS	RESPONSE
The Australia–United States Alliance	• The United States will have a greater focus on Asia • The United States remains the world's most powerful strategic actor • The presence of the United States in the region is vital to maintaining confidence in the evolving strategic environment	• Cooperating on strategic issues of common interest, including regional security priorities • Deepening our defence, intelligence and security engagement with the United States
Understanding and being influential in the world, particularly the Asia-Pacific	• Ongoing shift of economic and strategic weight towards Asia • Increasing number of state and non-state actors on the international stage, potentially with competing interests • Greater competition for influence in Asia, both from countries in and beyond the region	• Working with regional partners to strengthen multilateral forums and in particular develop the EAS as a crucial regional institution • Developing a bilateral architecture with key regional nations, which includes regular meetings between leaders • Enhancing intelligence and information sharing with partners across the region • Broadening all linkages—cultural, social, economic, national security—with our regional partners to build confidence and trust • Developing our expertise on the Asia-Pacific

Near-term areas of focus: Afghanistan and the UNSC

By the end of 2014, Afghanistan will have assumed responsibility for its own security. In 2013 and 2014 Australia will sit on the UNSC for the first time since 1985-86. To ensure we meet our national security objectives and fulfil our international obligations a concerted, whole-of-government effort will be required on both these fronts over the next two years.

Afghanistan

Australia's mission in Afghanistan will change over the next two years as security responsibility progressively transitions to the ANSF. Transition began in Uruzgan in July 2012 and is scheduled to be completed by the end of 2013. Transition timelines are a significant focus for Australia, for the Afghan government, and indeed for all states comprising the ISAF.

Over the course of this year, our civilian and military presence in Uruzgan will gradually wind down. Once transition is complete, we will continue to support the nation-wide transition strategy through institutional training and advisory support for the ANSF.

At the end of 2014, when the transition across Afghanistan concludes, Australia's presence in Afghanistan will be much different to what it is now. But the end of a security transition will not mean the end of our commitment. The ADF will continue to provide specialised and targeted support to our Afghan partners, potentially including a continuing role for our Special Forces.

We will contribute to a new NATO-led mission to train, advise and assist the ANSF after 2014. As part of this contribution, the Government has committed considerable resources to support the ANSF financially. This will complement the strong support we have provided for Afghan governance and development including through: working with international partners and the Afghan government to strengthen governance, supporting Afghan-led reconciliation and peace processes, improving access to basic health and education services, and supporting agricultural and rural development.

United Nations Security Council

Our membership of the UNSC gives Australia a more influential hand in shaping world events that are of importance to us. This is a major opportunity. As a middle power with global interests, Australia has long been a supporter of a rules-based international order. The UNSC has a central place in that order. It has primary responsibility for the maintenance of international peace and security. To that end, the UNSC is empowered to authorise a range of measures, including sanctions and the use of force.

Through our membership for 2013-14, Australia will engage actively across the breadth of the UNSC's agenda, working to ensure it discharges its mandate effectively. Specifically, Australia will:

- work closely on the Council's consideration of Afghanistan;
- support the Council's work to counter terrorism, the proliferation of weapons of mass destruction, and piracy;
- champion the Council's efforts to compel North Korea and Iran to abide by UNSC resolutions concerning their nuclear activities;
- contribute to the effective operation of the Council's sanction regimes;
- support and encourage Council efforts to prevent conflict and atrocities, and work to ensure peacekeepers are empowered to protect civilians;
- support the Council's efforts to ensure that those who commit serious crimes are held to account; and
- encourage greater transparency in UNSC work and closer engagement with regional organisations.

Five year priorities

The Government will continue to apply effort and resources across all eight pillars of our national security. They are all important. However, to achieve our vision for national security and respond to the strategic outlook, the Government has identified three priorities to which national security agencies will dedicate additional effort over the next five years:

- **Enhanced regional engagement** in support of security and prosperity in the Asian Century.
- **Integrated cyber policy** and operations to enhance the defence of our digital networks.
- **Effective partnerships** to achieve innovative and efficient national security outcomes.

Each of these three priorities will contribute to the pursuit of our national security objectives.

The priority on **enhanced regional engagement** advances our ability to support regional stability and increase our influence in the region to our long term advantage.

The **integrated cyber policy and operations** priority reflects the burgeoning threat to Australia's national security associated with the rapid evolution of the digital medium. There is now an imperative to bolster our defences and, importantly, to bring the broader community into a closer partnership with government in understanding and organising an effective approach to cyber defence.

