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MBA PROFESSIONAL REPORT

National Security Mission, Members and Budgeting in the United States and Australia: A Comparative Analysis

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June 2011

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NATIONAL SECURITY MISSION, MEMBERS AND BUDGETING IN THE UNITED STATES AND AUSTRALIA: A COMPARATIVE ANALYSIS

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Submitted in partial fulfillment of the requirements for the degree of

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From the

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LIST OF ACRONYMS AND ABBREVIATIONS

AFP	Australian Federal Police
AGIMO	Australian Government Information Management Office
ANZUS	Australia, New Zealand, United States Security Treaty
ASNO	Australian Safeguards and Non-Proliferation Office
ASIO	Australian Security Intelligence Organization
BEA	Budget Enforcement Act
CFOs	Chief Financial Officers
CFS	Consolidated Financial Statements
DFAT	Department of Foreign Affairs and Trade
DHS	Department of Homeland Security
DIAC	Department of Immigration and Citizenship
DoD	Department of Defense
EMA	Emergency Management Australia
ERC	Expenditure Review Committee
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
GSA	U.S. General Services Administration
HHS	Department of Health and Human Services
HSAC	Homeland Security Advisory Committee
JUG	Joined-Up-Government
MYEFO	Mid-Year Economic and Fiscal Outlook
NSC	National Security Council
NSCC	National Security Committee of Cabinet
NSC/DC	National Security Council Deputies Committee
NSC/IPC	National Security Council Interagency Policy Committee
NSC/PC	National Security Council Principles Committee
NSS	National Security Strategy
NDS	National Defense Strategy
NMS	National Military Strategy
OMB	Office of Management and Budget

PBS	Portfolio Budget Statements
PEFO	Pre-Election Fiscal Outlook
PM&C	Department of Prime Minister and Cabinet
PNSR	Project on National Security Reform
PPD	Presidential Policy Directive
PPBES	Planning, Programming, Budgeting, and Executing System
PSTC	Prospective Security Training Centre
SMR	Senior Ministers' Review
SWNCC	State-War-Navy Coordinating Committee
USCNS/21	U.S. Committee on National Security/21st Century
WOG	Whole-of-Government

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I. INTRODUCTION

> Some of the most challenging policy choices faced by government are those that cross the traditional boundaries between Cabinet ministers' portfolios and between the Australian, State and Territory levels of government… (T)asks that run well beyond the remits of individual ministers…are whole of government problems and their resolution requires a long-term strategic focus, a willingness to develop policy through consultation with the community and a bias towards flexible delivery that meets local needs and conditions. —The Hon. John Howard, MP, Prime Minister (Strategic Leadership for Australia: Policy Directions in a Complex World, November 2002.)

A. INTRODUCTION

The 21st century has shepherded in a new era of threats. Long gone are the days of the Cold War, where the enemy is a known factor, and traditional wars, like World War I and World War II, are a thing of the past. Today, countries are faced with an overwhelming number of threats and threatening actors. The concept of what constitutes national security must evolve to keep pace with the changing threat environment. National security is no longer just a strategy of foreign policy executed by the military. Instead, national security involves a growing number of agencies and organizations and although foreign policy is still a major factor in national security, domestic policy and other events have been growing in influence as well.

Today, the United States is involved in countless missions around the world. Wars in Iraq and Afghanistan have involved the military and intelligence services. Natural disasters in Japan and the southern portion of the United States involve governmental agencies at the federal, state and local levels. A no-fly zone in Libya is being enforced by NATO, which is headed by an American. In a recent turn of events, the head of the Central Intelligence Agency, Leon Panetta, has been nominated to take over as Secretary of Defense; the top general in Afghanistan, General David Patreaus, has been nominated to head the Central Intelligence Agency; and the mastermind behind the 11 September 2001 terrorist attacks, Osama bin Laden, has been killed. While all these

changes may not fundamentally change the definition of what national security is, they may very well influence how we achieve our national security objectives.

The definition of national security is changing and the United States must adapt or fear being left vulnerable. Australia, Canada, and Great Britain have been countries at the forefront of public management reform. Part of their reform has included a more holistic approach to national security. This approach has created a flexible and responsive framework for these countries to deal with emerging threats and disasters.

This thesis first looks at the definition of national security, public management reform theory, budget theory and whole-of-government. Then, it will develop a whole-of-government model for national security, which will be used to conduct a comparative analysis.

Australia, a major United States ally in the Pacific, has been implementing a whole-of-government approach to national security since 2008. This process of reform has forced Australia to take a hard look at what its national security policy should look like and how it can best be executed under the umbrella of whole-of-government. This thesis will explore the holistic national security system in Australia and compare it to the existing system in the United States. Specifically, based on the definition of whole-of-government derived by Australia, this thesis will focus on the national security mission, members responsible for providing national security services and the budget process. These three points of comparison will help provide a new look at an emerging public management approach to national security.

B. RESEARCH QUESTIONS

This thesis investigates the national security mission, national security members, and the budget process of the United States and Australia. In the process of comparing the two countries this thesis addresses three questions with an emphasis on whole-of-government:

- What is the national security mission of each country?
- Who are the national security members?

- What is the budget process used in Australia and in the United States that fund each country's national security system?

C. DESCRIPTIONS OF CHAPTERS

1. Chapter I: Introduction

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- Briefly review methodology

- Briefly review findings

- Limitations

- Overall conclusions

D.	**PURPOSE AND METHODOLOGY**

1.	**Purpose**

The purpose of this thesis is to compare an existing whole-of-government national security model to the national security model currently used in the United States. This analysis of Australia's national security system reform will provide a blueprint as the United States tries to determine whether to conduct its own national security reform.

This topic is important and timely because of a study (*Forging a New Shield*) conducted by the Project on National Security Reform (PNSR) in 2008 and the follow up report (*Turning Ideas into Action*) released in 2009. PNSR "is a nonpartisan, nonprofit, public interest organization working to revitalize the American government by transforming the national security system."[1] The organization is funded by Congress, and was directed to conduct a comprehensive study on the national security system currently in place in the United States. The objective was to determine viable solutions to problems inherent in the national security structure.[2] One of the recommendations was that the National Security Council (NSC) and Homeland Security Council (HSC) should combine into one body, the NSC. This council provides important policy feedback and

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[1] Project on National Security Reform (PNSR), *Project on National Security Reform (PNSR)*, 2011, http://pnsr.org/index.asp (accessed May 2011).

[2] Ibid.

guidance to the nation in matters of national security.[3] A second recommendation, which builds on the composite NSC idea, suggests that there should be the "capability to produce an integrated national security budget."[4] A national security budget should be formulated

> from the National Security Review process and National Security Strategy, the president's budget submission to Congress should provide a single integrated national security budget display along with integrated budget justification material that reflects how each department's and each agency's budget aligns with underlying security assessments, strategy, and resource guidance.[5]

2.   Methodology

The method used to compare the two systems consists of the following elements:

- National security missions – each country's national security group has an overarching mission. This thesis examines those national security objectives.

- National security members – a side-by-side comparison of the members of each security council and their roles is intended to find similarities and differences.

- Budget systems – the budget system for each country has been refined to work within the confines of the existing framework for national security. This thesis examines the budget processes to show similarities and differences.

This comparative look at Australia's holistic approach to national security is overlaid across the existing blueprint of national security in the United States. The intent

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[3] Priscilla Enner, *National Security Strategy's Organizational Goals and PNSR's Recommendations*, Report, Project on National Security Reform (PNSR) (Washington, DC: Project on National Security Reform (PNSR), August 26, 2010), 2.

[4] Project on National Security Reform (PNSR), *Turning Ideas Into Action*, Report, Project on National Security Reform (PNSR) (Washington, DC: Project on National Security Reform (PNSR), Septmber 2009), 49.

[5] Ibid., 49.

is to determine whether a whole-of-government approach to national security as recommended by PNSR and executed by Australia is a viable alternative to the existing national security system in the United States.

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II. BACKGROUND

A. INTRODUCTION TO NATIONAL SECURITY

Each new era has ushered in a transformative definition of national security. In the late 1700s and early 1800s, national security for the fledgling United States meant keeping Britain at bay and preventing it from reclaiming her former colonies. Throughout most of the 19th century, the United States was not embroiled in many major conflicts and was able to refocus the idea of national security to outward expansion. However, late in that century the United States began to come to grips with the treatment of its citizens overseas and how far its laws could reach. The 20th century shepherded in a new and highly formative era. The concern for the United States was less focused on whether another country could conquer its territories and more on whether another country could influence, perhaps take away, the ability for the United States to make its own decisions.[6] In particular,

> the effect of this shift in national security focus is that for the better part of a century, particularly with the war against Hitler's Nazi state and even more so with the Cold War against Soviet Marxist-Leninist ideology, the United States defined national security not only as the defense of the US territorial integrity but also as the defense of our ability to choose our economic system, our political path, our religious orientations, and other personal freedoms, all described in the phrase 'the American way of life.'[7]

Conflicts post-World War II and throughout the Cold War brought national security center stage. The end of the Cold War did not stifle the debate over national security. The 21st century has proven that the old idea of national security must change in order to keep pace with the radically and quickly changing world.

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[6] Cynthia Watson, *U.S. National Security: A Reference Handbook* (Santa Barbara, CA: ABC-CLIO, Inc, 2002), 1–3.

[7] Ibid., 3.

In May 2010, President Barack Obama released his National Security Strategy. In it he discussed the world that exists today and the world in which he envisions America living tomorrow. Despite the ever-changing world, American national security strategy breaks down into four major interests:

- The security of the United States, its citizens, and U.S. allies and partners;

- A strong, innovative, and growing U.S. economy in an open international economic system that promotes opportunity and prosperity;

- Respect for universal values at home and around the world; and

- An international order advanced by U.S. leadership that promotes peace, security, and opportunity through stronger cooperation to meet global challenges.[8]

As instability continues to abound around the globe, the United States' national security will become even more vital, not only abroad, but also at home.[9] As President Obama demonstrates with his strategy, security for the United States and its interests is paramount. The United States needs to remain a global leader promoting a burgeoning economy, prosperity at home and abroad, and ensuring security around the world.[10]

There is no universally accepted definition of national security. The definition derived from *Joint Publication 1-02, Department of Defense Dictionary of Military and Associated Terms* defines national security as:

a collective term encompassing both national defense and foreign relations of the United States. Specifically, the condition provided by: a. a military or defense advantage over any foreign nation or group of nations; b. a

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[8] Barack Obama, "National Security Strategy," *The White House*, May 30, 2010, http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf (accessed March 1, 2011), 7.

[9] Ibid., 1.

[10] Ibid., 52.

favorable foreign relations position; or c. a defense posture capable of successfully resisting hostile or destructive action from within or without, overt or covert.[11]

A more comprehensive understanding is had by defining security as:

1. Measures taken by a military unit, activity, or installation to protect itself against all acts designed to, or which may, impair its effectiveness. 2. A condition that results from the establishment and maintenance of protective measures that ensure a state of inviolability from hostile acts or influences. 3. With respect to classified matter, the condition that prevents unauthorized persons from having access to official information that is safeguarded in the interests of national security.[12]

The 14th Secretary of Defense, Harold Brown, published in 1983 Thinking About National Security. He defined national security as:

The ability to preserve the nation's physical integrity and territory; to maintain its economic relations with the rest of the world on reasonable terms; to protect its nature, institutions, and governance from disruption from the outside, and to control its borders.[13]

This definition is important in framing national security. Not only does it provide for protection from abroad, but also protection at home. Means by which to achieve this protection is not strictly confined to military might, but also through relation building, cooperation and presence.

Today's threats to national security and national interests are not as easily defined as threats of the past. War still is and will always remain a major threat. However, national security is in the process of being redefined "to include non-traditional challenges to our well-being, such as: economic and financial vitality, water, energy and food security, climate change, extreme poverty, youth unemployment, education and competitiveness, failing or fragile states and pandemics."[14]

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[11] (CJCS) Chairman of the Joint Chiefs of Staff, *Department of Defense Dictionary of Military and Associated Terms* (Washington, DC: DTIC, January 2010). (CJCS) Chairman of the Joint Chiefs of Staff, *Department of Defense Dictionary of Military and Associated Terms* (Washington, DC: DTIC, January 2010), 252.

[12] CJCS, *Department of Defense Dictionary of Military and Associated Terms,* 324–325.

[13] Harold Brown, *Thinking About National Security* (Boulder, CO: Westview Press, Inc, 1983), 4.

[14] Project on National Security Reform (PNSR).

B.   NATIONAL SECURITY REFORM

As threats to national security evolve and change, so too must national security processes and structures. The existing decision-making processes and advisory capacities must be examined to determine whether they are still valid.

Australia is a country that has recognized the need to foster change. In December 2008, Prime Minister Kevin Rudd issued the first "National Security Statement" to Parliament.   His statement outlined the Government's national security policy by describing the scope of national interests, principles and priorities, and outlining Australia's vision for a reformed national security structure.[15]

The terrorist attacks of 11 September 2001 prompted the United States to assess what crises might exist in the future and how the national security system might need to be changed to manage those challenges. One response was to establish the Department of Homeland Security, which is charged with keeping the nation safe from today's changing threats.[16]   The PNSR, which got its start in 2006, was commissioned by Congress to conduct a study on national security going forward. "In Fiscal Year 2008, Section 1049 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) required a study of the national security interagency system by an independent, non-profit, nonpartisan organization."[17]   The *Forging a New Shield* study was released in late 2008. A follow-up report, *Turning Ideas Into Action*, was published in late 2009 with recommendations for the earlier findings.   The study made recommendations relating to national security; included among them was a whole-of-government approach to national security and a recommendation to combine the National Security Council and Homeland Security Council into one body.[18] Specifically:

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[15] Kevin Rudd, "The First National Security Statement to the Australian Parliament," *2009 Victorian Bushfires Royal Commission*, December 4, 2008, http://www.royalcommission.vic.gov.au/getdoc/596cc5ff-8a33-47eb-8d4a-9205131ebdd0/TEN.004.002.0437.pdf (accessed March 1, 2011).

[16] Department of Homeland Security, *About*, http://www.dhs.gov/xabout (accessed May 2011).

[17] Project on National Security Reform (PNSR), *Forging a New Shield*, Report, Project on National Security Reform (PNSR) (Washington, DC: Project on National Security Reform (PNSR), November 2008), 3.

[18] Enner, *National Security Strategy's Organizational Goals and PNSR's Recommendations*, 2.

provide that the single National Security Council address international security, homeland security, economic security, and energy security issues in an integrated manner…and move council membership and operations away from the restrictions imposed by the National Security Act of 1947 and the Homeland Security Act of 2002 to accommodate the need for seamless and fluid boundaries.[19]

Three concepts provide the necessary background from which a comparative framework can be generated. The first concept is whole-of-government. This is the type of public management that Australia has implemented and therefore uses to administer the national security policy. Public management reform has a variety of definitions that must be addressed and understood as whole-of-government is a form of public management. Finally, budget theory will be looked at, and the budget process for each country will be compared. Budgets serve numerous purposes, and understanding their functions will provide deeper insight into the management of national security.

C.   PUBLIC MANAGEMENT REFORM

1.   Public Management

In a general sense, public management reform "consists of deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better."[20]   However, this simple definition would be misleading. Instead, it is worthwhile to break the definition down into its fundamental components: public management and reform.

Christopher Pollitt, in his book *Public Management Reform: A Comparative Analysis*, gathers together five definitions of public management by leading academics:

> 1.   Public management is a merger of the normative orientation of traditional public administration and the instrumental orientation of general management.[21]

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[19] Project on National Security Reform (PNSR), *Turning Ideas Into Action*, 206.

[20] Christopher Pollitt and Geert Bouckaert, *Public Management Reform: A Comparative Analysis*, 2nd Edition (Oxford: Oxford University Press, 2004), 8.

[21] Ibid., from Perry and Kraemer 1983, x.

2. The field of public management is better defined analytically than institutionally. No clear institutional distinction can be drawn…The critical area of public management is the management of organizational interdependence, for example, in the delivery of services in the management of the budgetary process. Public management is concerned with the effective functioning of whole systems of organization…What distinguishes public management is the explicit acknowledgement of the responsibility for dealing with structural problems at the level of the system as a whole.[22]

3. We conceive public administration as the key output linkage of the state towards civil society. However, the interface between public administration and civil society is a two-way street, including public policy implementation as well as policy demands from private actors towards policy-makers.[23]

4. We talk about the *managerial* state because we want to locate managerialism as a cultural formation and a distinctive set of ideologies and practices which form one of the underpinnings of an emergent political settlement.[24]

5. Public administration may be interpreted as a social system existing and functioning in accordance with its own order but, on the other hand, it also depends on environmental conditions in a complex and changing society. Also: In the light of the modern society's functional differentiation, state and market are notable for their own characteristic strategies to control the supply of goods. The type, scope, and distribution of private goods are decided on by harmonizing the individual preferences within the market mechanism; decisions on the production of public goods, on the other hand, result from a collective, i.e., politico-administrative, development of objectives.[25]

As these definitions indicate, there is no precise and accepted meaning of public management. Instead, public management ranges from strategy to implementation. The first definition is rooted in academia and relates public management to the development of the field of public management as an academic subject. This definition is from 1987 and demonstrates the typical progression of public management. In the 1970s and 1980s

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[22] Pollitt and Bouckaert, *Public Management Reform: A Comparative Analysis,* 8–9. From Metcalfe and Richards 1987, 73–75.

