National mobilisation: What are the strategic risks to Australian national security planning?

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Published online: 25 June 2020

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Introduction

In the Australian context, national mobilisation has only occurred during the World Wars when the nation enjoyed the luxury of relatively long mobilisation lead times. Now, for the first time since the Second World War, Australia is challenged by a major power capable of projecting force constituting an existential threat into our near region.\(^1\) Compounding this challenge, political, economic and societal changes have altered the context in which future Australian mobilisation might occur. Even a crisis such as COVID-19 and the establishment of the National Coordination Mechanism in response to what is primarily a public health crisis, is not a national mobilisation committee akin to the Advisory War Council of the Second World War.\(^2\)

Mobilisation is the process of generating military capabilities and marshalling national resources for the conduct of military operations to defend the nation and its interests.\(^3\) For Australia, mobilisation can occur as a graduated response across four stages.\(^4\) In its most fulsome fourth stage, national mobilisation occurs in the face of a significant threat to the nation and requires total Defence mobilisation and government coordination of a national effort to enable profound increases in Defence capability to achieve national objectives.\(^5\)

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4 Ibid.

5 Defence, Executive Series 2004, Preparedness and Mobilisation, ADDP 00.2 (Canberra: Department of Defence, 2004), 7.
In this commentary, I argue that Australia has unconsciously permitted its mobilisation base to atrophy as the world has changed around it. Globalisation has brought great wealth to Australia. However, the issues noted above are generating security concerns not seen in a generation. Australia faces several challenges should it be required to effectively mobilise for a future major conflict or national security crisis. Nonetheless, this commentary will constrain itself to consideration of mobilisation relating to Australia’s industry base and critical infrastructure. These two fields are intertwined and require national planning and coordination across multiple layers of government and the private sector. This requires the commitment of State and Territory governments, the private sector and citizens if Australia is ever to succeed in protecting the nation and its interests from an existential threat.

**Australia and the world today**

Australia’s industrial base has changed. Global supply chains are interdependent networks optimised around the flow of goods and services, businesses are smaller, automated and often only produce ‘niche’ components or are focused on service delivery. The workforce too has changed. Employees are technically skilled and often drawn from a global workforce. Large employers training ‘on-the-job’ in simple repetitive skills and producing finished goods appear to be a thing of the past. States and Territories have sold off critical infrastructure and essential services, often to multinational firms, with little in the way of a long-term plan for replacement or increases to capacity of that nationally significant infrastructure. The upside of this is an Australian economy that has enjoyed 28 years of uninterrupted growth and a high standard of living. The flipside is a loss of sovereign control over this infrastructure and concerns that the nation may not be particularly resilient if this very infrastructure and the essential services it provides are disrupted for any length of time. Steps to nationalise privately owned infrastructure would likely introduce ‘sovereign risk’ to foreign

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investment\textsuperscript{11} undermining our hard-won wealth, and for this reason they do not present as a terribly attractive option.

Defence business has also changed profoundly. Much of Australia’s Defence capital equipment is purchased from US and European firms with some recent increases in Australian Industry Content.\textsuperscript{12} This same capital equipment is sustained by small to medium enterprises providing services such as software development, specialist engineering and precision manufacturing.\textsuperscript{13} These firms do not directly work with Defence, but as part of a supply chain leveraging the intellectual property of larger companies to assist with Defence contracts.\textsuperscript{14} Together these factors challenge our historical conceptions of mobilisation.

**What are the strategic risks to mobilisation?**

On his return to Canada from a year as the deputy commander of the United Nations Command in Korea, Lieutenant General Wayne Eyre is reported as stating: ‘Our splendid isolation that we have enjoyed for so long in Canada is a thing of the past...We really do need a mindset of being ready to fight tonight’.\textsuperscript{15} Like Canada, and perhaps even more so, Australia is a globally connected country dependent on the rules-based global order established at the end of the Second World War for its wealth and influence in global affairs. As the traditional barrier afforded by our geographic isolation is reduced by the growing force projection capabilities of regional strategic competitors, Australia is unable to rest on the assumptions of the last 70 years. To sustain this global order and our place within it, Australia must think through and understand its mobilisation risk if it is to prioritise its approach to mobilisation.