Finally, prioritising **effective partnerships** recognises the potential to better harness our domestic capabilities to combat evolving threats, while partnering regionally and globally to our mutual advantage. The nature of modern national security threats (transnational, multi-actor, or technologically advanced) demands joined-up responses.

The critical activities supporting the eight pillars of our national security will not be compromised as the Government dedicates additional effort and focus to these three priorities over the next five years. While each priority is different, the enhanced effort in these areas will strengthen our national security and have longer-term benefits in the national interest.

WHOLE-OF-GOVERNMENT PARTNERSHIP IN AFGHANISTAN

Australia's mission in Afghanistan is to provide long term stability to prevent it from again becoming a safe haven for terrorists. A strong and effective Afghan security force is critical to this task. However, security alone will not create the conditions for prosperity and stability. Basic services including health care and education will be critical in improving the long-term prospects of Afghanistan.

The ADF, along with the AFP, AusAID and DFAT, is working in partnership with the Uruzgan Provincial Government through the Uruzgan Provincial Reconstruction Team (PRT) to help deliver these services in Uruzgan Province.

The PRT recently completed construction of the 21-classroom Malalai Girls' School at Tarin Kowt. Most of the construction work was done by local Afghan contractors under the direction of ADF engineers. Several ISAF partners have also worked to ensure that the school has furniture, bookshelves, laboratory benches and sports equipment.

The Malalai Girls' school is equipped for up to 700 primary and secondary students, providing access to education for hundreds of girls in the Uruzgan province, many for the first time in their lives. With less than one per cent of Afghan women in Uruzgan able to read and write, the school is playing an important role in improving levels of education and in contributing to stability in Uruzgan.

***Enhanced regional engagement** in support of security and prosperity in the Asian Century*

Australia's strategic and economic future is tied to the Asia-Pacific region. The *Australia in the Asian Century White Paper* recognises we have a big stake in maintaining the relative peace and stability of recent decades. Australia will therefore work actively to promote trust and cooperation. When tensions or disputes arise, we will be ready to help craft resolutions that are peaceful, enduring and founded on an open and inclusive, rules-based system.

Australia's alliance with the United States is at the core of our approach to national security and makes a major contribution to regional security and stability. We need to continue to build on this relationship.

The growing number of influential regional actors is significant to Australia. This will bring new regional dynamics and increase competition for influence. These shifts need not be negative for Australia. But we will need to place more emphasis on bolstering our regional relationships over the next five years if we are to remain an influential and positive contributor to regional security and stability.

Australia has a long history of security cooperation with nations across the Asia–Pacific—relationships which have contributed substantially to regional security and stability. Looking ahead, a few partnerships will warrant particular focus. The importance of a deepening of our relationship with China cannot be overstated. Indonesia, already a key partner, will continue to grow in strategic and economic weight. We will seek to enhance bilateral cooperation with those nations comprising ASEAN, as well as Japan, South Korea and India—nations with which we share a widening range of security interests. New Zealand will continue to be our most important security partner in the South Pacific.

Beyond the region, we will look also for opportunities to cooperate with other close partners, such as the United Kingdom, Canada and France. Through existing groupings such as the Five Power Defence Arrangements (involving Australia, Malaysia, New Zealand, Singapore and the United Kingdom), Australia will look to build on important relationships with our Southeast Asian neighbours.

Australia will continue to work with international partners to improve the capacity of regional institutions to address regional challenges, encourage cooperation and promote agreed norms of behaviour. Robust multilateral institutions are important to the management of peace and stability, and are of particular relevance to Australia's security and economic interests over coming decades.

THE PACIFIC ISLANDS REGION

Australia has an enduring interest in the security, stability and economic prosperity of the Pacific Islands region. In some Pacific Island Countries, economic, gender, social, security and governance issues continue to hamper sustainable development. If not addressed, these could undermine stability in the region. These issues could also create conditions that could be exploited by malicious state and non-state entities.

Australia will continue to work in partnership with Pacific Island Countries to address these challenges. Our engagement spans the political, economic, development, environmental and military spheres. It includes collaboration with our regional partners, non-government organisations and multilateral organisations. We cooperate closely with New Zealand on our engagement in the region, including on security, policing and supporting transparent and accountable development.

Coordinated closely with our Pacific partners, Australian aid is helping to build stronger and more sustainable communities, including by helping people prepare for, and respond to disasters. The Seasonal Worker Program is an example of the work Australia is undertaking to accelerate the economic development of the Pacific Island Countries with Australia. Australia is also contributing directly to the overall security of the region by enhancing the capacity of regional law enforcement and security forces through the Pacific Transnational Crime Network and the Pacific Patrol Boat and Defence Cooperation Programs.

