Australia’s national risk assessment

Perspectives and recommendations from risk and resilience experts

Dr Arnagretta Hunter, Rumi Sepasspour and Benjamin Anderson

On 1 May 2023, esteemed experts on risk and resilience met at the Australian National University’s School of Regulation and Global Governance (RegNet) to discuss the Australian Government’s decision to investigate a national risk assessment process. This report provides a summarised and structured representation of the discussion, focusing on the benefits of a national risk assessment, principles for a successful effort and the broader context of national risk. This report provides guidance for the Government, as well as its partners in academia and the community, to ensure that its national risk assessment best supports a whole-of-society response to national risk.

Executive Summary

National risk assessments are a potentially important tool for governments and societies to understand risks of national significance. At least seven high-income countries conduct such a process. The process typically involves a methodological identification, assessment and prioritisation of national risks. A better understanding of these risks helps inform efforts to prevent, prepare for and respond to the risks.

In 2023, Australia’s Department of Home Affairs decided to investigate a national risk assessment process under the National Resilience Taskforce. This decision is an important first step in managing risk as a nation. If performed well, a national risk assessment could be a very powerful resource. It would help increase Australia’s shared situational awareness of the global and national risk environment. It would help move the Government away from disaster response mode for individual crises toward strategic mobilisation and preparedness for risk. And it would better inform an understanding of the complexity and inter-relationship between risks, particularly between natural and human-driven risks.

However, national risk assessments are fraught with pitfalls and challenges that the Government must resolve. When performed poorly, a national risk assessment could undermine policy efforts, lead to poor resource prioritisation and set poor expectations with the public. To be effective, a national risk assessment must rest on a set of core principles: rigorous, inclusive, independent, transparent and well-governed. It is unclear if the Australian Government’s process will have these aims or meet this standard.

Managing and understanding national risk must also sit in a broader policy context. National risks impair our national interests - those objectives and goals that we seek to achieve as a country. An agreed understanding of what we care about as a country is needed to both assess the risks to the country and support a national approach to that risk. Reducing risk has potential second-order impacts on our national rewards (those economic, social or international opportunities as a country) and national resilience (those physical, psychological or environmental systems on which we rely).

The Government cannot manage risk, or conduct risk assessment, alone. It must lead a national conversation about the risks to the country and how the country can seek to balance risk with rewards and resilience. National risk is, ultimately, owned by the nation – its people, businesses, communities and policymakers. A whole-of-society approach is the only way to navigate through global complexity and uncertainty.
Recommendations for the Australian Government on managing national risk and ensuring an effective national risk assessment

1. **Articulate Australia’s national interests and goals:** Understanding where Australia sits today in a global context and where it wishes to go is central to understanding and contending with national risks that may disrupt both our current and future lives. Without a clear articulation, it will not be clear why or how a risk is significant and warrants attention.

2. **Acknowledge, understand and assess the interaction between risk, reward and resilience:** Policy responses to reduce national risk must consider their impacts on national rewards and national resilience.

3. **Pass legislation that would regularise and institutionalise the national risk assessment:** The process must be conducted regularly so that it continues to inform policy responses and alert policymakers to emerging risks. Without legislation, the national risk assessment could be easily foregone or rejected by future governments. The next national risk assessment should be coordinated by a central agency to ensure a whole-of-government approach.

4. **Develop an action plan arising from the national risk assessment:** The assessment is only a tool for guiding action. An action plan would identify ownership and initiatives for prevention, mobilisation and preparedness to the prioritised risks.

5. **Promote a whole-of-society approach to risk:** The Government should announce the national risk assessment publicly and formally engage experts and conduct public consultations processes. It must share its action plan and call for academic, corporate, community and citizen engagement.

What is Australia’s history with national risk assessment?

An all-hazard national risk assessment is a tool to identify, understand and prioritise risks of national significance. It is a critical first step for governments and societies to manage these risks. When conducted holistically and systematically, a national risk assessment helps capture all significant risks that require whole-of-society attention.