To think effectively about mobilisation, we need to be clear-eyed about the strategic risks Australia faces. One of the challenges in doing so is that discussion often returns to the tactical or operational level. Prominent national security thinkers like Dibb, Jennings and Brabbin-Smith, for instance, have argued that Australia needs to increase its preparedness, making reference to capabilities (maritime, air, cyber), stock holdings (fuel, munitions, spare parts), personnel (training,

\textsuperscript{11} Morrison, ‘Critical asset sales to fall within foreign review net’.
\textsuperscript{13} Department of Defence, \textit{Defence Industrial Capability Plan} (Canberra, Commonwealth of Australia, 2018), 124–126.
It is as though Australia has not moved on from the issues, uncertainties and risks described by Alan Hinge in his book *Australian Defence Preparedness*. To mitigate a number of these operational and tactical risks, we need to address the true strategic risks around manufacturing, production, and ownership and management of critical infrastructure. These issues need to be addressed if we are truly to be prepared to ‘fight tonight’.

**Industrial capability risk**

National mobilisation is inherently strategic. It requires a considered policy to Australia’s manufacturing base. Despite many factory closures, Australia still possesses a manufacturing base. However, Australian manufacturing has diversified. What remains is no longer founded on repetitive industrialised mass production. Manufacturing is a sector characterised by a highly skilled workforce designing and producing highly developed ‘value added’ products connected to finely tuned global supply chains. These are often a small part of a broader international manufacturing effort. From a Defence Industry perspective there are many examples of this—the small Australian companies that have won significant contracts manufacturing components associated with the US F35 program and CEA Australia’s manufacture of high-end radar components for the US Navy are just two. However, this shift has resulted in the loss of the capacity to mass produce the capital equipment required to prepare for and sustain a major conflict. Australia’s reinvigorated ship building industry is often cited as a

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21 Ibid.


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concrete step to regain this capacity, at least as it relates to maritime power.\textsuperscript{24} Arguably, it is too little too late to support either industrial mass production or a sustainable Professional, Scientific and Technical Services (PSTS) sector. This sector prior to the collapse of the Australian Car Industry employed more than one million people, or around 8.5\% of the total workforce.\textsuperscript{25}

Effort by the Australian Government in recent years to establish a sovereign Australian Defence Industry and increase Australian Industry Content (AIC), to extend past components or subcontract arrangements\textsuperscript{26} do not constitute a mobilisation silver bullet. Mobilisation requires planning to afford and sustain the military capabilities we need to defeat or at the very least deter existential threats. It also needs to be acknowledged that industry is currently ‘designed for peacetime efficiency, not mass wartime production, given the expense of maintaining the unused capacity for mobilisation is expensive’.\textsuperscript{27} In recent years, Australia has sought to obtain more ‘bang for our buck’. The result has been a difficult balancing act around the high costs of sustaining an Australian Defence Industry\textsuperscript{28} that is able to manufacture in its own right, increasing access to established lower cost capability through the United States Foreign Military Sales (US FMS)\textsuperscript{29} program and access to foreign intellectual property to support capability sustainment. Finding this balance is not easy.

Australian Defence Industry sees the Australian Government drive to gain a ‘better bang for the buck’ via FMS as resulting in the marginalisation of the industry. Australia’s increasing appetite to acquire and sustain capability through the US FMS program supports Industry’s argument. The lack of sustainment work being completed in Australia does little to build Australian Defence Industry capability or capacity\textsuperscript{30} and as stated by a participant at a public meeting in Adelaide in 2015, ‘Sustainment should be Australian at all costs, whereas capability

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26 Department of Defence, Defence Industrial Capability Plan (Canberra, Commonwealth of Australia, 2018).
28 Australian National Audit Office (ANAO), Australian Naval Construction Programs – Mobilisation (Canberra: Commonwealth of Australia, 2018), 47.
30 Ibid.
\end{flushleft}
acquisition should be based on value for money’. 31 LAND 907 and 8160 32 may be opportunities for Australia. The US has identified that should their Army be fully mobilised they would not be able to sustain their own Armoured Brigades, there would be a need to accept an inferior capability and that it could not fulfil its FMS tank orders (to allies such as Australia). 33 LAND 8160 offers Defence an opportunity to upgrade and sustain the tank fleet in Australia, rather than shipping them back to the US 34, thus developing our capability and increasing our capacity. Australia may even potentially assist the US to surge tank production, should the US agree to a further request by Australia to access the relevant intellectual property 35 given Defence has the required facilities. More recently, Australian industry has talked up the 2018 Defence Industry Capability Plan with business confidence growing, adding to the competitive national industrial base required to support the ADF 36 by increasing industrial self-reliance in key areas of defence procurement and sustainment.