[23] Ibid., 9. From Pierre 1995, ix.

[24] Ibid., 9. From Clarke and Newman 1997, ix.

[25] Ibid., 9. From Konig 1996, 4, 59.

public management tended to progress from the realm of academia to business schools "where 'management' was regarded as a generic subject (how to manage anything)."[26] The term public management, which was a combination of management studies and public administration (which focused on public sector values), became a way of understanding "how public, primarily governmental, organizations may accomplish the missions charged to them."[27]

At the same time, public administration was focused on public sector values such as democracy, equity, probity, and accountability. Prior to the 1970s, there is no mention of public management. Perry and Kraemer's definition of public management attempts to integrate generic management (private sector values) with public management (public sector management or administrative values).[28]

The second definition focuses more on processes than values. Processes in the public sector are different from those in the private sector. For instance, public sector management seeks to manage whole sets of groups instead of individual organizations. Public management tries to adjust the entire system of public governance and not just part of the whole system. Metcalfe and Richards' definition also emphasizes that one of public management's goals is to facilitate change and cooperation at the interagency level. Another aspect of note is that private sector management focuses on smaller more confined problems, while public sector management has the ability and the resources to focus on large overarching issues.[29]

Pierre's definition links output from the state to society as well as inputs from society to the state. The outputs are decisions or policy, while inputs can be seen as public opinion. Pierre refers to the more traditional term of administration in his definition; however, the implication is the same as management. In 1972, a civil servant in England, Desmond Keeling, characterized administration and management in the following ways:

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[26] Pollitt and Bouckaert, *Public Management Reform: A Comparative Analysis,* 9.

[27] Ibid.

[28] Ibid.

[29] Ibid., 10.

Administration: the review, in an area of public life, of law, its enforcement and revision; and decision-making on cases in that area submitted to the public service.

Management: the search for the best use of resources in pursuit of objectives subject to change.[30]

The fourth definition, by Clarke and Newman, is similar to the first definition because it emphasizes values and ideas rather than institutions and activities. This definition goes further as it addresses public management as an ideology. This is important to note as ideology has political ramifications that vary from country to country.[31]

Konig's definition of public management views management as existing within a system of its own principles. However, this system is influenced by external factors. External factors heavily influence both the inputs and outputs. Inputs are politico-administrative in nature and are backed by the state's ability to use force. Outputs are seen as services, decisions and goods.[32]

Public management can be used in three distinct ways. First, it describes the *activities* of public servants and politicians. Second, it serves as a *structure and process* of executive government. Finally, it provides a *systematic study* of activities and structures. Many counties adopt public management tools that are derived from private sector management tools.[33]

2. Reform

Now that some of the definitions of public management have been addressed the idea of reform must be addressed. This idea of reform implies a meaningful and positive change. Reform can be both good and bad. Pollitt describes reform as having to do with

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[30] Pollitt and Bouckaert, *Public Management Reform: A Comparative Analysis,* 12.

[31] Ibid., 12–13.

[32] Ibid., 13.

[33] Ibid., 13.

"deliberate changes to structures and processes of public sector organizations with the objective of getting them (in some sense) to perform better."[34] To this definition several points needs to be added, including:

- Deliberate changes are informed by specific sets of ideas, some of which have the characteristics of ideologies.

- Such ideas may be more or less well specified, more or less adequate for their purposes. Success at getting things to run better should be tested rather than assumed.

- Changes are likely to be influenced by the actors at both ends of the "output linkages" between state, the market and civil society, that is, by politicians and civil servants at one end and by private actors (citizens) – also those with an economic interest such as management consultants and big corporations – at the other.

- Management reforms in any particular country will almost certainly be shaped by the local preoccupation and priorities of the politicians and private actors most concerned. These local frames of reference are likely to vary a good deal. The successful application of a single template for reform right across the globe is therefore inherently improbable.

- Reform occurs at different levels and may be of broader or lesser scope. It is useful to look at four distinct levels. [See Figure 1]

- "To run better" may mean different things to different individuals and groups, and improving performance on one dimension or against one objective may lead (intentionally or unintentionally) to a lower performance in other dimensions.

- Finally, although this is implicit rather than explicit…reform is a *learning process*. Attempts to implement reforms very frequently throw up new issues, or turn out rather differently from what had been expected at the outset.[35]

These two ideas, public management and reform are the lenses through which this thesis will view the whole of government approach to national security.

D.   WHOLE-OF-GOVERNMENT

Whole-of-government seeks to centralized decision-making authority, flatten horizontal layers, and broaden vertical layers. Whole-of-government endeavors to "apply

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[34] Pollitt and Bouckaert, *Public Management Reform: A Comparative Analysis,* 16.

[35] Ibid., 8.

a more holistic strategy using insights from the other social sciences rather than just economics."[36] This idea of whole-of-government or "joined-up-government" (JUG) took root in countries such as Great Britain, Australia, and New Zealand.[37]

> The concept of joined-up-government was first introduced by the Tony Blair government in 1997, and a main aim was to get a better grip on the 'wicked' issues straddling the boundaries of public sector organizations, administrative levels, and policy areas.[38]

Whole-of-government is a broad idea that encompasses many aspects of public governance. There is no clear definition for whole-of-government, as many appear to be adapted to fit the particular system in which they are to be implemented:

> Joined-up government is a phrase which denotes the aspiration to achieve horizontally and vertically co-ordinated thinking and action. Through the co-ordination it is hoped that a number of benefits can be achieved. First, situations in which different policies undermine each other can be eliminated. Second, better use can be made of scarce resources. Third, synergies may be created through the bringing together of different key stakeholders in a particular policy field or network. Fourth, it becomes possible to offer citizens seamless rather than fragmented access to a set of related services.[39]

> Whole-of-government

> may span any or all levels of government and involve groups outside government. It is about joining up at the top, but also about joining up at the base, enhancing local level integration, and involving public – private partnerships. The [WOG] concept does not represent a coherent set of ideas and tools…and can best be seen as an umbrella term describing a group of responses to the problem of increased fragmentation of the public sector and public services and a wish to increase integration, coordination, and capacity.[40]

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[36] Tom Christensen and Per Lægreid, "The Whole-of-Government Approach to Public Sector Reform," *Public Administration Review* 67, no. 6 (November/December 2007): 1059.

[37] Ibid., 1059.

[38] Ibid., 1060.

[39] Christopher Pollitt, "Joined-up Government: A Survey," *Politcal Studies Review* 1, no. 1 (January 2003): 35.

[40] Christensen and Laegreid, "The Whole-of-Government Approach to Public Sector Reform," 1060.

Whole-of-government is not restricted to one aspect of government, nor is it necessarily meant for all of government. The theory can be applied to any aspect a government chooses and can also be applied to relationships the government has with the private sector. Whole-of-government provides government with a comprehensive set of tools and processes that help and promote increased integration and coordination. In 2004 Australia completed a study called *Connecting Government*, which looked at the impact of whole-of-government. The study started by defining that whole-of-government

> denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management, and service delivery.[41]

It concluded that in today's quickly changing and inherently unstable world, a whole-of-government approach provides a framework that fosters innovative thinking in order to respond and prevent crises. One critical aspect of whole-of-government is that it fosters information sharing between agencies so that all entities involved can best respond to the threat or act of terrorism, a natural disaster, a health epidemic, or cyber threat.[42]

E.   BUDGET THEORY

This thesis will focus on the budget process in Australia and the United States. Budgets are and can be used as a tool for public management. Aaron Wildavsky defines budget as "attempts to allocate financial resources through political processes to serve differing human purposes."[43]

The process of "translating financial resources into human purposes" is a critical element of the budget and the budget process.[44] Budgets serve as a record of the past.

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[41] Australian Government: Australian Public Service Commission, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*, April 2004, http://www.apsc.gov.au/mac/connectinggovernment.htm (accessed April 2011), 1.

[42] Christensen and Laegreid, "The Whole-of-Government Approach to Public Sector Reform," 1061.

[43] Aaron Wildavsky, *Budgeting: A Comparative Theory of Budgeting Processes* (Boston, MA: Little, Brown and Company, 1975), 5.

[44] Ibid., 3.

They are irrefutable proof of what was deemed important enough to spend scarce resources on. As much as they are a record of the past, they are also a statement of the future.[45] Budgets "attempt to link proposed expenditure with desirable future events."[46]

Budgets also represent a form of power to promote policy and set constraints on spending.[47] Budgets serve as a medium by which various departments, agencies, and states bargain for use of scarce resources.[48] Once the budget is approved, it expresses the priorities of that nation. Only with funding, will crucial priorities, those deemed important enough by all involved, be executed.

Budgets are changed incrementally over time. Established countries are often so large and complex that it is impossible to recreate an entirely new budget each fiscal year. Instead, the budget from the previous fiscal year is used as the base year for the upcoming fiscal year and changes are made. As budgets are records of the past priorities, one can easily see what was deemed important to a country by looking at previous budgets and seeing how the expenditures change from year to year.

Budgets are an important aspect of national security. They are the means by which the national security objectives and goals can be attained. National security budgets, especially with regard to a whole-of-government approach, serve multiple purposes "including: setting goals and priorities, making choices among alternatives, linking goals to actions, translating resources into activities, aligning stakeholders, setting expectations, creating expectations, and setting work plans. Budgets are seen as tools for coordination and control and as a basis for administration in departments and agencies."[49]

F.   RESEARCH QUESTION

This section has presented background information from literature related to concepts of public management reform, whole of government, and budget theory. The

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[45] Wildavsky, *Budgeting: A Comparative Theory of Budgeting Processes,* 3.

[46] Ibid., 3–4.

[47] Ibid., 4.

[48] Ibid., 4–5.

[49] Douglas A Brook, "Budgeting for National Security: A Whole of Government Perspective," 10.

purpose of this review is to establish a fundamental framework through which a comparison of an existing whole-of-government model to the national security model currently used in the United States can be made. This thesis investigates the national security mission, national security members, and the budget process of the United States and Australia. In the process of comparing the two countries this thesis addresses three questions with an emphasis on whole-of-government:

- What is the national security mission of each country?
- Who are the national security members?
- What is the budget process used in Australia and in the United States that funds each country's national security system?

G. METHODOLOGY

The methodology for this analysis proposes a framework with which to conduct a comparison of the components of national security. This framework was developed using the definition of whole-of-government as given in Australia's *Connecting Government*. It also draws heavily on ideas from public management reform, budget theory, and the definition of national security.

Figure 1.   Levels of Public Management Reform
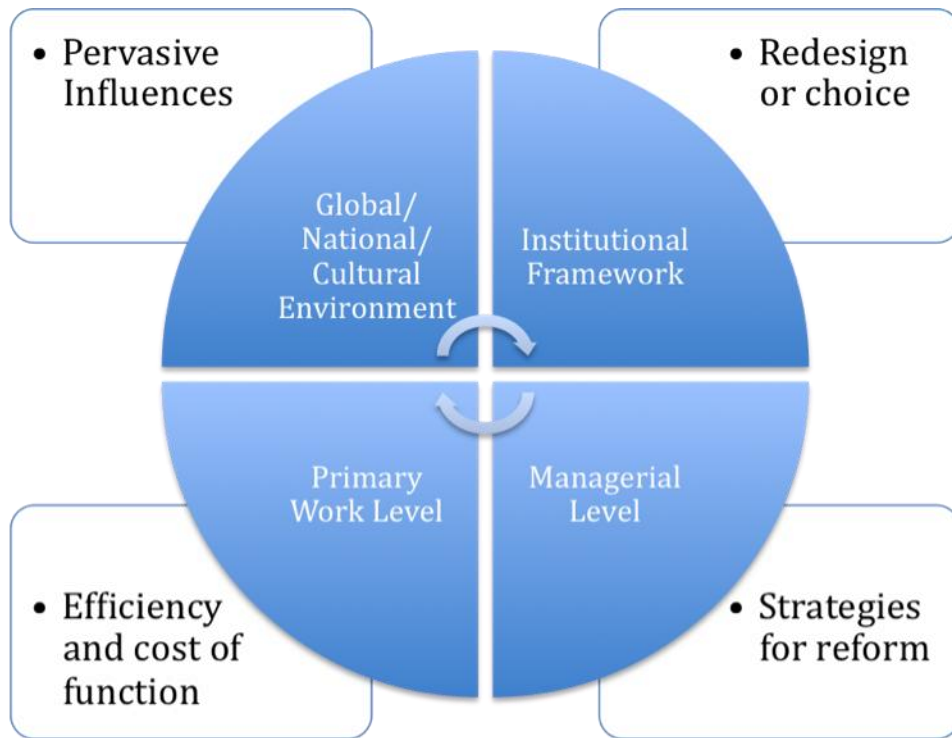
Source: Christopher Pollitt & Geert Bouckaert, *Public Management Reform: A Comparative Analysis*, 2004.

Figure 1 depicts a model of the different levels of public management reform. This thesis focuses primarily on the global/national environment, the institutional framework and the managerial level. At the global/national level the mission statements for national security are developed. Members who provide national security services are at the institutional level. Finally, the managerial level is where the budget process occurs as it helps "develop strategies and shape relationships."[50]

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[50] Pollitt and Bouckaert, *Public Management Reform: A Comparative Analysis,* 17.

Figure 2.   Model of Public Management Reform

SOCIO-ECONOMIC FORCES
• Global Economic Forces
• Socio-Demographic Change
• Socio-Economic Policies

ELITE DECISION-MAKING
• What is Desirable/Feasible?

CHANCE EVENT

POLITICAL SYSTEM
• New Management Idea
• Pressure from Citizens
• Party Political Ideas

ADMINISTRATIVE SYSTEM
• Content of Reform Package
• Implementation Process
• Results Achieved

Source: Christopher Pollitt & Geert Bouckaert, *Public Management Reform: A Comparative Analysis*, 2004.

Figure 2 shows the different entities and the influences both internal and external that pressurize the system. The chance event is the factor that may upset the equilibrium at any time.

Public management reform is equally influenced by both external and internal factors and takes into account the different levels of management. The model incorporates two other factors. First, there is a chance event. This is an event that cannot be predicted and forces the system to react. A chance event might be a natural disaster or a terrorist attack. After the event occurs feedback is generated and decisions are made

within a multiple spheres of influence. Ultimately, feedback needs to be directed towards the decision makers, and then decisions must be pushed out to all the entities involved.

Second, culture or environment can influence reform when a realization occurs that the entity is not headed in the direction it wants. For example, increasing deficits might force reform from within the system.

The methodology for this thesis was developed by combining elements from the public management reform frameworks and this definition, which states that Australia's concept of whole-of-government

> denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management, and service delivery.[51]

The essential part of the definition is the ability for different groups to work together to achieve the same goal. Ways in which whole-of-government can manifest itself is through policy development, program management, and service delivery as these all require multiple organizations to work together. Using this framework, this thesis examines aspects of national security in three areas: (1) mission statements to policy development; (2) members to service delivery; and (3) budget process to program management.

Mission statements provide a roadmap for any organization. They show the people who work in that organization objectives that they can work together to achieve. For national security, this mission statement can take on the form of reports and other documents that are supplied by members to a decision making body. In Australia, that mission statement is in Prime Minister Rudd's National Security Statement to Parliament delivered in December 2008. The National Security Strategy (NSS) issued in May 2010 by President Obama is the United States' version. Each of these statements provide guidance on what the national interests are, why they are important, and the means by

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[51] Australian Government: Australian Public Service Commission, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges,* 1.

which those objectives will be achieved. The comparison will break down the mission statements into main ideas and compare each country to those ideas.

Members of a specific organization provide particular services. National security demands a variety of services and therefore a mixture of members. Under the whole-of-government approach to national security, members must work together to provide a unique set of services to achieve a common goal, while working within the confines of a finite amount of scarce resources. National security services are the services the member agencies and organizations provide in support of the national security interests. Every department or agency has a mission statement. The statements will be looked at and compared to determine whether they provide a service that is oriented towards national security. Once a list of those members has been generated, the lists will be compared across each country, as well as to the intent of their respective country's national security document.