Australia has never conducted an all-hazard national risk assessment. In 2010-2012, a national security risk assessment was conducted in support of the National Security Strategy, with its scope only covering malicious or security risks, such as terrorism and espionage.

Most states and territories have their own risk registers. However, these risk registers lean heavily towards natural hazards, infrastructure failure and animal and pest disease. Terrorism appears on only two registers, and cyber-attack on just one. Other security risks (such as foreign interference, politically motivated violence and the prospect of war), economic risks (such as supply chain disruption, energy security issues and financial collapse) and societal risk (such as social cohesion breakdown and illegal migration) are not captured.

It is not clear why Australia has not conducted a national risk assessment, particularly in the last decade since the National Security Risk Assessment. At least seven high-income countries - the UK, Norway, Sweden, the Netherlands, New Zealand, Canada and Austria - conduct such a process with varying degrees of success.

This gap is potentially due to a combination of lack of political will and the lack of policy bravery and innovation from the Australian Public Service. A national risk assessment naturally creates an expectation from the public that the risks are being managed, which can be politically complex. Effective but siloed risk management across the Commonwealth potentially also hid the need for a more holistic approach. More recent global events, such as China’s shifting engagement with the world, COVID-19 and intensifying impacts of climate change have revealed the complex and integrated array of risks.
Why do we need a national risk assessment?

**Increasing Australia’s shared situational awareness**

The next decade presents a set of challenges that will transform and disrupt global civilisation and national societies. As the last three years have shown – on the back of a global pandemic, an unprecedented bushfire and flood season, and economic coercion from our largest trading partner – Australia is not immune to global risk. Over the next decade, our risk environment is likely to deteriorate even further. Australia faces a combination of worsening environmental damage and climate change, rising geopolitical tensions in the region, economic disruption, and new and emerging powerful technologies, such as artificial intelligence and synthetic biology. Australia will come under increasing pressure to manage a growing set of complex risks that could cause nationally significant harm.

However, it is impossible to mount a response to these individual risks and challenges without a shared view of the landscape. A national risk assessment is the Government’s opportunity to put forward a clear articulation and prioritisation of the risks. It fosters the Government’s ability to be open and honest with its citizens about what the issues and risks are, and the common problems that the nation is facing as a whole.

**Moving from response towards proactive mobilisation and preparedness**

Until now, Australia has lacked a process to identify, assess and prioritise its nationally significant risks. Across the federal government, no one organisation or entity owns Australia’s risk assessment. Even the Australian Government Crisis Management Framework, updated in November 2022, does not include risk assessment as a step in its crisis management and recovery process (see Figure 1). Rather, risk assessment efforts have been spread across different departments and agencies and are not fully coordinated.

Within this current framework, Australia remains partially stuck in the response phase. It is reacting to natural disasters and national crises as they occur and struggling to focus on preventing and preparing for the next risk. The value of a national risk assessment would be to help the Australian Government kick off a more strategic transition to mobilisation and preparedness. It helps put Australia on the front foot.

**Understanding complexity and inter-relationship of risk**

A national risk assessment helps increase awareness and understanding within government of the complexity and inter-relationship of nationally significant risks. The nature of the complex systems means that there are common drivers and trends that create an inter-relationship of risk. For example, it is difficult to analyse climate change without the health impacts, a pandemic without the economic impacts, or extremism and terrorism without social and technological inputs.

And policy responses for reducing one risk could exacerbate another. Working on a national risk assessment will help the government and the public understand the complexities and trade-offs involved in many risk decisions. It will provide a more strategic prioritisation of risks and support more coordinated efforts to reduce them.
Creating connective tissue across government

Australia’s nationally significant risks exist in complex systems creating an inability for individual departments or parts of government to deal with these risks independently. The value of a national risk assessment is to bring together individuals and groups, both internal and external to government, to create a connective tissue of discussion and analysis that will result in a more holistic understanding of these complex issues.

These inter-related risks are often siloed into different governmental departments. A national risk assessment will better allow for engagement and analysis across these different areas, building a network between the elements of security, economics, society and environment. The formal and informal networks that are fostered by a regularly conducted national risk assessments positions the Government for national crises.