Both Defence and industry need to do more. Firstly, Defence may need to accept that at a time of a major conflict, the ‘gold plated’ solution will be a thing of the past. Australian industry must continue to address the strategic military need, moving past production of components and competition for a greater ‘cut’ of capability or platforms. Government and industry must be genuine partners in co-developing intellectual property, continuously pushing for ‘all sustainment’ of capital equipment to be done in Australia and normalising this in procurement processes. The trade-off: Defence may need to accept that one-off procurement of ‘exquisite’ platforms with lives of 30 years or more will not justify large-scale local industry investment in Defence and dual use critical infrastructure. The answer may be continuous rolling procurement of select capital equipment fleets to support a sustainable Defence Industry Base.

31 Peter Jennings, A Davies, Stephen Frühling, James Goldrick, Mike Kalms and Rory Metcalf, Guarding against uncertainty: Australian Attitudes to Defence (Canberra: Department of Defence, Commonwealth of Australia, 2015), 62.
32 LAND 907 — Main Battle Tank upgrade and LAND 8160 — Under Armour Breaching and Bridge
33 Cancian, ‘Long Wars and Industrial Mobilisation; It won’t be World War II again’
35 Dunck, ‘Australian Defence Industry—going, going, where?’.
Critical Infrastructure and essential services risk

The Australian, State and Territory governments define critical infrastructure as:

> those physical facilities, supply chains, information technologies and communication networks which, if destroyed, degraded or rendered unavailable for an extended period, would significantly impact on the social or economic wellbeing of the nation or affect Australia’s ability to conduct national defence and ensure national security.\(^{37}\)

The National Infrastructure Plan does not offer a coordinated national approach to critical infrastructure planning to support mobilisation. The Plan’s subordinate priority list recommends 121 proposals for funding driven by State and Territory governments, business and the community priorities.\(^{38}\) Twelve are titled ‘national projects’.\(^{39}\) National critical infrastructure is not prioritised, as the Plan’s emphasis is to ‘support(s) economic and productivity growth’, and improve ‘quality of life for all Australians, by providing a credible pipeline of future investments’—even though it suggests it ‘sets out the infrastructure challenges and opportunities Australia faces over the next 15 years’.\(^{40}\) Consequently, critical infrastructure is not viewed through the prism of a ‘national effect’ or supporting Defence mobilisation. Tellingly, Government’s much touted Trusted Information Sharing Network (TISN), built with the aim of ensuring the continued operation of critical infrastructure, does not include Department of Home Affairs or Defence representation.\(^{41}\) Neither are part of the Industry Consultation on National Security (ICONS). Perversely this is, ‘the primary business-government engagement mechanism at the CEO level on national security matters’.\(^{42}\) These disconnects highlight the negligence of our national approach to integrating critical infrastructure and essential services into national security and mobilisation planning.

Disruption of essential services results in more than economic detriment. From a national mobilisation perspective, the provision of essential services is an interconnected system of systems and relies upon the global supply chain for liquid fuels, civil engineering supplies and material, specialist parts and equipment for Australia’s infrastructure to continue to operate and not suffer deg-


\(^{39}\) Ibid, 11, 12 and 14.

\(^{40}\) Ibid 6 and 2.


\(^{42}\) Ibid, 3.
radation. COVID-19 has demonstrated that while finely tuned supply chains typically differentiate the best from the rest, they can also be one of the biggest sources of vulnerability. Nonetheless, Australian industry is inherently resilient and often responds innovatively when challenged. Australians have a history of adaptability: rationing during the Second World War resulted in all types of innovative approaches to resource shortages. The current COVID-19 pandemic has highlighted that when required Australian industry is capable of organising for purpose in support of the maintenance of essential health services. Engineering and medical supplies firms have shifted focus to rapidly prototype and produce ventilators and medical equipment. This latter example has seen competitor firms collaborate in a manner that could be expected in a broader national mobilisation scenario. In response, Government has had to adapt laws to facilitate ‘COVID mobilisation’, specifically when ‘on 25 March 2020, the ACCC granted an authorisation allowing members and other groups of the Medical Technology Association of Australia, such as suppliers or distributors of medical equipment, to share information between each other, coordinate orders and supply requests, prioritise requests, and jointly tender to supply COVID-19 medical equipment’—behaviour that ordinarily might be regarded as ‘cartel conduct’ under the Competition and Consumer ACT 2010 (Cth). However, given the continuum of interrelated activities of the four phases of mobilisation how resilient will contemporary Australians be or become and for how long if critical infrastructure fails or is disrupted?