The budget process is a form of program management. Every organization needs funding to run their programs, make decisions, and provide services. The budget process is a way in which resources can be allocated across the broad spectrum of lawful needs and discretionary desires. The budget process of each country will be examined using phases and timelines. The budget process is broken down into two distinct phases: formulation and approval. Within each phase, there are special characteristics that make each budget process unique.

From the overarching guidance declared in the mission statements, to the security providing members and the management system that funds the members, all three aspects need to align in order to support and achieve the national security goals.

Figure 3.   Whole-of-Government Approach to National Security
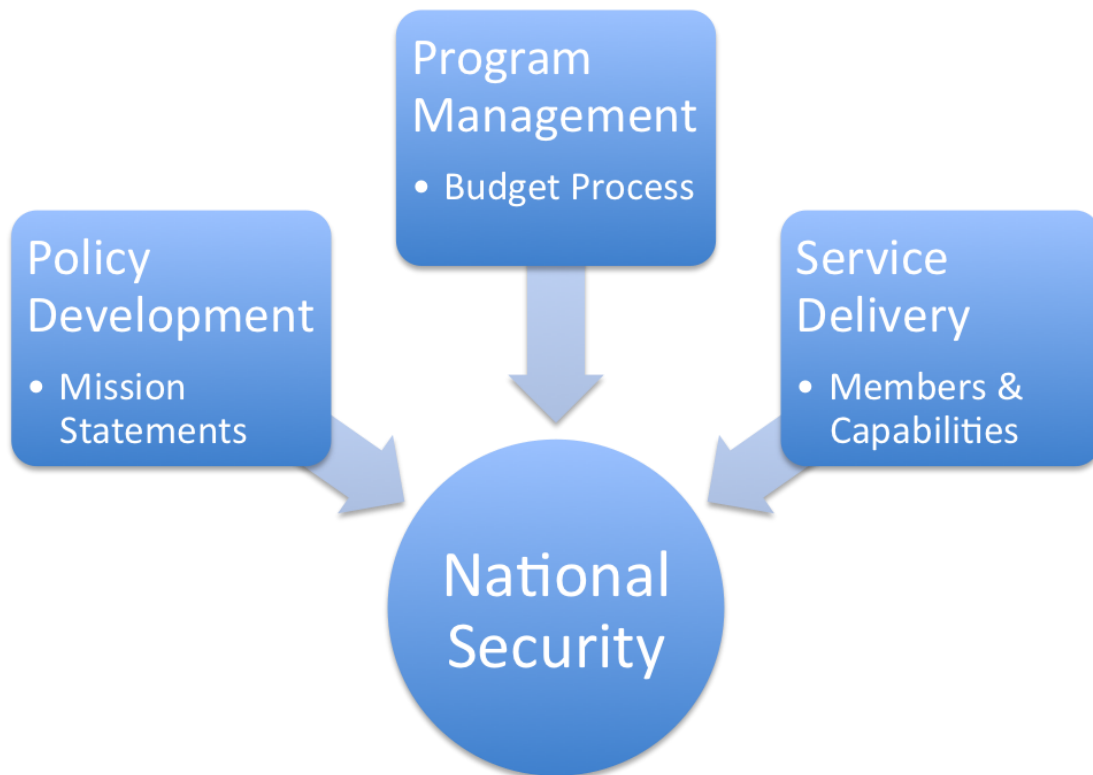
Whole of government denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management and service delivery.

Source: Adapted from Christopher Pollitt & Geert Bouckaert, *Public Management Reform: A Comparative Analysis*, 2004.

III.   DATA

A.   AUSTRALIAN NATIONAL SECURITY

1.   Overview

Australian national security is founded "on strong cooperative, coordinated and consultative relationships between the State and Territory Governments, the Australian Government, their departments and agencies and international partners."[52]   This is especially true in today's world of asymmetrical threats.   Such threats "include espionage, foreign interference, terrorism, politically motivated violence, border violations, cyber attack, organised crime, natural disasters and biosecurity events."[53]

In 2008, the Prime Minister addressed Parliament and outlined his objectives for Australia's national security. He challenged the government to build:

- A more secure Australia given the complex array of national security challenges we face for the future;

- A stronger Australia given the long term challenges to our economy;

- A fairer Australia given the levels of disadvantage that continue to exist among us; and

- An Australia capable of meeting the sweeping new challenges of the 21st century, including climate change.[54]

In the last two years, the Australian National Security Committee on Cabinet has developed a comprehensive system for dealing with national security at home and abroad.

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[52] Athol Yates, "National Security Practice Notes: National Security Capability Development for Non-Traditional Security Threats," *The Australian Homeland Security Research Centre*, October 2007, http://www.securityresearch.org.au/uploads/NSPN_National-security-capability-development.pdf (accessed February 2011).

[53] Ibid.

[54] Kevin Rudd, "The First National Security Statement to the Australian Parliament," *2009 Victorian Bushfires Royal Commission*, December 4, 2008, http://www.royalcommission.vic.gov.au/getdoc/596cc5ff-8a33-47eb-8d4a-9205131ebdd0/TEN.004.002.0437.pdf (accessed March 1, 2011).

Figure 4.   Australia's National Security Institutions

Source: Australian Public Service Commission. "Connecting Government: Whole of Government Responses to Australia's Priority Challenges." http://www.apsc.gov.au/mac/connectinggovernment.htm

The National Security Committee on Cabinet,

provides direct advice to the Prime Minister on policy matters relating to the nation's security, including international policy issues. In carrying out his duties, the NSA engages with the heads of Commonwealth departments and agencies, relevant Commonwealth Ministers, heads of State and Territory departments and agencies, as well as key representatives from business, industry and academia.[55]

In addition to his advisory role, the National Security Adviser's other duties include:

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[55] Australian Government: Department of the Prime Minister and Cabinet, *The National Security and International Policy Group Executive*, May 2011, http://www.dpmc.gov.au/national_security/index.cfm (accessed May 2011).

- Developing effective partnerships within the national security community;

- Improving the national security community's strategic direction;

- Supporting whole-of-government security policy development and crisis response;

- Overseeing the implementation of all national security policy arrangements; and

- Promoting a cohesive national security culture.[56]

The National Security Committee on Cabinet consists of the following divisions:

- **The International Division** provides advice, coordination and leadership on Australia's foreign, trade, aid and treaty matters and priorities, including bilateral relations, relationships with regional and international organisations, free trade negotiations and whole-of-government priorities for the overseas aid program. It also incorporates the International Strategy Unit, which focuses on developing innovative and forward-looking advice on policy challenges in the medium to long term across the foreign and international security domains.

- **The Homeland and Border Security Division** provides advice, coordination and leadership on integrated, whole-of-government policy matters, priorities and strategy in the areas of critical infrastructure protection, e-security, non-proliferation, counter-terrorism, law enforcement, border security and emergency management issues.

- **The Defence, Intelligence and Research Coordination Division** provides advice, coordination and leadership on integrated, whole-of-government policy matters, priorities and strategy in the areas of defence, intelligence coordination and cooperation matters, and national security, science and innovation policy and programs.[57]

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[56] Australian Government: Department of the Prime Minister and Cabinet, *The National Security and International Policy Group Executive*.

[57] Ibid.

Table 1.   Australia National Security Member Organizations

Prime Minister
Attorney-General
Prospective Security Training Centre (PSTC)
Emergency management Australia (EMA)
Australian Customs an Border Protection Service
Border Protection Command
Australian Defence Force
Australian Federal Police (AFP)
Australian Radiation Protection and Nuclear Safety Agency
Australian Safeguards and Non-Proliferation Office (ASNO)
Australian Security Intelligence Organization (ASIO)
Department of Foreign Affairs and Trade (DFAT)
Department of Health and Ageing
Department of Immigration and Citizenship (DIAC)
Department of Prime Minister and Cabinet (PM&C)
National Security Science and Technology Branch
Department of Infrastructure, Transport, Regional Development and Local Government

B.   THE UNITED STATES NATIONAL SECURITY COUNCIL

1.   History

The National Security Council (NSC) sometimes wields great authority, while at other times it has only been marginally influential.

> Since the end of World War II, each administration has sought to develop and perfect a reliable set of executive institutions to manage national security policy, and tried to install a policy-making and coordination system that reflected each President's personal management style. The NSC has long been at the center of this foreign policy coordination system, but it has changed many times to conform to the needs and inclinations of each succeeding chief executive.[58]

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[58] The White House, *History*, http://www.whitehouse.gov/administration/eop/nsc/history (accessed April 2011).

Prior to and during World War II the need for an institution with which to coordinate both foreign policy and national security strategy was recognized. An early attempt was made in 1944 with the creation of the State-War-Navy Coordinating Committee (SWNCC). This group was determined to "coordinate the views of the respective departments and, after the war, to coordinate post-war policies."[59] However, the committee lacked sufficient authority to have any true influence, and this lack of power eventually lead to its collapse.[60]

Following the demise of SWNCC Secretary of the Navy, James Forrestal, was directed by President Truman to study and recommend an effective institution for determining national security policy.[61] Forrestal met with the former chairman of the Army and Navy Munitions Board, Ferdinand Eberstadt, and the two of them began work on a process of improved integration of national resources. They believed that the SWNCC was a viable model, but it needed more authority to be credible.[62] In September 1945 Forrestal and Eberstadt released their report. Their recommendation outlined a means

> to afford a permanent vehicle for maintaining active, close, and continuous contact between the departments and agencies of our Government responsible, respectively, for our foreign and military policies and their implementation, we recommend the establishment of a National Security Council. The National Security Council would be the keystone of our organizational structure for national security.[63]

Their report further outlined the authority and responsibilities of the NSC. In particular,

> the NSC would be charged with formulating and coordinating overall policies in military and political realms; assessing and appraising foreign

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[59] Cody M. Brown, *The National Security Council: A Legal History of the President's Most Powerful Advisors*, Report, Project on National Security Reform (PNSR) (Washington, DC: Project on National Security Reform (PNSR), 2008), 2.

[60] Ibid., 2.

[61] Ibid., 2.

[62] Ibid., 2.

[63] Ibid., 2.

objectives, commitments, and risks; and balancing these with U.S. military power. Notably, it would be designed as 'a policy-forming and *advisory*, not an executive, body.'[64]

Truman agreed with the report. The United States would need "actual coordination of the entire military, economic and political aspects of security and defense."[65] From this the NSC would become the keystone for "coordinating national security policy."[66]

On 26 July 1947 the National Security Act was signed. Under this legislation the National Security Council was formed "under the chairmanship of the President, with the Secretaries of State and Defense as its key members, to coordinate foreign policy and defense policy, and to reconcile diplomatic and military commitments and requirements."[67] Also created were a Secretary of Defense, a National Military Establishment, Central Intelligence Agency, and National Security Resources Board.

Each successive administration sought to enhance the NSC and leave its own impression on the institution.

> Eisenhower transformed the NSC into a systematic and robust institution; Kennedy and Johnson opted for less structure, informal procedures, and greater reliance on the State Department; Nixon and Ford reinvigorated the NSC, while Kissinger's plan bridged the gap between formalism and informalism; Carter opted for a simple, cleaner structure with greater reliance on departments and agencies; Reagan oversaw a period of tumult and chaos, but eventually constructed the precursor to an enduring NSC system; George H. W. Bush and Brent Sowercroft brought stability and set the modern standard for the NSC; Clinton brought continuity between administrations and began to more deliberately integrate economic policy with national security policy; and George W. Bush elevated domestic security to a national level.[68]

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[64] Brown, *The National Security Council: A Legal History of the President's Most Powerful Advisors,* 2.

[65] Ibid., 3.

[66] Ibid., 3.

[67] The White House, *History.*

[68] Brown, *The National Security Council: A Legal History of the President's Most Powerful Advisors,* 81.

2. Overview

President Obama issued a memo outlining his expectations for his NSC. Specifically, the NSC "shall be the principle forum for consideration of national security policy issues requiring Presidential determination."[69] Furthermore, the NSC shall "advise and assist me [the President] in integrating all aspects of national security policy as it affects the United States – domestic, foreign, military, intelligence and economic."[70] The NSC meets regularly and as required by emerging situations.

The NSC is made up of two committees: the NSC Principles Committee (NSC/PC) and the NSC Deputies Committee (NSC/DC). The NSC/PC is the "senior interagency forum for consideration of policy issues affecting national security."[71] The NSC/PC meets only at the discretion of the National Security Advisor.

The NSC Deputies Committee (NSC/DC) "shall review and monitor the work of the NSC interagency process…help ensure that issues being brought before NSC/PC or the NSC have been properly analyzed and prepared for decision."[72] The NSC/DC will also conduct "periodic reviews of…major foreign policy initiatives…such reviews should periodically consider whether existing policy directives should be revamped or rescinded."[73] In the event of a crisis the NSC/DC is responsible for the day-to-day management of the crisis and reports to the NSC.[74] The NSC/DC meets at the discretion of the Assistant to the President and the Deputy National Security Advisor.

The National Security Council Interagency Policy Committees (NSC/IPC) "manage the development and implementation of national security policies by multiple

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[69] Barack Obama, *Presidential Policy Directive-1: Organization of the National Security Council System* (Washington, DC, 2009), 2.

[70] Ibid., 2.

[71] Ibid., 2–3.

[72] Ibid., 3.

[73] Ibid., 3–4.

[74] Ibid., 4.

agencies of the United States Government."[75] The NSC/IPC is the NSC direct link for interagency coordination of the national security policy.

Table 2.   National Security Council Members

National Security Council
Statutory Members
President
Vice President
Secretary of State
Secretary of Defense
Secretary of Energy
Additional Members
Secretary of Treasury
Attorney General
Secretary of Homeland Security
Representative of the United States of America to the United Nations
Assistant to the President and Chief of Staff (Chief of Staff to the President)
Assistant to the President for National Security Affairs (National Security Advisor)
Statutory Advisors
Director of National Intelligence
Chairman of the Joint Chiefs of Staff
When international economic issues are on the agenda:
Secretary of Commerce
United States Trade Representative
Assistant to the President for Economic Policy
Chair of the Council of Economic Advisors
When homeland security or counter-terrorism issues are on the agenda:
Assistant to the President for Homeland Security and Counter-Terrorism
When science and technology issues are on the agenda:
Director of the Office of Science and Technology Policy

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[75] Obama, *Presidential Policy Directive-1: Organization of the National Security Council System*, 4.

C.   THE HOMELAND SECURITY COUNCIL

1.   History

Historically, homeland security has been provided by the military and law enforcement agencies. In 1998, a three-phase study entitled the *U.S. Commission on National Security/21st Century* (USCNS/21) began. Headed by former senators Gary Hart and Warren Bruce Rudman, the commission was commonly referred to as the Hart-Rudman Commission. The final report was delivered in February 2001 and it recommended

> significant and comprehensive institutional and procedural changes throughout the executive and legislative branches in order to meet future national security challenges. Among these recommendations was the creation of a new National Homeland Security Agency to consolidate and refine the missions of the different departments and agencies that had a role in U.S. homeland security.[76]

At the time, there were "more than 40 federal agencies and an estimated 2,000 separate Congressional appropriations accounts" concerned with aspects of homeland security.[77] Shortly after the report was released, a bill was proposed following the recommendations of USCNS/21 to create a National Homeland Security Agency. The proposal sought to combine elements of FEMA, Customs, Border Patrol, and numerous other agencies, including the Coast Guard, into one institution that would be responsible for coordinating all the essential actions of homeland security.[78] Despite holding hearings the bill received very little attention from Congress and ultimately did not pass.

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[76] Department of Homeland Security, *Brief Documentary History of the Department of Homeland Security: 2001-2008*, Report (Washington, DC: Department of Homeland Defense, 2009), 3.

[77] Ibid., 3.

[78] Ibid., 3.

On 20 September 2001, less than two weeks after the terrorist attacks on the World Trade Centers and the Pentagon, President Bush announced, before a joint session of Congress, "the creation of a Cabinet-level position reporting directly to me—the Office of Homeland Security."[79]

> Executive Order 13228, issued on October 8, 2001, established two entities within the White House to determine homeland security policy: the Office of Homeland Security (OHS) within the Executive Office of the President, tasked to develop and implement a national strategy to coordinate federal, state, and local counter-terrorism efforts to secure the country from and respond to terrorist threats or attacks, and the Homeland Security Council (HSC), composed of Cabinet members responsible for homeland security-related activities, was to advise the President on homeland security matters, mirroring the role the National Security Council (NSC) plays in national security.[80]

In mid-2002, President Bush established a White House office that was tasked with four missions deemed essential to homeland security:

- Border and Transportation Security – Control the borders and prevent terrorists and explosives from entering the country.

- Emergency Preparedness and Response - Work with state and local authorities to respond quickly and effectively to emergencies.