Acting as a forcing mechanism for risk management efforts

A national risk assessment will be a forcing mechanism for other risk management efforts in Government. It is necessary for a culture change around risk, particularly risk ownership. A national risk assessment makes explicit what the risks are, and forces questions around who owns the risks. In our federation model, ownership is not only a question for agencies at the federal level, but also between the federal level and states and territories. In many instances, risk sits with businesses, communities and individual citizens.

The national risk assessment will also act as a forcing function for connecting the various risk assessment activities occurring across government, such as the National Climate Risk Assessment, the critical infrastructure risk assessments in the Department of the Home Affairs, and the risk registers conducted by states. These various assessments need to be better coordinated and synced up.

Finally, a national risk assessment acts as a forcing function for driving a common language across the government about risk and risk concepts. Terms such a risk, hazard, threat and resilience are often used in different and contradictory ways. A national risk assessment should set the precedent and definitions that the rest of the government would use for its risk efforts.

How to conduct a national risk assessment?

National risk assessments are fraught with pitfalls and challenges that the Government must be aware of as it develops this process. When performed poorly, a national risk assessment could undermine policy efforts, lead to poor prioritisation of resources, set poor expectations to the public and lead to worse policy outcomes. Based on the knowledge and experience of risk and resilience experts, research into risk and resilience, and lessons learnt from the experience of other countries’ efforts, three principles must guide Australia’s national risk assessment process.

Principle 1: A methodology that is rigorous and multidisciplinary

The risk identification and assessment process must be based on a methodology that is rigorous. It must first include in its scope all hazards and threats of national significance. No single type of risk - economic, security, natural or otherwise - should take precedence or assessed outside the national risk assessment process. The methodology should acknowledge complexity and bring together experts from across the disciplinary spectrum, which provides a richer landscape. The process should adopt systematic and innovative methodologies that have been applied in other contexts, such as assessing risks when lacking data, and considering cascades and tipping points in complex systems. Although an evidence-based approach is prized by the public sector, it might be an impossible standard for assessing a future that is, by definition, uncertain. Expert judgement, structured analytical techniques and decision-making under uncertainty are valuable contributions when data and evidence is lacking, as it will surely be for many risks.

Principle 2: A process that is inclusive and independent

The national risk assessment is not only a tool for the Government; it is a tool for society. Including voices, experiences and expertise from across society - business, academia, civil society, local and Indigenous communities, and citizens - makes for a richer and considered national risk assessment. At the same time, the
process should be as independent as possible. Assessing and prioritising risks should be free from political interference and influence to ensure its credibility and impartiality. It also minimises the problem of group-think - both at the departmental level and in the public sector as a whole - or overly securitising the risk landscape. A more inclusive and independent process also enables the results and findings to be more widely accepted. Serving up a final risk register without consistent engagement is unlikely to be accepted by the public.

**Principle 3: An outcome that is transparent and well-governed**

The assessment process must be supported by the right governance, including senior guidance. Without ministerial engagement and inter-departmental buy-in, the quality of the assessment will be lacking and the ultimate findings will not be used. The national risk assessment process must be regularised and institutionalised, ideally through legislation. The findings should also be outward-facing and clearly communicated to relevant stakeholders, such as federal agencies responsible for mitigating the risks, state and local services responsible for responding to the risks, and the public. The public, most of all, must understand the risks and the implications of the Government’s assessment. The final product needs to be a living document that is dynamic and responsive to a changing risk environment.

**Broader context for national risk**

National risk, and, by extension, a national risk assessment, must sit in a broader policy context. This broader context will ensure that risks are assessed, prioritised and managed with a full recognition of other policy priorities and perspectives. Risk does not sit in isolation, nor do the policy responses to them. A national risk assessment will, therefore, not work without this context.