Australia will continue to work with its partners to tackle future shared challenges, including through Pacific regional organisations such as the PIF, the Secretariat of the Pacific Community and the Forum Fisheries Agency. Looking ahead, key priorities will include supporting transition of RAMSI, encouraging Fiji's return to democracy and the rule of law, and working with Papua New Guinea to secure development gains and to address common challenges.

Regional multilateral institutions—most notably the EAS, ASEAN, the ASEAN Regional Forum, the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus) and the Asia-Pacific Economic Cooperation (APEC) grouping—will be important in promoting cooperative security and confidence-building, and collective problem-solving, in areas such as environmental and energy security, and the rule of law.

FUTURE DIRECTIONS

- Promote trust through cooperative arrangements among regional powers, fair representation of Asian nations in key international organisations and the peaceful negotiation of disputes, in accordance with international law.
- Consistent with the *Australia in the Asian Century White Paper*, build stronger and more comprehensive relationships with influential regional powers, especially with China, India, Indonesia, Japan and South Korea:
  - Build on our established relationship with China to deepen our dialogue on priority strategic issues and support China's constructive participation in regional affairs.
  - Continue to work with India to develop regional cooperation on the Indian Ocean rim, especially through the Indian Ocean Rim-Association for Regional Cooperation.
  - Expand and deepen our established partnership with Indonesia to enable further cooperation on shared priorities and common interests.
  - Continue to build a comprehensive and proactive strategic agenda with Japan, including through our trilateral cooperation with Japan and the United States.
  - Enhance our dialogues with Japan and South Korea on areas of common security interest, including through 2+2 Foreign and Defence Ministers' dialogue processes.
- Encourage and facilitate the United States to continue playing its role as a stabilising pillar for regional security including by facilitating its rebalancing into the region and supporting the Global Force Posture Review.
- Promote the primacy and effectiveness of specific multilateral forums which encourage integrity and rules-based order, with a particular emphasis on:
  - Strengthening the EAS as a crucial regional institution for managing regional challenges, fostering strategic dialogue and promoting cooperation.
  - Using our seat on the UNSC to strengthen regional partnerships and maintain peace and security, including compelling North Korea to abide by UNSC resolutions concerning their nuclear activities.
  - Addressing gaps in regional frameworks, rules and norms that promote peace, security and stability, where adherence and effective implementation are lacking.
  - Strengthening engagement with ASEAN and its member nations, including by appointing an Ambassador to ASEAN.
- Working with likeminded regional middle powers to manage proactively the strategic implications of shared global challenges, including climate change, and food and energy security.
- Ensuring Australia's national security engagement supports the objectives and priorities outlined in our comprehensive country strategies, currently under development as part of the *Australia in the Asian Century White Paper*.
- Working with key regional partners to implement the Bali Process Regional Cooperation Framework, which will deliver regionally consistent approaches to combating people smuggling and managing irregular migration.

***Integrated cyber policy** and operations to enhance the defence of our digital networks*

Cyberspace is now a strategic asset for Australia as a modern, digitally enabled nation. We are well placed to be a global leader in the digital age. Greater connectivity offers more opportunities to participate in the global economy, especially for regional Australia.

The Internet's openness and accessibility—the characteristics that underpin the benefits of the digital age—also bring risks of malicious activity. Foreign intelligence services and criminal organisations can use the Internet to infiltrate systems, extremists can more easily coordinate, communicate and radicalise, and the Internet can be a means to promote hate and division among community groups.

If Australia is to take full advantage of the opportunities of the online environment, we need to maintain the most effective policy settings, coordination mechanisms and capabilities to minimise the associated risks and build enduring trust and confidence in the online environment.

Malicious cyber actors are adaptive and agile. We require similarly responsive approaches and capabilities to deter, defeat and limit their activities. In some cases this will demand the use of sophisticated defensive capabilities; in others, industry outreach or targeted awareness-raising campaigns will be most effective in preventing harm. The core of Australia's approach to national cyber resilience is the ongoing development of integrated national cyber security operations capabilities.

To do this, the Government is establishing the Australian Cyber Security Centre to improve partnerships between governments and with industry. By the end of 2013, the Government's most sophisticated cyber security capabilities—from across the national security community—will be located in one facility. This will enable a more complete understanding of the cyber threat and facilitate faster and more effective responses to serious cyber incidents. It will see more seamless interaction with international and industry partners. Importantly, it will also make Australia a harder target for malicious cyber activities.

