

**9<sup>th</sup> Berlin Conference on Asian Security (BCAS)**

***International Dimensions of National (In)Security  
Concepts, Challenges and Ways Forward***

Berlin, June 14-16, 2015

*A conference jointly organized by Stiftung Wissenschaft und Politik (SWP), Berlin  
and Konrad-Adenauer-Stiftung (KAS), Berlin*

Discussion Paper  
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***Session I: National Security –  
Concepts and Threat Perceptions***

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# Preparing for Another Age of Uncertainty – Australia’s National Security Concepts and Threat Perception

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## Introduction

Since winning the Federal Election in October 2013, the Coalition government of Prime Minister Tony Abbott has put ‘national security’ on top of the political agenda. That can be seen as the result of an interplay between domestic and external factors. Domestically, Coalition governments have had a general tendency to wanting to be seen ‘tough’ on security and defence. In opposition, Mr. Abbott consistently attacked the Labor government’s national security policy as ‘weak’ and ‘putting the country at risk.’ Moreover, less than six months after taking office the Abbott government faced a negative trend in opinion polls showing shrinking electorate support because of broken promises, unpopular budget measures, and political miscommunication. Playing the security card particularly in regard to the threat of home-made Islamist terrorism can therefore at least partly be attributed to the Abbott government’s interest to score points with a public increasingly worried about a major terrorist attack on Australian soil.

Yet, these domestic variables should not distract from the fact that the broader Australian strategic community perceives the emergence of another ‘age of uncertainty’ similar to the early 1960s. Back then, there was not only the possibility of a global conflict between the West and the Soviet Union. Australia also faced the prospect of direct military escalation with its biggest neighbour Indonesia. Today, Australia is confronted with new uncertainties regarding the future of the regional and global security order. Moreover, new transnational risks and threats in the form of cyber challenges and Islamist extremism add to a new sense of disorder and the need adjust security concepts, legal frameworks, and capabilities. In this context, it is important to note that Australia’s national security concepts have traditionally been influenced by the intertwined perceptions of ‘insecurity’ and ‘vulnerability’. Insecurity about the long-term stability in the Asia-Pacific and at the global level, and a deep seated sense of vulnerability against major threats emanating from the country’s northern approaches which could render the continent open to coercive actions by a hostile power such as the disruption of maritime trade routes, or even a direct attack. These perceptions continue to be powerful drivers of Australia’s national security concepts and policy responses.

## The Regional Level: Increased Major Power Conflict, Arms Competition and Doubts over ASEAN Centrality

Historically, Australia has benefitted from a regional and global security order dominated by its larger Anglo-Saxon ally(s). As part of the British Commonwealth of Nations, it relied on the dominance and protection of the Royal Navy. During the Second World War, the United States (US) took over the role as the ultimate guarantor of Australia's security. For over 60 years, US forward deployed presence in the Asia-Pacific also provided for stability and prosperity in the region. However, China's rise to major power status in the region challenges the very fabric of that order by challenging established norms of behaviour and by eroding US military dominance in the Western Pacific.

It should be noted that the Australian strategic community and governments since the mid-2000s have become increasingly worried about China's long-term strategic trajectory and intentions. Official defence documents by the Howard and Rudd governments in 2007 and 2009 respectively expressed concerns about China's military modernisation and strategic behaviour. Even so, the Gillard government's 2013 Defence White Paper toned down the rhetoric, the internal assessment about China remain unchanged. So did the force structure planning designed to make a more significant contribution to US-led operations in the region and elsewhere.

The assessment in Canberra is that while not inevitable, great power conflict in the Asia-Pacific has certainly become more likely. The scenario of a Sino-Japanese escalation, likely to involve Australia's US ally, is particularly troublesome. Beijing's recent behaviour in the South China Sea (SCS) and the East China Sea has only increased Australia's concern over regional stability. As Defence Minister Kevin Andrews stated at the Shangri-La Dialogue in May, the government strongly objects to China's coercive attempts to change the territorial status quo, including its huge land reclamation activities in the SCS:

