

Australian Homeland Security INSIGHT

2



Building national security capability through engaging the private sector
September 2004

How big is the Australian homeland security market?

There are claims that the US homeland security market could be as large as US\$100 billion, with US\$23 billion of this accessible to the private sector in this financial year.

Is it safe to assume that the size of the Australian market is proportional?

If so, as Australia's economy is about one twentieth of the US (that is 5%), then the Australian homeland security market would be worth about A\$7 billion.

However, *Insight's* calculation of the size of the Australian market suggests that - while still a healthy size - it currently falls well short of the billion dollar mark.

Calculating the market size

Calculating the size of the Australian homeland security market is obviously difficult.

The first decision to be made is what to include and to exclude. For example, the expenditure total can be enormously inflated by including security activities that are not primarily targeted at preventing, preparing for, responding to or recovering from a terrorist incident. Examples of these are an \$800,000 project to install digital CCTV security cameras by the Sydney Transit Authority, and a \$15 million project to improve fencing around Queensland Rail's assets.

In the calculation of the market size, *Insight* only included expenditure which was primarily for counter-terrorism purposes. The expenditure also had to be in addition to that spent before September 2001. For example, when the NSW Police Service was rearranged to create the Counter-Terrorism Coordination Command with its 500 staff, only additional police resources post-2001 were included in *Insight's* calculation.

IT security expenditure on firewalls and security software was excluded as its purpose is not primarily counter-terrorism. However, other IT expenditure which relate to the homeland security task, such as information management systems within emergency service organisations, have been included.

Other expenditures excluded were those that have been rebadged as counter-terrorism but were previously justified on different grounds.

Finally, it is important to exclude a number of expenditures which have been announced in the past, not spent, and later re-announced as new expenditure.

In the financial year 2004/05, Australian governments will spend \$649 million.

Sourcing the information

Getting the relevant information is not always simple, as many expenditures don't feature as line items in budgets, or weren't announced publicly.

However, a reasonable assessment was made by *Insight* researchers by reviewing a range of budgets, third-party reports and media reports, and holding discussions with a large number of stakeholders.

All of the Commonwealth, State and Territory government expenditures on homeland security have been compiled and a summary of these is presented on the next few pages.

The expenditures have been divided into mission areas as described in the *Australian Homeland Security Framework* in the previous edition of the *Insight*.

Calculated size of the market

This detailed review of all the expenditures by the Commonwealth, State and Territory governments conclude that in the financial year 2004/05, Australian governments will spend \$649 million.

The table below summaries the expenditure. The figures are divided into recurrent and capital expenditure.

The figures show that expenditure is heavily dominated by the Australian Government, which accounts for \$440 million out of the \$649 million spent.

A total of 68% of all homeland security expenditure goes to recurrent expenditure including salaries, office accommodation and support services.

Only 32% goes to capital expenditure.

September 2004
Vol 1. No 2



The *Australian Homeland Security Insight* is a research-based analysis of the expanding opportunities for commercial product and service providers to support Australian homeland security capability. It seeks to stimulate debate so as to inject innovation into engaging with industry and domestic security procurement systems. The *Insight* is produced in association with Trevor J Thomas and Australian Defence Business Review (ADBR).

Editor: Athol Yates
Australian Homeland Security Research Centre
Tel 02 6161 5143, Fax 02 6161 5144
PO Box 295, Curtin ACT 2605
info@HomelandSecurity.org.au
www.HomelandSecurity.org.au

Feedback is most welcome. Please contact the editor directly.

Subscribe at www.homelandsecurity.org.au/insight.html

Copyright 2004. All rights reserved.

ISSN1449-9630 (Print)
ISSN 1449-9649 (Electronic)

The Australian Homeland Security Research Centre undertakes independent, evidence-based analysis of domestic security issues.