Australia’s privatisation of public assets brings economic benefit. It introduces national security risk too. Since the 1990s, Governments, at all levels, have sold critical infrastructure as part of economic reforms to recover from ‘the recession we (Australia) had to have’. Government has focused on leveraging market economics to make essential service delivery more efficient and affordable. In doing so it has forfeited control of them.

43 Engineers Australia, Industry Responses in a Collapse of Global Governance (Canberra: Department of Defence, 2019), 4.
Government has in places attempted to mitigate this risk by negotiating provisions to use privately owned infrastructure and services in moments of crisis.\footnote{Defence Act 1903, 132; Airports Act 1996, 64.} It does not follow that national strategic imperatives are accounted for in the private sectors long-term planning and investment. Owners and operators of critical infrastructure are required to maintain the infrastructure; however, there is little evidence that Governments require improvements or increases to capacity.\footnote{Australian Government, Critical Infrastructure Resilience Strategy.} The recent Telstra infrastructure business is an example.\footnote{Chris Pash, ‘Why Telstra is spinning off a new $11 billion infrastructure business’, Business Insider Australia, 20 June 2018, https://www.businessinsider.com.au/telstra-new-infrastructure-business-2018-6.} The relationship between Governments and the owners or operators of critical infrastructure extends beyond a non-regulatory partnership.\footnote{Ibid, 1.} Infrastructure owners and operators have a role in national preparedness\footnote{Elvia Kaneberg, Susanne Hertz and Leif-Magnus Jensen, ‘Emergency preparedness planning in developed countries: the Swedish case’, Journal of Humanitarian Logistics and Supply Chain Management 6, no. 2, 145–172, 154.}, with the key challenge being how to integrate this responsibility into a national strategy.\footnote{Christian Fjader, ‘The nation state, national security and resilience in the age of globalization’, Resilience Volume 2, pp. 114–129, 124.} The management and prioritisation of critical infrastructure, at a time of mobilisation requires balancing the needs of all sectors and the community, against national security imperatives. Disrupting an interconnected system of systems creates vulnerability in times of rapid change that cascade quickly and amplify across all the systems.\footnote{J O’Connell, D Grigg, N Meharg, J Williams, R Dunlop, M Edwards, Supporting the Australian Vulnerability Profile: Summary of typical system patterns, Appendix to Technical Report (Canberra: CSIRO, 2018), 9.} Poor planning could see Australia suffer upheaval within a week, bring social unease and hoarding.\footnote{Engineers Australia, Industry Responses, 6.} Decisions and priorities will need to be made to ensure that the interconnected systems flow aligns to the greatest need, with consideration to consolidation prior to distribution to or determining a need for redundancy to respond to alternate crisis. Unity of effort, if not central management will be essential to ensure priority of access and flow of material and equipment\footnote{M Morales, and D Sandlin, ‘Managing airborne relief during international disasters’, Journal of Humanitarian Logistics and Supply Chain Management 5, no. 1, pp. 12–34.}, with specialist medical supplies and liquid fuel\footnote{Engineers Australia, Industry Responses, 9.} being two critical examples.
**Conclusion**

There is enough evidence to support the proposition that Australia is not likely to get a long lead time for any next ‘Great War’. Australia has a history of adaptability and, as the current COVID-19 pandemic has highlighted, Australian industry is capable of organising for a purpose when required. The Australian public expects the Government to defend the nation even if they do not fully understand what this means. This paper has highlighted the need for a national approach to support manufacturing and managing critical infrastructure and essential services in support of national mobilisation. Without it we risk possessing a Defence Force built on exquisite capabilities which we can neither deploy, nor sustain nor reconstitute. To be clear: this would be a historic failure. Mobilisation is a strategic enterprise. Australia needs a strategic approach to fit a wide spectrum of circumstances by making small yet smart investments now. It is time to acknowledge the need to truly integrate industry and business in any national security or resilience plan—‘to fight tonight’.  

57 Brewster, ‘Canada must prepare to defend itself in an increasingly ‘volatile’ world’.