Australia believes that all regional partners presented here today have an enduring interest in maintaining safe and stable maritime trade and air passage. We remain concerned by any developments in the South and East China Sea which raise tensions in the region. Australia has made clear its opposition to any coercive or unilateral actions to change the status quo in the South and East China Sea. This includes large scale reclamation activity by claimants in the South China Sea. We are particularly concerned at the prospect of militarisation of artificial structures. Disputes must be resolved peacefully, and Australia urges all parties to exercise

restraint, halt all reclamation activities, refrain from provocative actions, and take steps to ease tensions.<sup>1</sup>

His comments echoed similar concerns raised by his US and Japanese counterparts at the dialogue. Moreover, in close coordination with the US and other regional nations the Abbott government is actively considering a range of options to conduct its own ‘freedom of navigation’ exercises near artificial islands built by China, likely to include air and naval assets.<sup>2</sup>

While China is not perceived as a direct military threat, Beijing’s behaviour has increased the security dilemma for Australia because of growing uncertainty over its strategic intentions.<sup>3</sup> In the expectation of increased major power competition in the Asia-Pacific, Australia is strengthening its US defence alliance, is increasing its strategic ties with Japan, and seeks to develop closer security linkages with other regional countries, including India. While this is not part of a ‘balancing strategy’ against China, it reflects ‘strategic hedging’ against unwanted consequences of Beijing’s strategic behaviour. As Prime Minister Abbott reportedly responded to a question by German Chancellor Angela Merkel during a bilateral meeting at last year’s G-20 summit in Brisbane, ‘fear and greed’ were the two key determinants driving Australia’s current China policy.<sup>4</sup> Should China emerge as a truly revisionist power, the greater the ‘fear factor’ is likely to become. It should be noted that Australia’s default position is to move even closer to its US ally in support of Washington’s ‘strategic rebalance’ to Asia given that the option of a US-Sino ‘power sharing arrangement’ on Beijing’s terms – e.g. accepting China’s large territorial claims in the SCS and elsewhere – is not attractive for policy-makers in Canberra.

However, China’s rise is not the only source of regional security concerns for Australia. In Northeast Asia, North Korea’s growing nuclear weapons program is viewed with increasing concern, partly driving Australia’s interest in developing a regional missile defence capability. Canberra is also worried about the rising trend in military expenditure and arms acquisitions throughout the whole Asia-Pacific region. In Northeast Asia, ‘action-reaction dynamics’ in arms acquisitions among the major players can be observed. There are also signs of greater arms competition (as opposed to arms racing) in Southeast Asia, where a number of countries have started to invest

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<sup>1</sup> Kevin Andrews, ‘Global Security Challenges and the Asia-Pacific’, Fifth Plenary Session, IISS Shangri-La Dialogue, Singapore, 31 May 2015, <http://www.iiss.org/en/events/shangri-la%20dialogue/archive/shangri-la-dialogue-2015-862b/plenary-5-8995/andrews-f56e>.

<sup>2</sup> Greg Sheridan, ‘Flight to test China waters’, *The Australian*, 2 June 2015.

<sup>3</sup> This point is also made by Adam P. Liff and G. John Ikenberry, ‘Racing toward Tragedy?: China’s Rise, Military Competition, and the Security Dilemma’, *International Security*, Vol. 39, No. 2 (Fall 2014), pp. 52-91.

<sup>4</sup> John Garnault, ‘Fear and greed’ drive Australia’s China policy, Tony Abbott tells Angela Merkel’, *Sydney Morning Herald*, 16 April 2015.

in high-end military technologies such as submarines, fighter aircraft and more capable surface combatants. Many of them now also possess fairly sophisticated anti-ship cruise missiles.

From an Australian perspective, these trends not only risk making maritime Asia, including in Southeast Asia, much more contested. They also threaten to erode Australia's traditional concept of having a smaller, but technologically far superior defence force vis-à-vis any Southeast Asian neighbour. Moreover, politically the Australian strategic community has serious questions regarding ASEAN's centrality for the regional security order in Southeast Asia. While Canberra strongly supports ASEAN centrality, it doubts its capacity to deliver security outcomes as the maritime order becomes more contested. This is also because of China's potential to split ASEAN unity by driving a wedge between land-locked countries, those in direct dispute with Beijing, and those so far only indirectly affected by China's attempts to create a 'sphere of influence' in the SCS. Australia is also sceptical whether Indonesia is willing and able to provide strong leadership in ASEAN.