Types of opportunities

Much of the recurrent expenditure is still accessible to the private sector. Recurrent expenditure opportunities include:

- business continuity planning
- exercise planning and management
- guarding
- open source intelligence collection
- protective security manuals and procedures
- risk management consultancies
- security and risk policy development
- security assessments

- security awareness training
- security business process re-engineering
- security risk reviews
- staff training and education
- standard operating procedure development
- telecommunication and data integration evaluations

Capital expenditure opportunities include:

- back-up generators
- bag and cargo screening equipment
- biometric solutions
- bomb suits and robots
- chemical, biological and radiological sensors
- crisis information management systems
- decision support tools
- forensic tools
- IT security
- medical stockpiles
- personal protective equipment
- physical security including fencing, barricades & cameras
- planes and helicopters
- radios and telecommunications
- urban search and rescue equipment

Completing the analysis

The spending of Australian governments sheds light on the size of the market and its components. However, data on the expenditure by the private sector and local governments needs to be included to get an accurate picture of the market. In addition, to identify company-specific market opportunities, the expenditure needs to be divided into mission areas such as transport security and law enforcement. This information will be provided in future *Insights*.

Upcoming Issues

- Breakdown of the homeland security market by mission area and enablers
- Private sector expenditure on homeland security
- The future trends in the homeland security market

Category	Total expenditure (millions)	Recurrent expenditure (millions)	Recurrent expenditure as a proportion of total expenditure (%)	Capital expenditure (millions)	Capital expenditure as a proportion of total expenditure (%)
Australian Government	\$440	\$352	80%	\$88	20%
State and Territory governments	\$209	\$92	44%	\$117	55%
Total of all Australian governments	\$649	\$444	68%	\$205	32%

<p>Primary mission areas and component missions</p>	<p>Examples of expenditure in the mission area</p>
<p>International security</p> <ul style="list-style-type: none"> Regional cooperation Strengthen regional CT capabilities Build political will among regional governments International coalition against terrorism & the US alliance Countering WMD proliferation 	<ul style="list-style-type: none"> In 2004-05, the Australian Government will contribute \$11.3 million for building regional cooperation and skills at the Jakarta Centre for Law Enforcement Cooperation. Ongoing expenditure relates to Australian Defence Force (ADF) deployment to Iraq, and Australian Federal Police (AFP) and the Australian Protective Service (APS) support to stabilising the Solomon Island.
<p>Intelligence</p> <ul style="list-style-type: none"> Fusing intelligence Assessments of threats, risks & vulnerabilities Collection & dissemination of intelligence 	<ul style="list-style-type: none"> ASIO's annual budget will increase to \$152.7 million in 2004-05, compared with \$69.3 million before 2001. The Australian Government has allocated an additional \$8.7 million in 2004-05 to provide intelligence to counter money laundering, transnational organised crime, large scale tax evasion, terrorist financing and to identify the proceeds of crime. The Australian Government will be expanding significantly the size of the Office of National Assessment over the next 12 months. The Queensland Police has created an assessment centre within the Security Intelligence Branch to receive, assess and disseminate all terrorist related information and intelligence reports.
<p>Law enforcement</p> <ul style="list-style-type: none"> Attribution & prosecution Business & community engagement 	<ul style="list-style-type: none"> The Victorian 2004-05 budget allocated an additional \$16 million for equipment to enhance laboratory facilities and specialist forensic resources to assist with post incident investigations. The WA Government has established an intelligence network between critical infrastructure owners/operators and ASIO. The WA Government has allocated \$2.5 million over the next 4 years for CT initiatives including conducting security awareness and contingency planning in preparedness to respond to terrorist-related incidents.
<p>Emergency services</p> <ul style="list-style-type: none"> Preparedness & prevention Response & recovery 	<ul style="list-style-type: none"> The Australian Government has allocated an additional \$15.6 million in the 2003-04 budget for national counter-terrorism exercises. The Queensland Government has allocated an additional \$3 million in the 2004-05 budget to replace the current 12-seat police plane with a 19-seat plane improving the payload capacity for air transport requirements such as the movement of the Special Emergency Response Team. The NSW Government is allocating \$4.3 million for a Police Counter Terrorism helicopter to be used for the rapid deployment of officers and to "forward scout" for any chemical, biological or radiological disaster. The NSW Government has allocated \$2 million to purchase the latest Chemical, Biological and Radiological (C&BR) and Urban Search and Rescue (USAR) equipment for rapid emergency response, including decontamination trailers, a mobile scientific analysis vehicle, seismic listening devices and "snake eye" search cameras, and concrete cutting and heavy lifting equipment. The SA Government has allocated \$6.2 million over 4 years in its 2004-05 budget for emergency services radio and telecommunications.
<p>Protecting people</p> <ul style="list-style-type: none"> Public awareness Disease control, health & medical systems Mass gatherings Dignitary protection 	<ul style="list-style-type: none"> The Australian Government has allocated \$6.2 million in the 2004-05 budget for the National Security Hotline. The Australian Government has allocated \$5.6 million for security support for the Melbourne 2006 Commonwealth Games. The Australian Government has provided \$10.1 million in the 2004-05 Budget to improve the nation's infectious diseases surveillance network. The NSW Government in its 2003-04 budget allocated an additional \$4.1 million to upgrade NSW Health and Ambulance Services' response and treatment capacity for victims of a terrorist attack involving chemical, radiological or biological weapons. The Victorian 2004-05 Budget allocated over 5 years \$13 million for enhanced intelligence and investigation capabilities, trauma support, and increasing public health laboratory and State Chemistry Laboratory capacities.