**Risk-reward-resilience**

Reducing risk is not an end-goal in and of itself. It fits with other policy priorities - specifically government efforts to maximise national rewards and build national resilience. This three-pronged framework - Risk, Reward, and Resilience Framework (RRR) - has been developed by Professor Anthea Roberts in an attempt to grapple with the cross-cutting and complex policy issues facing governments and societies (see Figure 2). Just as risks could be economic, security or health related, rewards could be monetary, diplomatic or social, and resilience could be physical, psychological or environmental.\(^1\)

This framework does not pass judgement on how to weigh various risks and rewards or how to balance them against resilience. Instead, it creates a simplified and structured systems model for working through complex problems by identifying the drivers of each element, how they connect, what policy choices they enable, and what consequences they produce. It makes explicit many of the objectives, trade-offs and assumptions upon which policymaking depends. Understanding these various elements allows for a better understanding of the second and third-order effects to either reduce risk, build reward or build resilience.

---

National interests

National interests refer to the objectives and goals that a country seeks to achieve domestically and in relation to its external environment. These interests typically involve the security, prosperity and well-being of the country and its citizens. National risk, and the assessment of it, can only be understood in terms of national interests. In essence, national risks are those threats and hazards that would significantly impair our national interests.

However, there is currently no clear articulation of Australia’s national interests. Some can be gleaned from government priorities, such as well-being and health of Australians, economic prosperity and growth, democracy and freedom, social cohesion and diversity, and national security. But without a clear articulation, potentially in a national interests strategy or framework, identifying and assessing national risk will be difficult because it will not be clear why or how a risk is significant and warrants attention.

A national interest approach also takes a step higher than the more typical national security lens that dominates risk efforts. As the previous attempt at the National Security Risk Assessment showed, a security lens tends to focus on malicious threats, such as espionage and foreign interference, malicious cyber, weapons of mass destruction, crime, terrorism and violent extremism. It also potentially securitizes the policy response, whereby security apparatuses - defence, home affairs and intelligence - take lead. A national interest approach instead considers all the goals we seek as a society, and therefore all the types of risks that could impair our efforts to seek those goals.
About the report

This report is based on a roundtable discussion of 12 esteemed experts on risk and resilience who met at the Australian National University on 1 May 2023 in an event hosted by RegNet’s Centre for International Governance and Justice (CIGJ). This report is a summarised and structured representation of the discussion. It does not capture the entire discussion, and does not necessarily represent the view of all the discussants.

This meeting was the first in CIGJ’s discussion series on “Complexity and Resilience” and it included participants from around the ANU, including Risk, Vulnerability and Resilience Cluster from the ANU’s Institute for Climate, Energy and Disaster Solutions. It also built on a Symposium hosted by RegNet in September 2022 on “Security, Resilience & Community in an Age of Catastrophe.”

The roundtable was organised in conjunction with the Commission for the Human Future, an Australian-based non-governmental, non-partisan body focused on ensuring that humanity has a bright future ahead of it.

About the authors

Dr Arnagretta Hunter is a physician, cardiologist and the Human Futures Fellow in the College of Health and Medicine at the Australian National University. She has a broad interest in public policy from local issues to global challenges. She is a member of ANU Institute for Climate Energy and Disaster Solutions (ICEDS) and is Chair of the Commission for the Human Future. She can be contacted on Arnagretta.Hunter@anu.edu.au and tweets from @cbr_heartdoc.

Rumtin Sepasspour is a policy researcher, adviser and advocate for ways to reduce existential and global catastrophic risk. He is a Research Affiliate with the University of Cambridge’s Centre for the Study of Existential Risk (CSER) and a Visiting Fellow at the School of Regulation and Global Governance (RegNet) of the Australian National University. He is currently leading activities relating to researching and engaging policy around existential and global catastrophic risks to find practical solutions for policymakers. He can be contacted on Rumtin.Sepasspour@anu.edu.au and tweets from @rumtin.

Benjamin Anderson is an undergraduate at ANU studying politics and economics. Over the past year, he has been a central organiser of an international conference, the president of the Effective Altruism ANU club, a volunteer advocate for Results Australia and a researcher studying best practice of national risk assessments. He has recently started part-time as a Policy Officer for the Department of Employment and Workplace Relations. He can be contacted on u7314141@anu.edu.au.