Closer to home Australia faces the prospect of a much more powerful Indonesia. While Jakarta's process of democratisation is considered a success story in Canberra, residual concerns remain over Indonesia's long-term trajectory and the crisis over the execution of two Australian citizens has shown that the bilateral relationship is likely to remain one of 'ups' and 'downs'. Finally, Australia is wary about the potential for serious instability in Papua New Guinea and West Papua.

## The Global Level: Global Disorder, Terrorism and Cyber Challenges

While Australia is most concerned with the evolving regional power dynamics, it also has to pay more attention to global security challenges which might directly or indirectly affect national security. Indeed, those global security issues directly link to the regional and/or domestic level. One example for a global-regional nexus is Russia's re-emergence as a strategic actor, not only in terms of its destabilising behaviour in Europe but also its strategic re-engagement in the Asia-Pacific which includes upgrading its Pacific Fleet, as well as increased operational and defence diplomacy activities. Yet, the threat posed by the Islamic State (IS) and violent extremist networks has become the biggest non-traditional security challenge for Australia, connecting the global, regional, and domestic levels. For Australia, the global-regional nexus of IS inspired terrorism is particularly alarming. Indonesia, for instances, faces a massive problems with foreign fighters. Malaysia, the Philippines and Southern Thailand are also confronting similar threats. This could pose a major

threat to Australian embassies and business operating in the region, as well as popular tourist destinations such as Bali.

In April 2015, Foreign Minister Julie Bishop labelled the IS and its ideology the “most significant threat to the global, rules-based order to emerge in the past 70 years’, adding that this included “the rise of communism and the Cold War.”<sup>5</sup> While one can certainly argue with this proposition, Australia like many other countries faces the problem of ‘foreign fighters’ joining IS in the Middle East and the prospect of home-grown terrorist attacks. Vowing to fight the IS “death cult”, the Prime Minister in October 2014 authorised air strikes against ISIS in Iraq, joining a US-led coalition. After initially contributing a task force of six F/A-18E/F *Super Hornets*, a KC-30A multi-role tanker and an E-7A *Wedgetail* airborne early warning and control aircraft, Australia by the end of the month also committed around 200 special-forces personnel to the fight. Counter-terrorism raids conducted across Sydney, Brisbane and Melbourne to disrupt domestic terror plots, as well as the ‘Sydney Siege’ in mid-December 2014 seemingly underscored the growing nature of the threat. In his ‘National Security Statement’ on 23 February 2015, Prime Minister Abbott cited intelligence estimates that at least 90 Australians were fighting with terrorist groups in Iraq and Syria; that as many as 30 others had returned to the country; and that about 140 Australians were actively supporting extremist groups.<sup>6</sup>

Finally, Australia faces a problem with ‘cybercrime’ and ‘cyber espionage’. The real wake-up call came in 2008 when it became apparent that China had launched a massive cyber campaign against Australia’s major iron ore producers BHP Billiton, Rio Tinto and Fortescue Metals. In 2011, Chinese spy agencies also penetrated Australia’s parliamentary computer network, accessing the email system used by federal MPs, their advisers, electorate staff and parliamentary employees. At the launch of the new Australian Cyber Security Centre (ACSC) in November 2014, Prime Minister Abbott revealed that there had been a 37 percent increase in significant cyber security ‘incidents’ on the year before and that the annual costs of cybercrime for Australia was estimated at A\$1.2 billion. While this figures is comparatively small in terms of overall GDP, it must be noted that that with a majority of cybercrime going unreported or undetected, the figures involved could be far higher. As well, Major General Steve Day, Coordinator of the ACSC, has pointed out that the Government estimated that there were 11,000 cyberattacks on Australian businesses in 2014; that an increasing number of nation states were involved in

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<sup>5</sup> David Wroe, ‘Islamic State bigger threat to world order than Cold War communism: Julie Bishop’, *Sydney Morning Herald*, 27 April 2015.