<p>Primary mission areas and component missions</p>	<p>Examples of expenditure in the mission area</p>
<p>Transportation security</p> <ul style="list-style-type: none"> · Aviation transport · Maritime transport · Land transport · Hazardous material transport & storage 	<ul style="list-style-type: none"> · The Australian Government has established this year the Office of Transport Security. · The Australian Government established a \$14 million grant program to assist eligible smaller airports implement appropriate security measures. · The Queensland Government has allocated \$34.3 million to the Cairns Airport for the construction of a new baggage facility, the implementation of a 100% checked bag screening and the installation of other security equipment. · The Australian Government has allocated in the 2004-05 budget an additional \$3.9 million to increase the AFP liaison network at major Australian airports.
<p>Border security</p> <ul style="list-style-type: none"> · Immigration · Cargo & people screening · Border surveillance · Quarantine & biosecurity 	<ul style="list-style-type: none"> · The Australian Government allocated \$19.6 million in the 2004-05 budget to enhance support for a new system implemented by Customs for detecting fraudulent travel documents at Australian airports. · The Australian Government allocated \$67.9 million in the 2004-05 budget to the Department of Immigration and Multicultural and Indigenous Affairs to establish a centralised Global Processing system for processing visa decisions, enabling the easier identification of fraud attempts. · The Australian Government allocated in the 2004-05 budget an additional \$2.8 million to allow Customs to lift the number of vessels boarded at their first port of arrival into Australia to 75-80 per cent.
<p>Infrastructure protection</p> <ul style="list-style-type: none"> · Physical security · Cyber security 	<ul style="list-style-type: none"> · The Australian Government has allocated \$12.7 million in the 2004-05 budget across 8 agencies to improve critical infrastructure protection. · The Commonwealth Parliament will be spending \$11.2 million on physical security measures. · The Victorian Government has allocated \$3.6 million for enhanced security at Parliament House and Government House including new screening equipment to check visitors. · The WA Government has allocated in their 2004-05 budget \$1.7 million for improving security at WA Parliament House. · The NSW Government has allocated in the 2004-05 budget \$42 million to upgrade electricity substation security and public safety initiatives. · The NSW Government has allocated in the 2004-05 budget \$131 million to Sydney Water and \$17.8 million Hunter Water for various projects designed to maintain, upgrade and ensure the security of water treatment and distribution networks. · The NSW Government has allocated in the 2004-05 budget \$5.9 million to the Sydney Opera House for the continued implementation of security upgrade. · The WA Government will spend \$1.5 million to enhance security at Port Kembla, \$1.5 million for Dampier Port, \$2 million for Fremantle Ports and \$2 million for Geraldton Port. · The NSW Government has allocated in the 2004-05 budget \$2.2 million for Sydney port security improvements. · The NSW Government aimed to have the security of IT systems in 27 agencies to be tested by penetration testing. · The SA Government has allocated an additional \$5.3 million over 4 years for increased police security around critical infrastructure.



Australian Homeland Security Framework, August 2004