- Chemical, Biological, Radiological, and Nuclear Countermeasures – Bring together the country's best scientists to develop technologies that detect chemical, biological, radiological, and nuclear weapons to best protect citizens.

- Information Analysis and Infrastructure Protection – Review intelligence and law enforcement information from all agencies of government, and produce a single daily picture of threats against the homeland.[81]

In July 2002, the National Strategy for Homeland Security was released. This document outlined the three main objectives for homeland security: prevent terrorist attacks within the United States; reduce America's vulnerability to terrorism; and

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[79] George Bush, *Address to a Joint Session of Congress and the American People*, September 2001, http://georgewbush-whitehouse.archives.gov/news/releases/2001/09/20010920-8.html (accessed May 2011).

[80] Department of Homeland Security, *Brief Documentary History of the Department of Homeland Security: 2001-2008*, Report (Washington, DC: Department of Homeland Defense, 2009), 4.

[81] Ibid., 5.

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minimize the damage and recover from attacks that do occur.[82] The National Strategy also defined homeland security: "Homeland security is a concerted national effort to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and recover from attacks that do occur."[83]

On 24 June 2002, the President's proposed legislation to create the Department of Homeland Security was introduced to the House as HR 5005. After amendments, the House passed the bill on 26 July 2002. A few months later, on 19 November 2002, the Senate passed the bill with amendments and finally on 25 November 2002 the President signed the Homeland Security Act of 2002 into law, thus officially creating the Department of Homeland Security.[84]

2. Overview

The Department of Homeland Security has five essential missions:

- Prevent terrorism and enhance security
- Secure and manage our boarders
- Enforce and administer our immigration laws
- Safeguard and secure cyberspace
- Ensure resilience to disasters[85]

These missions require the cooperation and support of twenty-two different agencies and employ over 230,000 personnel.[86] Since the department's inception, there have been several reorganizations, with the latest occurring in 2005.

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[82] Department of Homeland Security, *Brief Documentary History of the Department of Homeland Security: 2001-2008*, 7.

[83] Department of Homeland Security, *National Strategy for Homeland Security*, Report (Washington, DC: Department of Homeland Security), 2.

[84] Department of Homeland Security, *Brief Documentary History of the Department of Homeland Security: 2001-2008*, 7.

[85] Department of Homeland Security, *Department of Homeland Security Missions and Responsibilities*, http://www.dhs.gov/xabout/responsibilities.shtm (accessed May 2011).

[86] Department of Homeland Security, *About*, http://www.dhs.gov/xabout (accessed May 2011).

Table 3.   Department of Homeland Security Participants

Original Agency (Department)	Current Agency/Office
The U.S. Customs Service (Treasury)	U.S. Customs and Border Protection - inspection, border and ports of entry responsibilities U.S. Immigration and Customs Enforcement - customs law enforcement responsibilities
The Immigration and Naturalization Service (Justice)	U.S. Customs and Border Protection - inspection functions and the U.S. Border Patrol U.S. Immigration and Customs Enforcement - immigration law enforcement: detention and removal, intelligence, and investigations
The Federal Protective Service	U.S. Immigration and Customs Enforcement
The Transportation Security Administration (Transportation)	Transportation Security Administration
Federal Law Enforcement Training Center (Treasury)	Federal Law Enforcement Training Center
Animal and Plant Health Inspection Service (part) (Agriculture)	U.S. Customs and Border Protection - agricultural imports and entry inspections
Office for Domestic Preparedness (Justice)	Responsibilities distributed with FEMA
The Federal Emergency Management Agency (FEMA)	Federal Emergency Management Agency
Strategic National Stockpile and National Disaster Medical System (HHS)	Returned to Health and Human Service, July 2004
Nuclear Incident Support Teams (Energy)	Responsibilities distributed with FEMA
Domestic Emergency Support Teams (Justice)	Responsibilities distributed with FEMA
National Domestic Preparedness Office (FBI)	Responsibilities distributed with FEMA
CBRN Countermeasures Programs (Energy)	Science & Technology Directorate
Environmental Measurements Laboratory (Energy)	Science & Technology Directorate
National BW Defense Analysis Center (Defense)	Science & Technology Directorate
Plum Island Animal Disease Center (Agriculture)	Science & Technology Directorate

Federal Computer Incident Response Center (GSA)	U.S.-CERT, Office of Cybersecurity and Communications in the National Programs and Preparedness Directorate
National Communications System (Defense)	Office of Cybersecurity and Communications in the National Programs and Preparedness Directorate
National Infrastructure Protection Center (FBI)	Dispersed throughout the department, including Office of Operations Coordination and Office of Infrastructure Protection
Energy Security and Assurance Program (Energy)	Integrated into the Office of Infrastructure Protection
U.S. Coast Guard	U.S. Coast Guard
U.S. Secret Service	U.S. Secret Service

Source: Department of Homeland Security. "History: Who Became Part of the Department." http://www.dhs.gov/xabout/history/editorial_0133.shtm

The DHS has seven advisory committees and panels. The most prominent of which is the Homeland Security Advisory Committee (HSAC). The HSAC "provides advice and recommendations to the Secretary [of Homeland Security] on matters related to homeland security. The [Homeland Security] Council is comprised of leaders from state and local government, first responder communities, the private sector, and academia."[87] There are currently twenty-six members on the committee.

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[87] Department of Homeland Security, *About*.

Table 4.   Homeland Security Advisory Committee Members

Name	Title	Employer
William "Bill" Webster (Chair)	Retired Partner	Milbank, Tweed, Hadley & McCloy LLP
Chief William "Bill" Bratton (Vice Chair)	Chairman of Kroll	Altegrity Security Consulting
Norman "Norm" Augustine	Former Chairman and Chief Executive Officer	Lockheed Martin Corp.
Leroy "Lee" Baca	Sheriff	Los Angeles County
Richard "Dick" Cañas	Security Consultant	
Kenneth "Chuck" Canterbury	President	Fraternal Order of Police
Jared "Jerry" Cohon	President	Carnegie Mellon University
Ruth David	President and Chief Executive Officer	ANSER (Analytic Services Inc.)
Manny Diaz	Senior Partner	Lydecker Diaz
Mohamed Elibiary	Foundation	Founder Lone Star Intelligence LLC
Clark Kent Ervin	Director	Homeland Security Program, The Aspen Institute
Ellen Gordon	Associate Director	Naval Postgraduate School, CHDS
Lee H. Hamilton	President and Director	Woodrow Wilson International Center for Scholars
Raymond Kelly	Police Commissioner	City of New York
John Magaw	Self-employed	Domestic and International Security Consultant

Bonnie Michelman	Director of Police	Security and Outside Services at Massachusetts General Hospital and instructor at Northeastern University's College of Criminal Justice
Jeff Moss	Founder and Director	Black Hat and DEFCON
Martin O'Malley	Governor	State of Maryland
Sonny Perdue	Former Governor	State of Georgia
Harold Schaitberger	General President	International Association of Firefighters
Joe Shirley Jr.	President	The Navajo Nation
Lydia W. Thomas	Trustee	Noblis Inc.
Frances Fragos Townsend	Senior Vice President - Worldwide Government	Legal and Business Affairs, MacAndrews & Forbes Holdings Inc.
Chuck Wexler	Executive Director	Police Executive Research Forum
John "Skip" Williams	Provost and Vice President for Health	The George Washington University
Ex Officio Member Erle Nye	Chairman Emeritus	TXU Corp.

Source: Department of Homeland Security. "Homeland Security Advisory Council Members." http://www.dhs.gov/files/committees/editorial_0858.shtm

D. THE AUSTRALIAN BUDGET PROCESS

1. History

The Australian budget process has been in a continual state of change for nearly thirty years. In 1984 a White Paper, entitled *Budget Reform,* was published. This report outlined a new approach "to improve the quality of government—to improve

government's performance - and that was largely to occur by the devolution of central authority...[making] portfolio ministers more responsible for their portfolios."[88]

The White Paper also discussed three major themes for reform, as well as the government's stated objectives. The three major themes were: "focussing and streamlining budget decision making by government; improving the information base and processes for parliamentary and public scrutiny of government performance; and upgrading the financial management of programs."[89] Meanwhile the government's objectives covered a broad range of reforms:

- develop better means of identifying and setting government priorities;

- focus attention on the goals and objectives of programs, in relation to the resources they use;

- develop and apply specific techniques aimed at improved performance and more efficient resource use (for example, devolution of financial management responsibilities and the introduction of a new system of program budgeting); and

- set up machinery to ensure that the effectiveness and efficiency of programs are reviewed regularly, and that such reviews are used in setting budget priorities.[90]

These objectives are tentative first steps of a whole-of-government approach by improving communication across all departments and agencies so that comprehensive priorities are better identified. Strengthening coordination among all the programs allows assessment of what resources are being used so that the most effective allocation of resources are employed and programs are able to achieve the priorities set forth by the government. Finally, a thorough review process will focus attention on programs and processes that are inefficient and allow collaboration of all government entities on helping to improve them.

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[88] Office of the Auditor General of Canada, "Reform in the Australian Public Service 1983-1996," *Office of the Auditor General of Canada*, April 1, 1984, http://www.oag-bvg.gc.ca/internet/English/meth_lp_e_10214.html#0.2.L39QK2.BS98P4.DYIBBE.01 (accessed March 12, 2011).

[89] Office of the Auditor General of Canada, "Reform in the Australian Public Service 1983–1996,".

[90] Ibid.

2.   Overview

The Australian fiscal year covers the time period from 1 July to 30 June. There are several milestones that must be met in order for the budget to be formulated and approved. The budget process is summed up by the Australian Department of Finance and Deregulation:

> The Budget process is designed to enable the Executive Government to formulate fiscal and policy priorities which are delivered through the Budget. The outcome of the Budget process is a set of decisions which, in order to implement, generally involve enabling Australian Government entities to spend money. It is through the Budget process that the Executive gains Parliament's authority to spend public funds through the passing of annual appropriation Acts. The Executive Government then allocates this money to its departments of State and other Australian Government entities so they can undertake activities on behalf of the Executive Government.
>
> The priority setting and Budget decision processes usually occur between September each year and the following May, while the spending and reporting activities are ongoing throughout the cycle. This aims to ensure that government decision-making is transparent and accountable, and based on sound financial and economic management principles.
>
> How a Government entity spends money depends on what type of entity it is, how it obtains money in the first place and for what purpose, and how much money it will be spending.
>
> The planned use of public money is documented through the Budget papers and agency Portfolio Budget Statements (PBS). The actual use of Commonwealth resources is reported through monthly financial statements during the Budget financial year, and at the end of the financial year through Consolidated Financial Statements (CFS), the Final Budget Outcome, and agency annual reports."[91]

The Australian Budget Process consists of three influences. The first influence is prioritizing. Here priorities are established and plans are made for the future. Decisions are made as to what programs will be started, stopped, reduced, or expanded. The second influence is spending. The Australian government ensures, through multiple levels of

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[91] Australian Government: Department of Finance and Deregulation, *Budget Process: The Australian Budget Process*, September 10, 2008, http://www.finance.gov.au/budget/budget-process/index.html (accessed February 20, 2011).

oversight, that the money is being spent as designed in the budget. Finally, the third influence is reporting and reviewing. Performance measures in place are reviewed to determine the status of federal spending.

Planning for the upcoming fiscal cycle begins ten months out in September.[92] The major milestones are listed below:

- **Pre-budget Submissions** (September to November): The Treasurer issues a press release calling for pre-budget submissions from interested parties. This allows for consultation with the community on priorities for the next budget.

- **Senior Ministers' Review (SMR)** (November/December): At SMR, portfolio ministers' new proposals and expected major pressures on agency budgets are considered, and priorities for the coming budget are established. The ministers who attend SMR are the Prime Minister, the Deputy Prime Minister, the Treasurer and the Minister for Finance and Administration.

- **Portfolio Budget Submissions** (February): To seek funding for new policy proposals, agencies prepare Portfolio Budget Submissions based on the outcome of SMR. The submissions outline all major proposals that agencies wish to have funded and potential savings.

- **Expenditure Review Committee (ERC)** (March): This sub-committee of Cabinet is primarily responsible for developing the budget against the background of the Government's political, social and economic priorities. It decides which of the agencies' proposals will be funded and by how much. Membership varies, but usually comprises the Prime Minister, the Treasurer, the Minister for Finance and Administration, and one or two other ministers.

- **Ad Hoc Revenue Committee** (March/April): The Ad Hoc Revenue Committee is also a Cabinet committee. It meets after ERC to decide the revenue components of the budget.

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[92] Jon R. Blondal, Daniel Bervall, Ian Hawkesworth, Rex Deighton-Smith, "Budgeting in Australia," *OECD Journal on Budgeting* 8, no. 2 (2008): 24.

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- **Budget Cabinet** (April): This is the final stage in the decision-making process. Decisions from the ERC are endorsed and the Budget Cabinet agrees to present the budget to Parliament.

- **Budget Night**: The budget is usually brought down on the second Tuesday of May. The Government presents the Budget Papers and budget-related documents. The Treasurer summarises the budget in his Budget Speech.

- **Final Budget Outcome** (September): The *Charter of Budget Honesty Act 1998* requires that a Final Budget Outcome be released no later than three months after the end of the relevant financial year. The financial statements in the Final Budget Outcome are similar to those in the budget but provide actual outcomes rather than estimates.

- **Mid-Year Economic and Fiscal Outlook (MYEFO)** (December): The MYEFO must be released by the end of January, or six months after the budget is handed down, whichever is later.

- **Pre-Election Fiscal Outlook (PEFO)**: The *Charter of Budget Honesty Act 1998* requires that a PEFO be released in election years. The purpose of the PEFO is to update information on the economic and fiscal outlook before an election. A PEFO must be released publicly within 10 days of the issue of the writ for a general election, and contain spending and revenue estimates for the current and following three financial years, the assumptions underlying the estimates, the sensitivity of the estimates to changes in assumptions and risks that might change the fiscal outlook materially.[93]

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[93] Australian Government, *Australian Government*, 2007, http://www.budget.gov.au/2007-08/faq.htm#budget_process (accessed April 20, 2011).

Table 5.   Australian Budget Process Timetable

	Process	Timing	Purpose	Phase
Outcomes/Outputs are reviewed	Forward estimates update	November	Rolling estimates for 3 years following budget year. Up-to-date baseline for Budget and future years spending estimates	**FORMULATION**
	Senior Ministers' Review	Late November	Senior Ministers review options and set outcome priorities for the budget	
	Portfolio Budget Submissions	Draft January	Each submission outlines proposed outcomes/outputs structure, how it will be funded, and how performance will be measured. New Policy Proposals (NPP) are included in the submission	
Outcomes/Outputs are funded	Expenditure Review Committee (ERC)	March-April	The ERC is a committee of Cabinet that considers the various new policy and savings proposals and develops the budget against the background of the government's political, social and economic priorities	**APPROVAL**
	Budget Delivered	May	Budget papers and documentation including Portfolio Budget Statements Appropriation Bills	
	Senate Legislative Committee Review	May-June	Senate scrutiny of Budget estimates in accordance with the Compact between the Houses of Parliament	
Outcomes/Outputs are delivered and reviewed	Appropriations bill passed and take effect	May-July	If not passed by the beginning of the fiscal year, interim expenditure may be authorised by unlapsed appropriations Acts passed in the last fiscal year	**EXECUTION**
	Outputs are delivered	July-June	During the fiscal year agencies deliver agreed outputs	
	Annual report produced	September	The Annual Report details performance against agreed indicators for each output	

Source: The Commonwealth Budget Process, The Australian Public Service Commission (APSC), http://www.apsc.gov.au/

The Australian 2010–2011 budget is the first coordinated national security budget turned out by the country. In total about $4.3 billion is being allocated for national security services. While the majority of the money appears to be going to the Australian Defence Force, there is a decided focus on "border protection and aviation security measures…and there will be more money to counter the threat of homegrown terrorism."[94]

E.   THE UNITED STATES BUDGET PROCESS

1.   History

The modern Congressional budget process began with the Budget and Accounting Act of 1921 and the 1974 Congressional Budget and Impoundment Control Act. These legislative reforms had several major objectives. The Budget and Accounting Act of 1921 established precedent by requiring the President to submit an annual budget to Congress. It also established what is now known as the Office of Management and Budget (OMB) and the Government Accountability Office (GAO).[95] Fifty years later the 1974 Congressional Budget and Impoundment Control Act established four major controls. First, this legislation established both the House and Senate Budget Committees. Second, a detailed calendar for the Congressional Budget process was proposed as a means to shepherd the budget resolution through Congress. Third, the Congressional Budget Office was formed. Fourth, the fiscal year was changed from 01 July – 30 June to 01 October – 30 September. Finally, a new procedure was devised to help deal with presidential restrictions.[96]

Today, only the Budget and Accounting Act of 1921 and The Congressional Budget and Impoundment Control Act of 1974 control the budget process.[97]

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[94] Ernie Davitt, *2010-2011 Budget: National security one of few Budget winners*, August 19, 2010, http://www.securitymanagement.com.au/articles/2010-2011-budget-national-security-one-of-few-budget-winners-168.html (accessed May 25, 2011).