ESTABLISHING THE AUSTRALIAN CYBER SECURITY CENTRE

The Australian Cyber Security Centre will bring together Defence's Cyber Security Operations Centre, the Attorney-General's Computer Emergency Response Team (CERT) Australia, ASIO's Cyber Espionage Branch, elements of the AFP's High-Tech Crime Operations capability and all-source-assessment analysts from the Australian Crime Commission. The Centre will be responsible for:

- developing sophisticated capabilities to maximise Australia's strategic capacity and reach in cyberspace, giving the Government the ability to detect, deter and deny offshore malicious cyber actors targeting Australia;
- developing a comprehensive understanding of the threat to Australian Government networks and systems of national interest;
- responding to and assisting in the mitigation of cyber incidents affecting both government and private sector networks;
- working with critical infrastructure sectors and key industry partners to limit the threat to our nation's most valuable networks and systems; and
- providing key policy agencies, including the Department of the Prime Minister and Cabinet, Attorney General's Department, Department of Broadband, Communications and the Digital Economy, DFAT and Department of Defence, with advice and support for their efforts to develop proactive strategies to counter cyber threats.

FUTURE DIRECTIONS

- Strengthen government and private networks by establishing a single cyber security operations facility with a focus on enhancing partnerships with industry.
- To ensure that the Internet remains an open, dynamic and secure environment, Australia will:
  - cooperate with allies and partners to promote international norms in cyberspace, through both established multilateral institutions (such as UN bodies, APEC and G20) and multi-stakeholder processes (such as the Seoul Conference on Cyberspace);
  - actively promote the applicability of existing international law for cyberspace;
  - deliver capacity building initiatives to promote greater trust and confidence in cyberspace across the region; and
  - support confidence building measures to create greater understanding across states.
- Promote international cooperation in the investigation of cybercrime offences, including through our accession to the Council of Europe's Convention on Cybercrime.

***Effective partnerships** to achieve innovative and efficient national security outcomes*

The contemporary national security environment requires creative responses that combine the expertise and authority of various government departments, foreign governments and non-government partners.

However, a variety of trends and developments—from the growing sophistication of serious and organised crime to the increasingly diffuse nature of terrorist threats—suggest that governments everywhere will need to continuously consider how best to achieve priority national security outcomes.

Fiscal constraints will continue to be an important consideration in our approach, and in that of our international partners. Budget realities, and the complexities posed by these trends, cannot be ignored. Our national security arrangements must adapt and respond. Our approaches must be inventive. They must also be targeted to achieve the highest priority outcomes.

Effective partnerships are essential to delivering innovation and efficiency across the national security system. Our focus must be on harnessing information, ideas and capabilities from all sources to ensure our responses are effective and efficient. We must work with domestic and international partners across all sectors to share knowledge and integrate data, while prioritising our own efforts.

National security agencies must be able to manage and share information securely and quickly with domestic and international partner agencies. More information sharing is also needed between government and business to create a common national risk picture and focus our collective efforts. We must continue to link our economic, social and national security policies to build resilience and deal with emerging threats.

Greater collaboration will require effective coordination and clear priorities. This will be addressed through the regular delivery of a National Security Strategy every five years and ongoing improvements to the coordinated national security budget process. A more systematic approach for analysing national security risks annually is being developed to inform budget and planning decisions. A national security capability plan is also being developed to complement the *Defence Capability Plan*.

PARTNERSHIP AND INNOVATION IN BORDER SECURITY

Travel to Australia is on the increase—it is expected that over 50 million persons will cross Australia's border in 2020.[48] Passengers are coming from many more countries than was traditionally the case, and there has been a considerable rise in small-budget airlines operating out of the region.

Pinpointing those few passengers who pose a security risk is a challenge. But collaboration among Australia's immigration, law enforcement and border agencies is developing innovative approaches to do just that.

Australia's universal visa system for all non-citizens is one such approach—the border risk scoring system. It works in real time, 24 hours a day to identify and prioritise passengers requiring additional scrutiny by border officials. At the same time, the system allows low risk travellers to easily enter Australia. It achieves that by sorting passengers into risk tiers, including through biometric checks and linking visa data with a range of other information held by the Department of Immigration and Citizenship. The system is capable of very rapid and sophisticated data matching and network analysis, and brings to the surface for investigation links that once would have been hidden. Australia is also partnering with other countries to build systems to detect high-risk visa applicants before they travel.

This is the first step in developing effective, integrated and innovative approaches to securing our borders.