<sup>6</sup> Prime Minister of Australia, The Hon Tony Abbott MP, *National Security Statement*, Canberra, 23 February 2015, <http://www.pm.gov.au/media/2015-02-23/national-security-statement-canberra>.

stealing intellectual property from government and the private sector; and that the level of cyber espionage has increased significantly.

## Readjustment of Institutional Framework, Capabilities and Security Concepts

In sum, Australia faces a range of traditional and non-traditional security risks and threats. By far the most consequential would be a major power confrontation in the Asia-Pacific, including China and Australia's US ally. Seen from Canberra, the potential for serious miscalculation in the Western Pacific is growing. This does not only increase the risk of military conflict but also the dangers of a disruption of maritime trade routes on which Australia and indeed the whole region critically depends. While one can discuss the degree to which a major disruption of maritime trade is really a realistic scenario, Australia's perception is one of an increasingly volatile regional security environment. Moreover, while the threat of home-grown Islamic terrorism to Australia's security is probably overstated, the government sees a growing link between global, regional (particularly in Southeast Asia) and domestic VEN activities.

Since taking office, the Abbott government has initiated a range of measures to overhaul the national security framework; albeit thus far with varying degree of effort and success. By far the most attention has been devoted to counter-terrorism (CT) measures, including changes to legislation and increased spending for agencies involved in CT. For instances, in August 2014, the government provided A\$630 million (US\$484m) in extra funding, over four years, to security agencies involved in CT. The May 2015 budget allocated a further A\$296m (US\$227m) for the Australian Secret Intelligence Service (ASIS). The Australian Parliament also passed a series of CT legislation, including the 'National Security Legislation Amendment Bill', the 'Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill', and the highly controversial 'Telecommunications (Interception and Access) Amendment (Data Retention) Bill'. As well, Prime Minister Abbott in February also announced the appointment of a counter-terrorism coordinator in support of the new 'Minister Assisting the Prime Minister on Counter-Terrorism', a task added to the Minister of Justice's portfolio.

However, notably absent so far is the development of a counter-terrorism strategy which could provide a framework for the CT activities. It is also hoped that the new CT 'tsar' uses his position to provide oversight over how the intelligence services use their new powers and their increased budgets. Lastly, the Abbott government runs significant risks of hyping the domestic terrorist threat, alienating large parts of the

Muslim community, and upsetting the critical balance between civil liberties and security.

Furthermore, increased spending on CT-related measures has come at the detriment of more investments in cyber security. Aside from establishing the ACSC, the government announced a Cyber Security Review by May 2015. This deadline has passed and there are signs that the document might finally see the daylight in July/August this year. However, it is far from clear that it will actually serve any other purpose than announcing the development of a more comprehensive Cyber Security Strategy to update the existing 2009 version. Just with CT, the Abbott government still lacks a conceptual strategic framework for cyber security.

Finally, the government also announced the publication of a new defence white paper to provide a better balance between strategic ambitions, force structure and financial means. Earmarked for the first half of 2015, it is now likely to be published in August. While we have to wait until the release of the document, some cautious predictions about key messages can be made:

- The white paper is likely to point to a riskier regional and global strategic environment, including the potential for major power conflict in Asia.
- It will voice concerns over unilateral attempts to solve territorial disputes in the South China Sea and East China Sea.
- It will reaffirm the centrality of the US alliance and announce ways to increase interoperability with US forces.
- It is likely to emphasise the importance of developing closer ties with Japan and Southeast Asian countries.
- It will reiterate the 2013 concept of the 'Indo-Pacific' as the main geographical and geostrategic area for Australia's defence policy, paving the way for closer defence cooperation with India.
- It will reaffirm major force structure ambitions that will make the Australian Defence Force (ADF) more expeditionary and capable in contingencies involving high-end warfighting.
- It will announce new initiatives in space and cyber defence.
- It will reiterate the goal to increase defence spending to 2% of GDP by 2023.

Obviously, the key will be to deliver on those ambitions. However, alongside other defence reform initiatives such as the First Principles Review of April 2015 and the upcoming Force Posture Review, Australia's defence policy is undergoing significant change.