[95] American Society of Military Comptrollers, *Enhanced Defense Financial Management Training Course* (2010), 58.

[96] Ibid., 58.

[97] Robert D. Lee Jr., Ronald W. Johnson, Philip G. Joyce, *Public Budgeting Systems*, 8th Edition (Sudbury, MA: Jones and Bartlett Publishers, 2008), 290–291.

Table 6.   Key Legislation Impacting the Federal Budget

Act	Description
1921 Budget and Accounting Act	Requires the President to submit and annual budget to Congress
	Established the Office of Management and Budget (OMB)
	Established the Government Accountability Office (GAO)
1974 Congressional Budget and Impoundment Control Act	Established House and Senate Budget Committees
	Created Congressional Budget Office
	Established detailed calendar for the Congressional Budget process
	Established the framework and guidance for impoundment
	Changed fiscal year from 01 July - 30 June to 01 October - 30 September
1985 Balanced Budget and Emergency Deficit Control Act	Established deficit reduction goals aimed at a balanced budget in FY91
	Established sequestration procedures when agency budgets exceeded limit
1987 Balanced Budget and Emergency Deficit Control Reaffirmation Act	Revised sequestration process from fixed to adjustable targets
	Established two new procedures: (1) discretionary spending limits on annual appropriations; (2) "pay-as-you-go" on any spending outside of appropriations that would increase the deficit
1990 Budget Enforcement Act	Divided spending into two types:
	Discretionary Spending (DS), which means the budget authority controlled by annual appropriations acts and the outlays that result from the budget authority
	Mandatory Spending (MS), which means budget authority and outlays resulting from permanent laws
	Replaced "Gramm-Rudman-Hollings" targets with new annual ceilings on budget authority and outlays for 5 years
	Established PAYGO for entitlements
	Provided separate ceiling for defense, international, and non-defense DS through 1993
1990 Chief Financial Officers Act	Established CFOs in specific agencies and cabinet departments
	Tasked CFOs with overseeing financial management and financial information systems in the Federal Government
1993 Government Performance and Results Act	Changed the way budgets are to be justified and managed
	Focused budget process on planning
	Required agencies to submit strategic plans by 30 September 1997

	Required annual performance plans effective FY99
	Required performance reports by 31 March 2000
1993 Omnibus Reconciliation Act	Established DS limits for FY94-98
	Outlined the process for sequestration

Source: Enhanced Defense Financial Management Training Course, American Society of Military Comptrollers, 2000

2. Overview

The budget process in the United States differs from the rest of the world in two fundamental ways. First, there is a "strict separation of powers that characterises the American constitutional system and…a long historical development in which new layers of institutional innovation were successively added to existing ones."[98] Second, the formulation phase of the budget process is one of the most highly regulated in the world. Weak party discipline and the existing constitutional and electoral systems mean that decision-making is slow and arduous. Despite the regulations and glacial decision-making process, the end result of a budget is normally achieved.[99]

There are three phases to the federal budget process: first is budget formulation, followed by congressional action, and finally the budget execution phase. During the budget formulation phase "organizations draft their budgets and each agency consolidates and prepares the budget for the President and Congress."[100] Within the federal government ,different departments and agencies will prepare their budgets in a slightly different manner from one another. Despite these variations ,OMB Circular A-11 guides the overall process. This document provides "considerable detail about most aspects of federal budgeting and…runs more than 800 pages."[101]

There are six major steps that must be completed during the formulation phase. They are: (1) OMB issues guidance; (2) agencies and departments develops a draft of

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[98] Jon R. Blondal, Dirk-Jan Kraan, and Michael Ruffner, "Budgeting in the United States," *OECD Journal on Budgeting* 3, no. 2 (2003): 8.
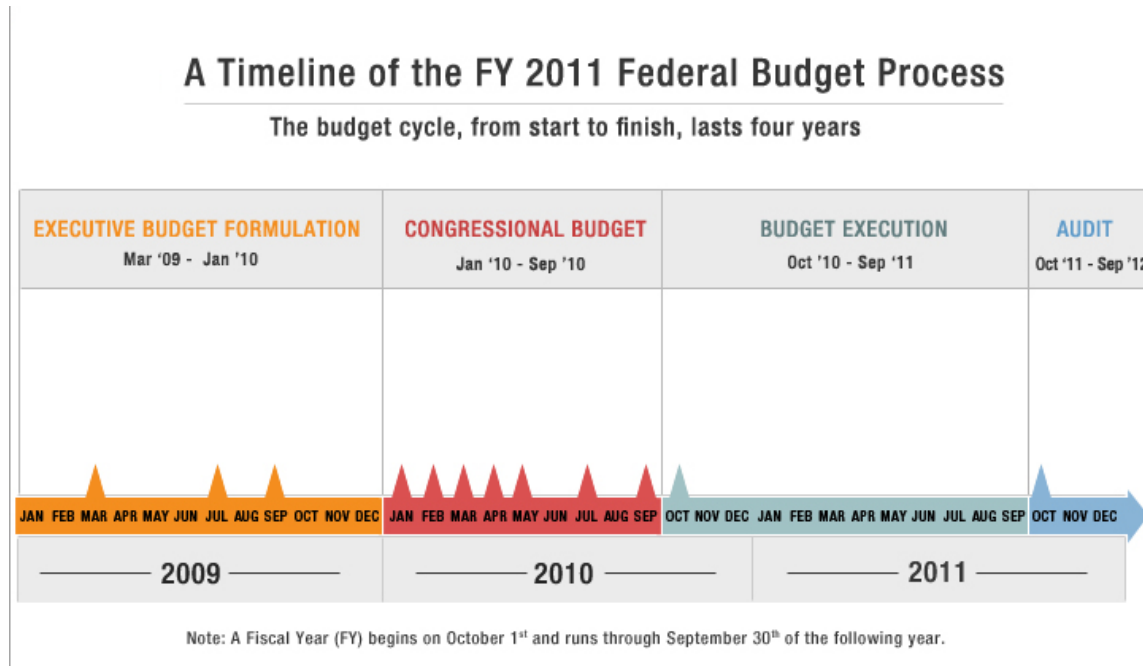
[99] Ibid., 8–9.

[100] American Society of Military Comptrollers, *Enhanced Defense Financial Management Training Course*, 18.

[101] Lee Jr., Johnson, and Joyce, *Public Budgeting Systems,* 137.

their budget; (3) agencies and departments submit their budget estimates to OMB; (4) OMB reviews all submissions and forwards to the President; (5) the President takes action; and (6) the President sends the budget to Congress for approval.[102]

Figure 5.   Timeline of the Federal Budget Process

A Timeline of the FY 2011 Federal Budget Process
The budget cycle, from start to finish, lasts four years

EXECUTIVE BUDGET FORMULATION Mar '09 - Jan '10	CONGRESSIONAL BUDGET Jan '10 - Sep '10	BUDGET EXECUTION Oct '10 - Sep '11	AUDIT Oct '11 - Sep '12

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

—— 2009 ——   —— 2010 ——   —— 2011 ——

Note: A Fiscal Year (FY) begins on October 1st and runs through September 30th of the following year.

Source: Peter G. Peterson Foundation,
http://www.pgpf.org/Media/Interactive/2010/11/09/Budget_Calender_final.aspx

The fiscal year covers the time period from 1 October to 30 September. Several milestones must be met in order for the budget to be formulated and approved. The formulation of the President's Budget begins roughly ten months prior to the submission to Congress, which is approximately a year and a half before the start of the fiscal year (see Figure 4).[103]

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[102] American Society of Military Comptrollers, *Enhanced Defense Financial Management Training Course*, 19.

[103] Bill Jr. Heniff, *Overview of the Executive Budget Process*, Report, Congressional Research Service, U.S. Library of Congress (Washington, DC: Congressional Research Service, June 2008), 1.

When the budget arrives in Congress three separate, but related processes must occur: the budget resolution process, the authorization process, and the appropriation process.[104] During the budget, resolution process the President's budget is examined and revised by Congress.

During the authorization process, Congress provides authority for an agency to start, stop, or continue programs. The authorization process does not provide funding, but merely permission for the agency to have a particular program. It is only during the Appropriation phase that funds are provided.

Table 7.   Congressional Budget Process Timetable

Date	Action
First Monday in February	President submits budget to Congress
15 February	Congressional Budget Office submits economic and budget outlook report to Budget Committees
Six weeks after President submits budget	Committees submit views and estimates to Budget Committees
01 April	Senate Budget Committee reports budget resolution
15 April	Congress completes action on budget resolution
15 May	Annual appropriations bills may be considered in the House, even if action on budget resolution has not been completed
10 June	House Appropriations Committee reports last annual appropriations bill
15 June	Congress completes action on reconciliation legislation (if required by budget resolution)
30 June	House completes action on annual appropriations bills
15 July	President submits mid-session review of his budget to Congress
01 October	Fiscal year begins

Source: Bill Heniff Jr., *The Congressional Budget Process Timetable*, RS20175.
Washington: The Service, June 17, 2008.
http://www.senate.gov/reference/resources/pdf/RS20175.pdf

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[104] American Society of Military Comptrollers, *Enhanced Defense Financial Management Training Course*, 24.

Table 8.   Executive Budget Process Timetable

Date	Action
Calendar Year Prior to the Year in Which Fiscal Year Begins	
Spring	OMB issues planning guidance to executive agencies for the budget beginning 01 October of the following year
Spring and Summer	Agencies begin development of budget requests
July	OMB issues annual update to Circular A-11, providing detailed instructions for submitting budget data and material for agency budget requests
September	Agencies submit initial budget requests to OMB
October-November	OMB staff review agency budget requests in relation to President's priorities, program performance and budget constraints
November-December	President, based on recommendations by the OMB director, makes decisions on agency requests. OMB informs agencies of decisions
December	Agencies may appeal these decisions to the OMB director and in some cases directly to the President
Calendar Year in Which Fiscal Year Begins	
By first Monday in February	President submits budget to Congress
February-September	Congressional phase. Agencies interact with Congress, justifying and explaining President's budget
By 15 July	President submits mid-session review to Congress
21 August (or w/in 10 days of approval of a spending bill)	Agencies submit apportionment requests to OMB for each budget account
10 September (or w/in 30 days of approval of a spending bill)	OMB apportions available funds to agencies by time period, program, project, or activity
01 October	Fiscal year begins
Calendar Year in Which Fiscal Year Begins and Ends	
October-September	Agencies make allotments, obligate funds, conduct activities, and request supplemental appropriations, if necessary. President may propose supplemental appropriations and impoundments to Congress
30 September	Fiscal year ends

IV. ANALYSIS

A. METHODOLOGY RECAP

This thesis has examined public management reform, budget theory, whole-of-government and national security. A model was then established to compare the Australian whole-of-government approach to national security to the United States current approach to national security. The model relies heavily on the definition of national security and whole-of-government. The comparative analysis begins with the definition of whole-of-government:

> Whole of government denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management and service delivery.[105]

The last line of the definition provides three dimensions with which to make the comparison. First, policy development is essentially the national security strategy or mission. The Prime Minister of Australia and the President of the United States issue a mission statement in the form of a National Security Statement to Parliament and the National Security Strategy, respectively. Collaboration on this mission statement is conducted across multiple agencies and departments. This statement outlines national interests and goals and the importance in achieving them.

Second, as the definition of national security continues to evolve so to does the number of departments and agencies involve in providing services that help achieve the level of national security as outlined in the national security missions. Each country's military is involved in executing national security measures, but there are an ever-growing number of agencies that support the military or execute aspects of national security at home and abroad. A massive effort is necessary to coordinate all the services delivered by the members to ensure that they are supporting the national security mission.

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[105] Australian Government: Australian Public Service Commission, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges,* 1.

Third, the budget process is a means of program management. As mentioned earlier, the budget is a historical record of where money was spent in the past. In other words, it often shows what was a priority and what was not. The budget also is a predictor of future events, although not always accurate or correct, it depicts what is or will be a priority in the current fiscal year. The process itself is an agreement that allows all entities involved to develop their own budget, defend it, and see it incorporated into the overall budget. The budget process must reflect a whole-of-government approach to national security by enabling effective coordination among the multiple national security service members.

The comparative model looks at each of these three factors and overlays the Australian approach over the United States' approach. There are differences and there are similarities associated with each as Australia continues to refine her whole-of-government approach and the United States strives to determine the best method of implementation.

B. MISSION ANALYSIS – POLICY DEVELOPMENT

Prime Minister Rudd's "First National Security Statement to the Australian Parliament" outlined the future policy for national security in Australia. There are five "enduring security interests that transcend the scope of state and territory jurisdictional responsibilities."[106] The five interests are:

- Maintaining Australia's territorial and border integrity

- Promoting Australia's political sovereignty

- Preserving Australia's cohesive and resilient society and the long terms strengths of our economy

- Protecting Australians and Australian interests at home and abroad

- Promoting an international environment, particularly in the Asia-Pacific region, that is stable, peaceful and prosperous, together with a global rules-based order which enhances Australia's national interests[107]

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[106] Kevin Rudd, "Prime Minister of Australia," *Speech*, December 2008, http://pmrudd.archive.dpmc.gov.au/node/5424 (accessed May 2011).

[107] Ibid.

President Obama's National Security Strategy is a narrative that outlines the United States' enduring interests. The four pillars that are the foundation of the national security mission are:

- The security of the United States, its citizens, and U.S. allies and partners

- A strong, innovative, and growing U.S. economy in an open international economic system that promotes opportunity and prosperity

- Respect for universal values at home and around the world

- An international order advanced by U.S. leadership that promotes peace, security, and opportunity through stronger cooperation to meet global challenges[108]

Prime Minister Rudd outlines Australia's whole-of-government approach to national security by touching on several major themes. These themes include border management, organized crime, intelligence cooperation, science and technology, defense, law enforcement, foreign policy and the need for an integrated national security budget.[109]

Within President Obama's NSS there is a sectioned titled *Strengthening National Capacity – A Whole of Government Approach.* The United States recognizes the vital importance of good communication and cooperation among all the departments and agencies that are necessary to achieve the stated national security objectives. The key idea from this section is the integration of the following ideas: defense, diplomacy, economics, development, homeland security, intelligence cooperation, strategic communications, the American people, and the private sector.

These national security missions have certain similarities, which are captured in Table 8, with several key ideas that are discussed. They are integrity and security; sovereignty; economy; national interests; and leadership.

Both countries discuss integrity and security of their territories and border. Australia does so specifically in their statement by "maintaining…territorial and border

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[108] Obama, "National Security Strategy," 7.

[109] Rudd, "Prime Minister of Australia," *Speech*.

integrity,"[110] while the United States implies as much when it mentions "security of the United States" in the first bullet.[111] Each country recognizes that in order to achieve homeland security there needs to be a strong commitment to effective communication and cooperation among the national security organizations.

The idea of sovereignty most commonly implies political independence, but it can also mean supreme excellence or freedom from external control.[112] Australia is concerned with ensuring the continued promotion and protection of its own political sovereignty. Prime Minister Rudd emphasizes Australia's interest in developing "self-reliance across the range of relevant national security capabilities to ensure an effective contribution to their own security."[113]

The United States, on the other hand, takes a different approach to the idea of sovereignty. Not only does the United States intend to protect its own sovereignty or way of life, but it will also promote its way of life across the globe. This is done in multiple ways. Providing humanitarian assistance and disaster relief is one way. Fighting and winning wars and then rebuilding afterwards is another. Human rights and values are held in high esteem in the United States; because of that, she has felt it necessary, from time to time, to intervene in another country if those rights are being egregiously violated.

The main difference between the two country's ideas of sovereignty is that Australia is focused on preserving that freedom and independence at home, while the United States is more focused on promoting freedom and independence abroad.

Both countries discuss the importance of a strong and robust economy. Australia endeavors to preserve their economy based on long-term goals. The United States looks to improve their economy. These slight differences may be due to the fact that both statements are two years apart and in those two years the global economy suffered massive upheavals. The National Security Strategy of 2010 draws on two years of

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[110] Rudd, "Prime Minister of Australia," *Speech.*

[111] Obama, "National Security Strategy," 7.

[112] Merriam-Webster Dictionary, Merriam-Webster Dictionary, January 2011, http://www.merriam-webster.com/dictionary/sovereignty (accessed May 2011).