FUTURE DIRECTIONS

- Improve information sharing arrangements, and where necessary legislative frameworks, across Commonwealth agencies, and with states and territories, international partners and Australian business.
- Implement an effective information sharing regime for national security departments and agencies through the Commonwealth's *National Security Information Environment Roadmap*: *2020 Vision*, to ensure the right people can access the right information quickly, securely and appropriately.
- Continue to implement strategies outlined in the *Commonwealth Organised Crime Strategic Framework* and the *National Organised Crime Response Plan*, with a focus on delivering cross-jurisdictional responses.
- Encourage ongoing regional efforts to combat corruption, people smuggling and transnational organised crime based on better understanding the phenomena.
- Build on relationships established through the Australia–New Zealand Counter Terrorism Committee (ANZCTC), Australia–New Zealand Emergency Management Committee and Trusted Information Sharing Network to work more closely in government–industry partnerships on emerging national security challenges.
- Enlist governments, the private sector and the community to make Australia a hard target for serious and organised crime.
- Focus whole-of-government efforts on how best to prevent the emergence of violent extremist sentiment and counter the continuously evolving terrorist threat.
- Enhance our comprehensive approach to border security through the release of the Australian Border Management Strategy, to more effectively and efficiently protect against threats including the illegal movement of goods.
- Continue to invest in new technologies such as biometrics to enhance identity protection and combat fraud.
- Continue to develop law enforcement techniques and methods to address cyber facilitated crimes.
- Release a National Security Strategy at intervals of around five years.
- Introduce and maintain a national security capability plan.
- Set annual coordinated national security budget priorities, informed by regular analysis of national security risks at the start of each budget cycle.

CONCLUSION

Australia's national security is intrinsically linked to the economic and strategic transformation in our region and in the world. As the peaceful rise of Asia continues, we will continue to benefit. But if and when tensions arise, Australia must be part of the response to promote stability.

The changing international environment therefore looms large for Australia's national security policies. It demands that we focus on our ability to influence emerging risks and capitalise on opportunities in the region. Against a backdrop of fiscal restraint this will require ongoing assessment of our diplomatic priorities. The changing environment will also require consistent and creative bilateral engagement to reinforce our efforts in multilateral forums. It suggests the need to forge stronger partnerships across defence forces in the region. It emphasises the need for insightful intelligence and it confirms the importance of our growing aid program.

More than any other activity of government, national security must integrate its active international voice with strong domestic policies. We must always strive for an effective continuum—from the Australian community, through business and government, to the international arena. Indeed, more than ever, effective national security is about integrated responses to complex challenges both at home and abroad.

Innovation will become more important. Digital and cyber-enabled threats are growing and changing rapidly. We need to ensure our defences keep pace. International flows of people, goods and money are also growing. We need to better harness our efforts to target the associated security risks. For example, in coming years we need to see more effort dedicated to pinpointing high-risk activity and individuals early.

Our pursuit of innovation will build on the solid pillars of our national security. We have a strong defence force. We are adept at collecting and assessing intelligence. We have effective law enforcement and resilient communities. We have robust border management arrangements, despite challenges like people smuggling. Australia's diplomacy and aid are well targeted and our network of close partnerships, regionally and beyond, will continue to serve us well.

Our strong national security footing underpins Australia's economic engagement. It provides a platform from which to pursue our commercial and strategic interests.

The emerging challenges for the security of our nation will require changes by degree. Forging closer partnerships. Adapting cyber defences. Furthering our influence in the world. These are the areas we must cultivate. These are the areas that will strengthen our defences while opening up new opportunities.

Australians can embrace the Asian Century with confidence, as we have a strong foundation upon which to build a secure future.

ABBREVIATIONS AND ACRONYMS

ADF	Australian Defence Force
ADMM	ASEAN Defence Ministers' Meeting
AFP	Australian Federal Police
AML	Anti-Money Laundering
ANSF	Afghan National Security Forces
ANZCTC	Australia-New Zealand Counter-Terrorism Committee
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
ASIO	Australian Security Intelligence Organisation
AusAID	Australian Agency for International Development
AUSMIN	Australia-United States Ministerial Consultations
CERT	Computer Emergency Response Team
CTF	Counter Terrorism Funding
DFAT	Department of Foreign Affairs and Trade
EAS	East Asia Summit
GDP	Gross Domestic Product
G20	Group of 20
IAEA	International Atomic Energy Agency
INTERFET	International Forces East Timor
ISAF	International Security Assistance Forces
NATO	North Atlantic Treaty Organisation
OECD	Organisation for Economic Cooperation and Development
PIF	Pacific Islands Forum
PRT	Provincial Reconstruction Team (in Uruzgan province, Afghanistan)
RAMSI	Regional Assistance Missions to Solomon Islands
UN	United Nations
UNSC	United Nations Security Council

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