[113] Rudd, "Prime Minister of Australia," *Speech.*

economic recession and has made it a point to overcome it. Australia prospered in the first decade of the 21st century and seeks to preserve that prosperity.[114] The United States looks to the American people and the private sector to achieve economic prosperity,[115] while Australia seeks an integrated national security budget that will ensure effective security of Australia, thus allowing the Australian people to enjoy their robust economy.[116]

Both countries seek to protect their national interests at home and abroad. While Australia explicitly states it as one of the goals in the national security statement, it is more implicit in the United States' national security strategy. The nature of the national security mission is to preserve and protect each country's national interests. The mission statements provide a narrative to achieving and securing those interests, and by agreements with other countries, those of their allies and partners. In order to achieve protect and promote national interests at home and abroad, each country will rely on strategic communication among member organizations to ensure that the goals are clearly defined and all members are working toward that common goal.

Both countries count leadership as a major role in national security. The United States, as the only super power, recognizes the importance of strong leadership and suggests that to be successful in the 21st century no country can stand-alone. The United States seeks to lead a forum of countries that will facilitate a dialogue to "foster collective action to confront common challenges."[117] Australia sees itself as a major player in the Pacific. As the largest island in the region she has considerable influence. By aligning her interests with those of her allies and partners, Australia endeavors to be a global and regional leader in the Pacific-Asia sphere.

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[114] Jon R. Blondal, Daniel Bervall, Ian Hawkesworth, Rex Deighton-Smith, "Budgeting in Australia," *OECD Journal on Budgeting* 8, no. 2 (2008): 3.

[115] Obama, "National Security Strategy," 15.

[116] Rudd, "Prime Minister of Australia," *Speech*.

[117] Obama, "National Security Strategy," 40.

Table 9.   National Security Mission and Policy /Development Key Ideas

Key Ideas	Australia	United States
Integrity and Security	Territory and Border Integrity	U.S., Citizens, allies and partners
Sovereignty (Independence and Freedom)	Political Sovereignty	Respect for values at home and abroad
Economy (Strength and Prosperity)	Economic Strength	Economic Prosperity
National Interests	Protect interests at home and abroad	Protect interests at home and abroad
Leadership	Promote international environment that enhances AUS interests	International order lead by U.S. leadership

From a whole-of-government perspective the national security missions of both countries recognize the need and importance of coordinating and aligning the national security members and budget processes with the national security goals.   The development of these key ideas requires input from a variety of sources. None is strictly driven by a single governmental entity. For example, the key idea of integrity and security requires the coordinated efforts of multiple departments and agencies to achieve. From the United States' perspective, for example, there needs to be a strategic communication between the State Department, Department of Defense and Department of Homeland Security to facilitate a coordinated means in which to achieve this ideal.

Australia's goal of becoming a major leader in the Pacific-Asia region is outlined by the idea of creating an international environment that enhances its interests. This, too, requires multiple agencies to work together brining their relative strengths to bear on a common goal. No one agency is capable of coordinating all the elements of such an environment. The mission statement provides a roadmap to achieve these goals.

C.   MEMBER ANALYSIS – SERVICE DELIVERY

In order to effectively safeguard national interests, it is critical that the right resources are in place. The ever-broadening definition of what constitutes national

security requires having the right players engaged in the threat or crisis. Australia has taken a proactive approach in restructuring its national security team. From the top to the bottom, the whole organization has been assessed and capabilities and limitations have been weighed.

In Australia, there are nineteen departments or agencies that provide crucial services to achieving national security objectives. This number is expanded as it moves from the federal level to the state and territory level. The departments and agencies provide everything from policy and decision making to infrastructure and crisis response.

Within the National Security and International Policy Cabinet, the organizations are broken down into three functional divisions: the International Division; the Homeland and Border Security Division; and the Defence, Intelligence, and Research Coordination Division.

The goals of each division are:

- **The International Division** provides advice, coordination and leadership on Australia's foreign, trade, aid and treaty matters and priorities, including bilateral relations, relationships with regional and international organisations, free trade negotiations and whole-of-government priorities for the overseas aid program. It also incorporates the International Strategy Unit, which focuses on developing innovative and forward-looking advice on policy challenges in the medium to long term across the foreign and international security domains.

- **The Homeland and Border Security Division** provides advice, coordination and leadership on integrated, whole-of-government policy matters, priorities and strategy in the areas of critical infrastructure protection, e-security, non-proliferation, counter-terrorism, law enforcement, border security and emergency management issues.

- **The Defence, Intelligence and Research Coordination Division** provides advice, coordination and leadership on integrated, whole-of-government policy matters, priorities and strategy in the areas of defence, intelligence coordination and cooperation matters, and national security, science and innovation policy and programs.[118]

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[118] Australian Government: Department of the Prime Minister and Cabinet, *The National Security and International Policy Group Executive*.

These divisions are a helpful way to look at the role in member has in national security. The comparison between the two countries will use the Australian divisions. Some entities are counted in more than one division. This is due to the nature of their mission or service output.

Table 10.   Australia National Security Services

Agency/Department	Output	International	Homeland and Border Security	Defence, Intelligence, and Research Coordination
Prime Minister	Lead role in Australian Government counter-terrorism policy coordination	X	X	X
Attorney-General	Responsibility for operational coordination on national security issues	X	X	X
Attorney-General's Department	Coordinates national security and crisis management arrangements and provides legislative advice	X	X	X
Prospective Security Training Centre (PSTC)	Primary body for coordination of protective security and counter-terrorism arrangements between Australian Government and State and Territory agencies		X	
Emergency Management Australia (EMA)	Coordinates emergency and consequence-management assistance to States and Territories and maintains a reserve of necessary equipment		X	
Australian Customs an Border Protection Service	Seeks to prevent the illegal importation of dangerous goods into Australia and has responsibility for border control	X	X	

Border Protection Command	Provides security for Australia's offshore maritime areas		X	
Australian Defence Force	Maintains capabilities that can assist civil authorities in emergencies	X	X	X
Australian Federal Police (AFP)	Investigates Commonwealth terrorist offences, provides overseas liaison and protective services and performs a State policing function		X	
Australian Radiation Protection and Nuclear Safety Agency	Responsible for protecting the health and safety of people, and the environment, from the harmful effects of radiation		X	
Australian Security Intelligence Organization (ASIO)	The national authority for assessing threats to national security	X	X	X
Department of Foreign Affairs and Trade (DFAT)	Aims to advance the interests of Australia and Australians internationally	X		
Australian Safeguards and Non-Proliferation Office (ASNO)	Regulates nuclear safeguards within Australia to ensure that Australia meets non-proliferation treaty commitments and implements the Chemical Weapons Convention and Comprehensive Test Ban Treaty		X	
Department of Health and Ageing	Maintains stockpiles of antidotes and vaccines and plans for dealing with disease outbreaks		X	
Department of Immigration and Citizenship (DIAC)	Maintains the Movement Alert List and enforces Australia's visa regime	X	X	

Department of Prime Minister and Cabinet (PM&C)	Coordinates Australian Government policy responses to terrorism, participates in risk management decisions on dignitary protection, provides the secretariat for the Secretaries Committee on National Security and the National Security Committee of Cabinet, co-chairs, and provides the secretariat for, both the National Counter-Terrorism Committee (NCTC) and the Australian Government Counter-Terrorism Policy Committee (AGCTPC) and advises the Prime Minister on matters related to countering terrorism	X	X	X
National Security Science and Technology Branch	Coordinate and focus science, engineering and technology to support Australia's counter-terrorism needs		X	X
Department of Infrastructure, Transport, Regional Development and Local Government	Regulates the security of airports, airlines, sea ports and, with State and Territory authorities, other forms of transport		X	
Australian Government and Information Management Office (AGIMO)	Contributes to the protection of the national information infrastructure		X	X

It is important to note the distribution of departments and agencies across the three different divisions. Of the nineteen members, 47% provide a security service in the international division, 95% in the homeland security and border protection division, and 42% in the defense, intelligence, and research coordination division. These percentages show how Australia's has aligned the security service departments and agencies with the national security statement.

The same three-division structure is used to compare the United States' national security component make-up. The United States has approximately 38 departments and agencies that provide some sort of service in regards to national security.

Table 11.   United States National Security Services

Department/Agency	Output	International	Homeland and Border Security	Defense, Intelligence, and Research Coordination
Directorate for Science and Technology	The primary research and development arm of the Department of Homeland Security. It provides federal, state and local officials with the technology and capabilities to protect the homeland		X	X
Office of Health Affairs	Coordinates all medical activities of the Department of Homeland Security to ensure appropriate preparation for and response to incidents having medical significance		X	
Office of Intelligence and Analysis	Responsible for using information and intelligence from multiple sources to identify and assess current and future threats to the United States		X	X

Office of Operations Coordination and Planning	Responsible for monitoring the security of the United States on a daily basis and coordinating activities within the Department of Homeland Security and with governors, Homeland Security Advisors, law enforcement partners, and critical infrastructure operators in all 50 states and more than 50 major urban areas nationwide		X	
Federal Law Enforcement Training Center	Provides career-long training to law enforcement professionals to help them fulfill their responsibilities safely and proficiently		X	
Domestic Nuclear Detection Office	Works to enhance the nuclear detection efforts of federal, state, territorial, tribal, and local governments, and the private sector and to ensure a coordinated response to such threats		X	
Transportation Security Administration (TSA)	Protects the nation's transportation systems to ensure freedom of movement for people and commerce	X	X	
United States Customs and Border Protection (CBP)	One of the Department of Homeland Security's largest and most complex components, with a priority mission of keeping terrorists and their weapons out of the U.S.	X	X	
United States Citizenship and Immigration Services	Secures America's promise as a nation of immigrants by providing accurate and useful information to our customers, granting immigration and citizenship benefits, promoting an awareness and understanding of citizenship, and ensuring the integrity of our immigration system	X	X	
United States Immigration and Customs Enforcement (ICE)	Promotes homeland security and public safety through the criminal and civil enforcement of federal laws governing border control, customs, trade, and immigration	X	X	

United States Coast Guard	Protects the maritime economy and the environment, defends our maritime borders, and saves those in peril	X	X	X
Federal Emergency Management Agency (FEMA)	Supports our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards		X	X
United States Secret Service (USSS)	Safeguards the nation's financial infrastructure and payment systems to preserve the integrity of the economy, and protects national leaders, visiting heads of state and government, designated sites, and National Special Security Events	X	X	X
Federal Bureau of Investigation (FBI)	Protect and defend the United States against terrorist and foreign intelligence threats, to uphold and enforce the criminal laws of the United States, and to provide leadership and criminal justice services to federal, state, municipal, and international agencies and partners	X	X	X
Department of Defense (DoD)	Provide the military forces needed to deter war and to protect the security of our country	X		X
Office of the Director of National Intelligence (DNI)	Effectively integrate foreign, military and domestic intelligence in defense of the homeland and of United States interests abroad	X	X	X

Department of Energy (DOE)	Insuring the integrity and safety of the country's nuclear weapons; promoting international nuclear safety; advancing nuclear non-proliferation; and, continuing to provide safe, efficient, and effective nuclear power plants for the United States Navy; additionally provides cyber security protection, manages operations security, and prevents the spread of weapons of mass destruction	X	X	X
Department of Veterans Affairs	Fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his widow, and his orphan" by serving and honoring the men and women who are America's veterans, provide veterans the world-class benefits and services they have earned - and to do so by adhering to the highest standards of compassion, commitment, excellence, professionalism, integrity, accountability, and stewardship		X	X
Department of State	Advance freedom for the benefit of the American people and the international community by helping to build and sustain a more democratic, secure, and prosperous world composed of well-governed states that respond to the needs of their people, reduce widespread poverty, and act responsibly within the international system	X		

Department of the Treasury	Maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively		X	
U.S. Agency for International Development	Working with individuals, governments, and other organizations, USAID supports sustainable development: economic and social growth that does not exhaust local resources; that does not damage the economic, cultural, or natural environment; that permanently increases the cohesion and productive capacity of the society; and that builds local institutions that involve and empower the citizenry	X		
Department of Agriculture	Provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management		X	
Department of Commerce	To help make American businesses more innovative at home and more competitive abroad	X	X	
Department of Health and Human Services	Protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves		X	

Department of Transportation	Serve the United States by ensuring a fast, safe, efficient, accessible and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people, today and into the future		X	
Environmental Protection Agency	Protect human health and the environment		X	
Office of Management and Budget	To serve the President of the United States in implementing his vision across the Executive Branch		X	X
U.S. Trade Representative	Works toward opening markets throughout the world to create new opportunities and higher living standards for families, farmers, manufacturers, workers, consumers, and businesses	X	X	
Council of Economic Advisers	Charged with offering the President objective economic advice on the formulation of both domestic and international economic policy	X	X	X
Office of Science and Technology Policy	First, to provide the President and his senior staff with accurate, relevant, and timely scientific and technical advice on all matters of consequence; second, to ensure that the policies of the Executive Branch are informed by sound science; and third, to ensure that the scientific and technical work of the Executive Branch is properly coordinated so as to provide the greatest benefit to society			X

Board of Governors of the Federal Reserve	Conducting the nation's monetary policy by influencing the monetary and credit conditions in the economy in pursuit of maximum employment, stable prices, and moderate long-term interest rates; supervising and regulating banking institutions to ensure the safety and soundness of the nation's banking and financial system and to protect the credit rights of consumers; maintaining the stability of the financial system and containing systemic risk that may arise in financial markets; providing financial services to depository institutions, the U.S. government, and foreign official institutions, including playing a major role in operating the nation's payments system	X	X	
Export-Import Bank	To assist in financing the export of U.S. goods and services to international markets	X		
NASA	To reach for new heights and reveal the unknown so that what we do and learn will benefit all humankind			X
Nuclear Regulatory Commission	To regulate the nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, to promote the common defense and security, and to protect the environment		X	X
Peace Corps	Helping the people of interested countries in meeting their need for trained men and women; helping promote a better understanding of Americans on the part of the peoples served; helping promote a better understanding of other peoples on the part of Americans	X		

Overseas Private Investment Corporation	To solve critical world challenges by catalyzing markets in developing nations. OPIC accomplishes its mission by delivering finance innovations that help ambitious U.S. businesses successfully enter, grow and compete in emerging markets	X		
Federal Communications Commission	Ensuring public safety and homeland security by advancing state-of-the-art communications that are accessible, reliable, resilient, and secure, in coordination with public and private partners		X	

The United States' breakdown in the three categories is slightly different from Australia's, but it demonstrates the commitment to the goals and objectives delineated in the 2010 NSS. Fifty-four percent of the assets are for international security matters, 78% are for homeland security and border protection, and 41% are for defense, intelligence, and research coordination. These numbers are slightly misleading due to the degree of fidelity. The international, defense, and intelligence divisions are nominally higher when you breakout the different military arms and intelligence agencies.

In the international division, there are only three similar agencies: Customs and Border Protection, Immigration and Citizenship, and the defense forces. The United States goes even further and includes several more departments and organizations, including the Federal Bureau of Investigation (equivalent to the Australian Federal Police) and Department of Energy.

Both countries provide roughly the same services in the homeland security and border protection category. As the priority for Australia is homeland defense and security, this make sense. The United States has an entire department devoted to homeland security as well, so the number of organizations would be similar and provide much of the same services. Consider for a moment the similarities in both countries. First, they are both large landmasses. Australia is only slightly smaller than the lower 48

states in the United States.[119]   Both countries have a large coastline, over 25,000 kilometers in Australia compared to 20,000 kilometers in the United States. This large expanse of unguarded coastline requires many resources to be devoted to border protection. The United States also has 12,000 kilometers of land boundary between Canada and Mexico.[120]   Third, both countries must deal with a large amount of immigration, both legal and illegal. The United States in 2004-2005 processed nearly 63,000 immigrants.[121] Finally, there is a prolific drug trafficking trade across the borders of both countries. Tasmania is one of the world's largest suppliers of opiate products and the United States is the world's largest consumer of cocaine, heroin, and marijuana.[122] All these factors require large amounts of resources and coordination among multiple different agencies.

In the defense, intelligence, and research coordination category, both countries seem to provide roughly the same amount of services. However, the biggest difference is that the United States appears to go even further with the number of agencies. For example, the United States has a space program, the Department of Energy is a big player as it manages all the nuclear assets in the military, and the United States Coast Guard is a chameleon like service provider because it not only protects the homeland, but in times of war falls under the Department of Defense. Both Australia and the United States have robust science and technology agencies, a myriad of intelligence agencies, and comprehensive defense forces.

In both countries, the tables show that according to the mission statements each organization provides an output or service that fits into one or more of the three categorical divisions. In many instances, a single group will fall into more than one category. This is a testament to the whole-of-government approach that has been

[119] Central Intelligence Agency (CIA), *Australia*, 2010, https://www.cia.gov/library/publications/the-world-factbook/geos/as.html (accessed May 2011).

[120] Central Intelligence Agency (CIA), *Australia*; Central Intelligence Agency (CIA), *United States*, 2010, https://www.cia.gov/library/publications/the-world-factbook/geos/us.html (accessed May 2011).

[121] Central Intelligence Agency (CIA), *United States*.

[122] Central Intelligence Agency (CIA), *Australia*; Central Intelligence Agency (CIA), *United States*.

implemented in Australia. The Australian definition for whole-of-government describes the ability to effectively manage multiple agencies to achieve a common objective.

Based on this analysis, the United States and Australia have made improvements to incorporate a whole-of-government approach to national security. One of the biggest hurdles that each country needs to clear is the coordination of multiple agencies. This does not suggest that there should be one agency responsible for only one aspect of national security. Having multiple agencies collaborate to execute an aspect of national security is beneficial and strengthens the security of the country because it draws on the strengths and improves the weaknesses of the different entities.

In order to improve efficiency, there needs to be increased communication and coordination as Australia's definition of whole-of-government suggests. Australia is improving its efficiency of national security by having fewer national security members and the members they do have are multi-faceted. Australia's National Security Committee helps provide guidance for the national security members in the execution of their services.

The United States, according to PNSR's recommendation for a consolidated NSC, has provided policy implementation if the form of PPD-1 that combines elements of the NSC and HSC into one integrated body. This is an important first step as the NSC provides policy guidance to the President and the national security members. A next step to align the national security system in the United States more holistically, and foster increased communication and coordination would be to streamline the national security members and reduce redundancy.

Given the policy statements from the section above, the organization of different departments and agencies in the categories shows how each country is aligning their capabilities to best achieve their goals. Australia's first focus is inward on homeland and border security. This can be seen by the fact that all but one agency has the capability to provide a service for security of Australia's homeland and borders.

The United States, on the other hand, tends to focus outward first and then inward. The Department of Homeland Security plays a critical role in allowing the

United States to be able to devote whole assets to international matters. The scale of resources that the United States has at her disposal is the primary reason for this ability to execute multiple national security matters simultaneously.

D.   BUDGET PROCESS ANALYSIS – PROGRAM MANAGEMENT

The Australian budget process employs a whole-of-government approach in an effort to increase coordination across the different departments and agencies. Specifically,

> The budget process provides the opportunity to identify cross-portfolio priorities and establish how they are to be considered. Ministers should be assisted by the APS to determine the most suitable form of appropriation; governance (decision making) structures; information-sharing arrangements; accounting procedures; reporting mechanisms; and timing and evaluation requirements.[123]

The key part of the budget process according to Australia's whole-of-government approach is the opportunity to coordinate among all the agencies and departments the means of achieving the goals and objectives of national security.

This part of the analysis will focus on two phases of the budget process: formulation and approval. Within each country, the steps differ in terms of complexity and timing. The first phase, formulation, is typically a two-step process. A central budget authority prepares a draft budget. The draft budget, which incorporates budget directives and guidance, is submitted to the legislature via the President (in the United States) or the Cabinet (in Australia) for modification and approval.

The second phase, approval, occurs in the legislature. Sub-committees review, modify, and endorse the budget. Once a consensus is reached, the budget is approved by the legislature and submitted to the President or Cabinet for final approval.

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[123] Australian Government: Australian Public Service Commission, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges,* 7.

In general, there are two major differences between the two processes. First, the formulation phase in Australia has five unique whole-of-government features. Second, during the approval process Parliament has limited power, while the United States Congress holds the *power of the purse*.

Table 12.   Formulation Phase Comparison

AUSTRALIA		UNITED STATES	
Time	**Purpose**	**Time**	**Purpose**
September	Cabinet submission and resulting budget circular	April	*April Guidance:* OMB issues letter to departments specifying general funding levels and highlights major management program issues
October	The Prime Minister seeks proposal for new initiatives from ministers	June/July	*Spring Review:* OMB issues detailed guidance (Circular A-11) on the information that agencies should include in their budget submissions
November	Senior Ministers' Review (SMR)/Strategic Budget Committee (SBC)	July/ September	Departments prepare and submit budget requests to OMB
January/ February	Costing of new policy proposals	October/ November	*Fall Review:* OMB decisions on budget totals given to departments
March	Expenditure Review Committee (ERC)	November/ December	Appeals process and final decision by President
April	Budget Cabinet	December/ January	OMB and departments finalize budget documentation
April/May	*Hunting License*	Before First Tuesday of February	President's budget transmitted to Congress
May	Budget submitted to Parliament	*Fiscal Year: 01 October-30 September*	
Fiscal Year 01 July-30 June		Source: OECD Budgeting in the United States	

Source: OECD Budgeting in Australia

There are five unique features to the Australian formulation phase that demonstrate the whole-of-government approach. First, Australia has "Unique organisational arrangements, including the strong role of Cabinet committees, multiple central agencies, and the limited role of spending ministries *vis-à-vis* their agencies."[124] There are three Cabinet committees. The first is the Senior Ministers' Review (SMR). The ministers who attend the SMR are the Prime Minister, the Deputy Prime Minister, the Treasurer, and the Minister for Finance and Administration.[125] The role of this committee is

> to act as a "fiscal guardian" and to unify the senior ministers in that capacity. It set the strategic direction for the forthcoming budget, established the agenda and advised on the means to achieve identified fiscal objectives. In times of fiscal stress, the SMR would set the overall targets for expenditure reductions. In good times, the SMR would focus mainly on culling the many proposals for new initiatives.[126]

In 2008/2009, the Strategic Budget Committee (SBC) replaced the SMR. Membership remains the same the only difference now is the committee has a stronger strategic focus. The SMR serves a similar role as the Office of Management and Budget (OMB) to a small degree. The SMR outlines major guidance for the upcoming budget. The Office of Management and Budget produces Circular A-11, which describes what each agency should include in the budget. However, that is where the similarity ends. The SMR is more focused on strategy and has input from the head of government, the Prime Minister. On the other hand, OMB tries to outline the President's goals in such a way that each agency understands what they need to do in order to achieve those goals.

The second sub-committee is the Expenditure Review Committee (ERC). This committee is

> focused on expenditure restraint and fiscal responsibility. Compared to the SBC, its focus is more operational and it meets on numerous occasions. It has seven members: the Prime Minister, the Treasurer, the Minister for Finance, the Assistant Treasurer, the Deputy Prime Minister

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124 Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting in Australia," 8.

125 Ibid., 9.

126 Ibid., 9.

(concurrently the Minister for Education, Employment and Workplace Relations), the Minister for Trade, and the Minister for Families, Housing, Community Services and Indigenous Affairs.[127]

The ERC works to ensure that the goals of the SMR can be achieved in a fiscally responsible way. Recently, the

> role of the ERC has also been expanded in two important areas. First, it has been charged with undertaking an expenditure review examining all the programmes of the previous government. Second, it will not only meet during the budget formulation process but will meet regularly throughout the year. This frequency is to reinforce the importance of close examination of "between budgets" proposals, further enhancing fiscal scrutiny.[128]

Finally, the third committee involved in the formulation of the budget is the *Ad Hoc* Committee on Revenue. This committee consists of the Prime Minister, the Deputy Prime Minister, the Treasurer, the Assistant Treasurer, and the Minister for Finance. The *Ad Hoc* Committee discusses the latest economic assumptions, revenue estimates and makes decisions on substantive taxation measures.[129]

There are three central agencies involved with the budget formulation. They include the Department of Finance, the Department of the Treasury, and the Department of the Prime Minister and Cabinet. The Department of Finance is focused on expenditures and is organized much like central budget office. The Department of the Treasury is primarily concerned with economic and taxation issues with a secondary concern of expenditures.[130]

The Department of the Prime Minister and Cabinet is a unique and powerful agency as it supports the Prime Minister and the large array of Cabinet level processes. This agency

> has always had a structure with desk officers following each ministry – again, just as a budget office would typically be organised. The role of

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[127] Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting in Australia," 10.

[128] Ibid.

[129] Ibid., 10.

[130] Ibid., 11.

these desk officers is to provide advice to the Prime Minister on expenditure and revenue proposals from a whole-of-government perspective by bringing together the government's policy objectives, the economic and fiscal strategy, and the policy objectives of the portfolio ministers.[131]

The Department of the Prime Minister and Cabinet is where the whole-of-government approach to budgeting is really implemented. This agency has a top down view of what the goals are and how those goals can be achieved through the seventeen different portfolios.[132] The National Security Committee, which is chaired by the Prime Minister, falls under the Department of the Prime Minister and Cabinet. This committee is in a unique position because it

> oversees the development of Australia's foreign and defence policy, ensuring that Australia maintains a co-ordinated policy approach on national security issues. The [National Security Committee] is responsible for taking budgetary decisions relating to these issues. The Prime Minister chairs the [National Security Committee] and its decisions are final – *i.e.* they are not subject to review by Cabinet.[133]

The Department of the Prime Minister and Cabinet is at the decision-making apex and maintains a whole-of-government view of the whole process; this places the National Security Committee at a distinct advantage over the National Security Council in the United States. The National Security Council is a powerful advisor to the President in terms of national security policy issues. However, the National Security Council is not responsible for any budget related decisions.

The second unique feature in the Australian formulation process is that the formulation phase is based on fiscal rules governed by principles rather than specific targets.

> This "principles-based" (or discretionary) approach contrasts with the more common "rules-based" approach…where specific fiscal targets are set in legal documents. Australia opted against this approach principally due to its perceived rigidity and the difficulty of attempting to anticipate

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[131] Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting in Australia," 12.

[132] Ibid.

[133] Ibid., 11.

all future events. A fiscal rule is never stronger than the political commitment to actually adhere to it, and Australia chose an approach that allows for policy flexibility while relying on a high degree of transparency to discipline the government's actions. New Zealand had adopted a similar approach with its Fiscal Responsibility Act several years earlier, and the experience with legislated fiscal targets in the European Union and the United States was also viewed by Australian officials as disappointing and easily subject to manipulation.[134]

The whole-of-government approach requires effective coordination across different government entities. Australia's fiscal policy is based on principles and is not tied to specific targets. This allows Australia the ability to be more flexible in formulating its budget. Australia's adaptable budget and coordinated national security effort will help ensure the integrity of its borders and homeland as threats to national security continue to broaden.

The third unique feature is the forward estimates included in every budget. Each year's budget includes three years of forward estimates. The first year's estimate becomes the budget base for the following fiscal year.[135] The forward year estimates are crucial as the budget is built around them each year. "The fact that 80% of annual expenditure is authorized by "special" (permanent) legislation with only 20% of expenditure being approved through the annual budget reinforces the importance of the forward estimates, as they incorporate both types of expenditures."[136] The forward estimates are important for another reason, too.

> The forward estimates represent a provisional government decision on future expenditures. In the absence of any new decision, and of other adjustments for new price or volume indexes where applicable, the out-year expenditures become the budgets in the respective years. The forward estimates record the cost of all ongoing programmes but they do not include any allowance for the introduction of new programmes in future years or the expansion of existing programmes due to policy measures; such measures would involve new government decisions. Thus,

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[134] Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting in Australia," 15.

[135] Ibid., 17.

[136] Ibid.

the Australian budget system is designed to ensure that incremental budget decisions are strategic, rather than to overcome incrementalism.[137]

The United States' budget is so large that it must resort to incremental budgeting each year. Australia's whole-of-government approach to budgeting seeks to ensure greater collaboration on the budget not only in the upcoming fiscal year, but looking ahead three years as well.

The fourth unique feature is that Australia uses accrual budgeting. Accrual budgeting was adopted in 1999/2000 because it would "show the full cost of all programmes, not just the immediate cash outlays, and therefore make it easier to price and compare them with alternative private sector provision."[138] Australia's adoption of accrual budgeting was done "to improve the efficiency and performance of the public sector."[139] Accrual budgeting in Australia gives "department executives more flexibility" and "contributes to better performance. In comparison to the United States, the appropriations acts in Australia…place less emphasis on how departments allocate their funding among different types of expenses."[140]

Accrual budgeting leads to the fifth unique element of the formulation phase which is the outcome/output framework.

> Under this framework, every agency is required to identify comprehensive and explicit outcomes, thus forming the legal basis for appropriations approved by the Parliament. In their "Portfolio Budget Statements", which are the supporting explanatory documents to the budget, agencies need to identify the outputs to be produced and the administered items to be delivered on behalf of the government which will contribute to the achievements of the outcomes. It should be emphasised, however, that the Portfolio Budget Statements are indicative only and do not bind the government in any way. The legal focus of appropriations is exclusively on the outcomes.

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[137] Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting in Australia," 17.

[138] Ibid., 20.

[139] United States Government Accountability Office, *United States Government Accountability Office*, December 2007, www.gao.gov/new.items/d08206.pdf (accessed May 2011), 17.

[140] Ibid.

Agencies are expected to measure performance at two levels: first, the effectiveness of the contribution of agency outputs and administered items to the achievement of outcomes; second, the efficiency of agency outputs in terms of quantity, quality and price. In their respective annual reports, which are published shortly after the end of each fiscal year, agencies are to report on their achievements *vis-à-vis* the Portfolio Budget Statements.[141]

In short, this framework focuses the budget formulation on the ends as opposed to the means. The explicit goal of whole-of-government is to ensure that services provided by the government get to those who need it. By focusing on the ends rather than the means of achieving those goals, there is more transparency and a standard of performance that can be quantified. Thus, the Prime Minister and Cabinet can be assured that funds are being spent as intended.

Australia's 2011–2012 budget is innovative because

this is the first Budget to deliver a coordinated approach to national security funding. A coordinated approach to the national security budget has allowed the Government to direct funding to the highest national security priorities. This approach will ensure Australia's law enforcement, intelligence, security and border protection services are better able to protect our community.[142]

Over $4.3 billion will be invested in national security, border protection, aviation security and supporting the Australian Defence Force. This investment is intended to strengthen Australia's national security capacity by funding "national security, border protection, aviation security and supporting the Australian Defence Force."[143] Specifically, funds will be spent in five different ways: identity security, intelligence gathering and information security, countering terrorism and violent extremism, national security infrastructure and capacity building, and promoting security in the Asia-Pacific.[144] As the Prime Minister's Statement on National Security to Parliament in 2008

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[141] Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting in Australia," 22.

[142] Australian Government, *2010–2011 Budget*, 2010–2011, http://www.ag.gov.au/www/agd/agd.nsf/Page/Publications_Budgets_Budget2010_MediaReleases_StrengtheningAustraliasNationalSecurityCapacity (accessed May 2011).

[143] Ibid.

[144] Ibid.

outlined "these measures form part of the Government's commitment to building a more secure Australia through supporting our security, intelligence and law enforcement agencies as well as promoting an international environment that is stable, peaceful and prosperous."[145]

Table 13.   Australia's Integrated National Security Budget

Identity Security
The Rudd Government will strengthen Australia's identity security by investing:
$100.8 million in additional funding over six years for a new passport issuing system, which will enhance the security of Australia's passports;
$23.6 million in ongoing funding to prevent identity theft through the Government Document Verification Scheme; and
$5.9 million in ongoing funding to detect identity fraud through Australia's Fraudulent Travel Document Detection System.
Intelligence Gathering and Information Integrity
The Rudd Government will strengthen Australia's intelligence gathering and information integrity by investing:
$101.6 million in ongoing funding for telecommunications interception work conducted by national security and law enforcement agencies;
$24 million in additional funding for new analytical technologies to improve the real time ability of the Australian Transaction Reports and Analysis Centre (AUSTRAC) to target serious and organised crime, tax evasion and financial fraud;
$14.5 million in additional funding to establish a Criminal Intelligence Fusion Centre within the Australian Crime Commission, to better detect and prevent organised crime, including operations set up to facilitate people smuggling in the region; and
$1.8m in additional funding to enhance the Australian Secret Intelligence Service's intelligence gathering capability, in addition to $8.3 million already in the forward estimates.
Countering Terrorism and Violent Extremism
The Rudd Government will counter terrorism and violent extremism by investing:
$9.1 million to establish a Counter Terrorism Control Centre. This funding will be absorbed within the Attorney-General's portfolio; and
$9.7 million in additional funding to counter violent extremism and the threat of home grown terrorism in the Australian community.

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[145] Australian Government, *2010-2011 Budge*.

National Security Infrastructure and Capacity Building
The Rudd Government will boost national security infrastructure and capacity building by investing:
$23.5 million in additional funding to deliver on the Government's commitment to provide 500 new Australian Federal Police officers, in addition to $191.9 million provided in the 2008-09 Budget;
up to $17.3 million for the establishment of the National Security College at the Australian National University in Canberra;
$35.5 million to upgrade the Cocos (Keeling) Islands runway;
$21.3 million additional funding for security upgrades at Parliament House; and
$1.7 million in 2010-11 to continue the National Emergency Call Centre Surge Capacity.
Promoting Security in the Asia-Pacific
The Government is also providing funding of over $118 million to promote security initiatives in the Asia-Pacific region, including:
$80.5 million additional funding for the AFP's Police Development Program in Timor-Leste, Tonga and Vanuatu;
$16.8 million additional funding to support the Australian Federal Police commitment to the United Nations Mission in Timor-Leste; and
$21.2 million ongoing funding for counter-terrorism liaison and capacity building in the Asia−Pacific region.
Source: Australian Government Attorney-General's Department, http://www.ag.gov.au/www/agd/agd.nsf/Page/Publications_Budgets_Budget2010_MediaReleases_StrengtheningAustraliasNationalSecurityCapacity

In contrast, the formulation process in the United States begins in April, a year and a half prior to the start of the fiscal year. The Office of Management and Budget issues a letter known as "planning guidance" that details the spending levels for each department. In some years this is the out projection included in the previous fiscal year budget and others it is an entirely new estimate.[146] Later in June and July, OMB conducts an internal review of each department. During this review, OMB tries to determine where the problem areas are and what the priorities will be for the upcoming budget.[147]

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[146] Blondal, Kraan, and Ruffner, "Budgeting in the United States," 11.

[147] Ibid., 12.

The "planning guidance" and internal review are the nearest similarity to whole-of-government that the United States displays in the formulation phase. Even then, it is only guidance that OMB offers. Congress holds the real decision making power and it can choose to update OMB's priorities if necessary. Ultimately, OMB serves as the central formulation authority for the budget. By issuing guidance on the formulation process and what the priorities are, OMB demonstrates a limited whole-of-government approach.

In the United States, the framers of the Constitution intentionally established inherent tension between the executive and legislative branches of government.[148] These checks and balances make it difficult for whole-of-government to be effective in the United States formulation process.

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148 Blondal, Kraan, and Ruffner, "Budgeting in the United States," 18.

Table 14.   Approval Phase Comparison

AUSTRALIA		UNITED STATES	
Time	**Purpose**	**Time**	**Purpose**
Second Tuesday in May	*Budget Night:* The Treasurer introduces the budget proposal	First Tuesday in February	President submits the executive budget recommendation
Mid-May	Deliberations in the House of Representatives (plenary) and Main Committee	March/April	Budget Committees hold hearings and develop the Congressional Budget Resolution, Standing Committees present views and estimates
Mid-June	Senate committees scrutinize the budget proposal	15 April	Congress passes Concurrent Budget Resolution
End of June	Approval of the budget, assent by the Governor-General on behalf of the Queen	Summer	Congress works on reconciliation legislation if required and passes 13 appropriation bills
Fiscal Year: 01 July-30 June		30 September	End of fiscal year; all appropriation bills should be passed
Source: OECD Budgeting in Australia		01 October	Fiscal year begins; continuing resolutions for appropriation bills that were not passed
		Fiscal Year: 01 October-30 September	
		Source: OECD Budgeting in the United States	

The Australian legislature, Parliament, is severely restricted in its power to influence the budget at this stage of the process. There are two main factors for this. First, the Parliament can only influence twenty percent of the budget[149] and second, the Parliament is unable to propose new expenditures, as that power rests with the Prime

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[149] Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting Australia," 31.

Minister and Cabinet.[150] These two factors alone force the major decisions to be made at the Prime Minister and Cabinet level, which is also where the National Security Committee has influence.

The United States Congress, on the other hand, is

> powerful due to unique features of the United States Constitution and customs. Because of its constitutional position, weak political party discipline and other features arising from custom and convention, the United States Congress has a much more extensive role in the budget process. That extensive role is, on one hand, an impediment to making better and more effective decisions on budgetary resources and, on the other hand, a strength of the system. Recommending sweeping changes to the United States Congress is neither practical nor desirable, but making better use of existing information, maintaining a focus on fiscal discipline and enacting small modifications to existing laws could produce better fiscal outcomes and more efficient government. While some of these changes are within the control of Congress itself, many of the recommendations involve better information generated by the executive branch.[151]

Due to the sheer size of the budget, the Congress seeks to change the budget on the fringes or incrementally. In other words "Congressional debate will generally focus on relatively small amounts of money resulting from congressional interest and on new policy recommendations."[152] The weak party discipline tends to influence the budget approval process as politicians are looking out for their constituents as opposed to what's best for the country.[153] Due to the political infighting and small incremental changes ,Congress appears to lose sight of the whole-of-government guidance that OMB issues at the beginning of the formulation process.

The Project on National Security Reform's recommendation to create an integrated national security budget would be a crucial next step in realizing a whole-of-government approach to national security. Currently "what has not yet evolved are the

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[150] Blondal, Bervall, Hawkesworth, and Deighton-Smith, "Budgeting in Australia," 32.

[151] Blondal, Kraan, and Ruffner, "Budgeting in the United States," 17–18.

[152] Blondal, Kraan, and Ruffner, "Budgeting in the United States," 19.

[153] Ibid., 19.

mechanisms that agencies use to coordinate national security activities […]. In the absence of effective mechanisms, collaboration suffers and in some cases can be a hindrance to achieving national security objectives."[154]

There are two distinct views at odds with each other with regard to national security spending. The Office of Management and Budget sees the national security budget as the domain of the Department of Defense. The Department of Homeland Security' budget is broken within numerous other budget functions.[155] Congress, on the other hand, provides money for various national security functions through multiple appropriations, with the largest being the defense appropriation.

A reconciliation of these differing views of how to best provide for national security would be a step towards an integrated national security budget and whole-of-government, similar to the steps Australia has taken in their 2011-2012 budget.

E.   SUMMARY OF FINDINGS

This thesis has investigated the national security mission, national security members, and the budget processes of the United States and Australia. This thesis addressed three questions with an emphasis on whole-of-government:

- What is the national security mission of each country?
- Who are the national security members?
- What is the budget process used in Australia and in the United States that funds each country's national security system?

This comparison has found many similarities and differences in each country's approach to national security. Based on the three categories (mission, members, and budget process) there are some distinct differences in the two approaches. Australia is embracing the whole-of-government approach and the differences between the Australian approach to national security and the United States' approach demonstrate that.

The national security mission of each country offers many similarities. Each mission statement outlines what is strategically important for that country and both

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[154] Brook, "Budgeting for National Security: A Whole of Government Perspective," 8.

[155] Ibid., 15.

describe in detail the importance of communication and coordination among the members to achieve those goals. Within the mission statements there are some slight differences, but those are mostly due to each county's status in the world.

Australia's mission is primarily focused inward on the protection of the homeland. The secondary area of concentration is outward on the regional area. Finally, Australia recognizes the importance of her role as the primary ally of the United States in the Pacific region. This alliance has global implications with regard to protecting those alliances and interests of her partners. From a whole-of-government perspective all the agencies involved in national security must coordinate their actions to achieve these goals. The Prime Minister chairs the National Security Committee and this committee not only deals with foreign and domestic security policies, but also budgeting of scarce resources.

The United States' focus is at first outward, a global perspective. It looks to protect her national interests abroad and those of her allies and partners. As the sole remaining super power and with a globalized economy the United States interests must be primarily abroad. In that same vein, the United States seeks to protect its people and, therefore, the homeland. Because of this primarily global perspective the National Security Strategy is fairly generalized allowing a certain amount of latitude in achieving national objectives. The National Security Council is the President's most influential advisor on security policy. However, this powerful panel does not deal with budget concerns.

The national security members of each country are also similar but Australia's reflect more of a movement toward a whole of government approach to national security. The member organizations that provide national security services are aligned to support the national security missions of each country. Australia's homeland security focus has aligned her member agencies to support that goal with ninety-five percent of the members contributing to the goal of border protection and security. When compared to the United States Department of Homeland Security the agencies are virtually identical.

However, the agencies that support the national security objectives in the United States are more numerous and organizationally diverse to support both the global security interests, and also to protect the homeland and people.

The biggest differences between Australia's whole-of-government approach and the United States' national security approach occur in the budget process. This indicates that Australia has made it a priority to begin integrating national security into the budget process. The Australian formulation phase controls roughly eighty percent of the budget. The three committees are extremely influential during this phase and the Prime Minister and his top advisors ensure that the budget is generated to meet the security objectives. During the approval process the Parliament is virtually powerless and can control twenty percent of the spending and cannot introduce any new spending measures.

The United States on the other hand relies on OMB and the President's to provide whole-of-government guidance for the budget and national security. Then it is up to the Congress to interpret that guidance and determine how to best allocate funds over multiple defense and national security appropriations. The Office of Management Budget is not a member of the National Security Council and may not have the complete national security picture, while the President, on the other hand, is the chairman of the National Security Council. A disparity exists in between how OMB and the President's Budget views national security (primarily a Department of Defense function) and how the Congress views national security (multiple appropriations including Defense).

If the United States were to choose to move toward a more whole-of-government approach to national security some lessons can be learned from Australia. Communicating what the goals of national security are through the mission statement is an important first step. However, more must be done in order to achieve complete integration in the whole-of-government approach. Once a comprehensive mission statement is generated the services of all national security members must be aligned in order to support and achieve the goals outlined in the national security mission. Concurrently, the budget needs to reflect this alignment and funds need to be allocated more holistically in order for the members to deliver the appropriate coordinated services.

Table 15.   Summary of Findings

MISSION		
Key Ideas	*Australia*	*United States*
Integrity/ Security	Territory and Border Integrity	Citizens, allies and partners
Sovereignty	Political Sovereignty	Respect for values at home and abroad
Economy Strength	Economic Strength	Economic Prosperity
National Interests	Protect interests at home and abroad	Protect interests at home and abroad
Leadership	Promote international environment that enhances AUS interests	International order lead by U.S. leadership
SERVICES		
Category	*Australia*	*United States*
International	9/47%	20/54%
Homeland and Border Security	18/95%	29/78%
Defense, Intelligence & Science	8/42%	15/41%
BUDGET		
Phase	*Australia*	*United States*
Formulation	5 Unique Features, National Security Committee, Prime Minister & Cabinet	Office of Management and Budget Guidance
Approval	Tightly Restricted Parliamentary Power	Power of the Purse in Congress

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V. CONCLUSION

A. RESEARCH QUESTION AND METHODOLOGY

This thesis has investigated the national security mission, national security members, and the budget process of the United States and Australia. In the process of comparing the two countries this thesis addressed three questions:

- What is the national security mission of each country?
- Who are the national security members?
- What is the budget process used in Australia and in the United States that funds each country's national security system?

Some of the differences that were found can be explained by Australia's whole of government approach to national security.

B. OVERVIEW OF FINDINGS

This comparison has found the largest amount of similarities in the mission and members category, while the biggest differences were discovered in each country's approach to the budgeting process. From the findings, Australia is embracing the whole-of-government approach and the differences between the Australian approach to national security and the United States' approach demonstrate that.

In general, each mission statement outlined what was strategically important for that country and both describe in detail the importance of communication and coordination among the members to achieve those goals. However, Australia's mission is primarily focused inward on the protection of the homeland with the secondary area of concentration being outward on the regional area. Meanwhile, the United States' focus is at first outward, a global perspective, then it seeks to protect its people and, therefore, the homeland.

From a whole-of-government perspective, all the agencies involved in national security must coordinate their actions to achieve these goals. In Australia, the Prime Minister chairs the National Security Committee and this committee not only determines foreign and domestic security policies, but also budgeting of scarce resources. The

United States, due to the primarily global perspective of the National Security Strategy is fairly generalized allowing a certain amount of latitude in achieving national objectives. The National Security Council is the President's most influential advisor on security policy. However, this powerful panel does not deal with budget concerns.

Both countries have adequately aligned their national security organizations to support the national security missions. Australia's primary focus is homeland security and the member agencies to support that goal are remarkably similar to the United States Department of Homeland Security with ninety-five percent of the members contributing to the goal of border protection and security.

The United States has nearly twice the number of agencies aligned to support the national security mission than Australia. This is in part due to the position the United States holds in the world. The numbers may be even more in favor of the United States if individual departments were counted in the comparison.

Based on Prime Minister Rudd's speech in 2008, Australia has made it a priority to begin integrating national security into the budget process and the 2011–2012 Budget demonstrates such integration. The National Security Committee is located within the Cabinet and has a major influence on the budget process right from the beginning during the formulation phase. The Australian formulation phase controls roughly eighty percent of the budget. During the approval process, the Parliament is virtually powerless and can control twenty percent of the spending and cannot introduce any new spending measures.

The United States relies on OMB and the President to provide whole-of-government guidance for the budget and national security. Then, it is the responsibility of the Congress to interpret and approve that guidance within the confines of their appropriations. However, lack of cohesive direction from the President, who is the chairman of the National Security Council, and OMB, who is not a member, provides a fragmented view of national security and therefore, does not have the same influence like Australia's National Security Committee.

Australia has sought to improve their national security system through a holistic approach to government and an integrated national security budget. The United States

has taken steps towards coordinating national security by combining elements of the National Security Council and the Homeland Security Council into one body. However, an integrated national security budget and a whole-of-government approach to national security similar to that in Australia would further improve the existing system in the United States.

C. LIMITATIONS

This analysis presents a broad comparative sweep of three distinct processes. The mission statements provide adequate overarching guidance. However, other documents derived from the national security strategies provide a more in-depth look at the methods for achieving national security. In the United States, the National Defense Strategy (NDS) is the DoD's statement of support for the NSS and how DoD intents to help sustain and achieve the NSS goals, as well as the DoD objectives. The Chairman of the Joint Chiefs of Staff also produces a similar document, the National Military Strategy (NMS), which takes into account the NSS and demonstrates how the military specifically will support and achieve the NSS objectives. These other documents would provide better clarity on how the United States might implement a whole-of-government approach to national security.

Dr. Douglas Brook's paper on *Budgeting for National Security* presents multiple ways in which the United States could view budgets concerning national security. These methods include budgeting by organization, program, or function.[156] This thesis looked at the processes and not the means of budgeting. Another factor that was not addressed is that within the United States DOD generates budgets according to the Planning, Programming, Budgeting, and Executing System (PPBES). No other department or agency uses that system. There is no comparable system in Australia. These different budgeting systems have implications especially when looking at national security, which spans multiple departments.

As the comparison looked at the budget processes, it did not take into account the size and complexity of either the Australian of United States budget. This has a profound

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[156] Brook, "Budgeting for National Security: A Whole of Government Perspective," 13–14.

impact on the ability of the United States to adopt a whole-of-government approach for a national security budget. The Australian budget for 2010 had $426.5 billion in expenditures, while the United States had $3.4 trillion.[157] The United States budget is nearly eight times greater than Australia.

Finally, it was only in 2008 that Australia began to implement whole-of-government changes for their national security system. Only three years have elapsed and this public management reform is still in its relative infancy. The PNSR has only been studying the implications of making this change since 2008/2009. This study recognizes that the transition to whole-of-government in Australia is by no means complete.

D. IMPLICATIONS

Based on this comparative analysis, the United States can learn much from Australia. The Australian budget system is streamlined with fewer moving parts. This appears to be a result of improving coordination and communication across governmental departments and agencies. The United States can look to Australia and see a successful budget process with a high degree of transparency. Adopting whole-of-government is a work in progress and Australia will continue to adapt and refine. The United States has taken steps to improve coordination. Specifically, the PNSR recommended that the NSC absorb the HSC in their 2008 report. President Obama's PPD-1 indicates that steps have been taken to create a composite NSC that includes DHS representatives. The NSC also reserves the right to call forth any agency that may provide added insight in handling any situation or crisis with regards to national security.

The United States already shows similarities to Australia's whole-of-government approach to national security with respect to the mission statements and alignment of security service providers to support national interests as outlined in the National Security Strategy. As threats to national security continue to evolve, the United States will need to continue to progress as well.

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[157] Central Intelligence Agency (CIA), *Australia*; Central Intelligence Agency (CIA), *United States*.

Budgeting for national security is a necessary means of demonstrating the importance of national security to the American people and the United States' partners and allies. "The national security system the President uses today appears to have little flexibility and agility that allows a rapid response necessary to protect this nation from ever-changing national threats. A need exists for a common national government culture and set of budgetary tools that facilitate a shared vision to achieve a strong national security plan."[158]

As future threats to national security continue to unfold, not only is increased coordination and communication across all members and the budget process is vital, but also the national security mission must remain current and viable.

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[158] Terry A. Jr., Jason L. Percy Fellows, *A Whole of Government Approach to National Security*, Master's Thesis (MBA), Naval Postgraduate School (2009), 47.

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