



Australian Government

The Australian INTELLIGENCE COMMUNITY

Agencies, functions,
accountability and
oversight



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PRIME MINISTER'S FOREWORD



Australia's intelligence agencies play a crucial role in informing the government about developments overseas and in Australia that affect Australia's national security and international interests. They are the front line in the fight against terrorism.

In order to be effective, our intelligence agencies need to protect what they know, how they operate and their sources of intelligence. By the very nature of their work, much of what they do must remain hidden from public view. However, the intelligence community must be responsible to the Australian Government, and through it the Australian people, for its activities.

This booklet outlines what our intelligence agencies do, their place in government and the mechanisms that hold them accountable to the Australian Government and people.

I hope it provides the Australian community with a greater understanding of Australia's intelligence apparatus and the accountability framework within which it operates.

I take this opportunity to thank the men and women of the Australian intelligence community for their hard work and vigilance. Theirs is a contribution which often must go publicly unclaimed but it is one for which the government and people of Australia remain very grateful.

A handwritten signature in black ink that reads "John Howard". The signature is fluid and cursive.

John Howard
Prime Minister of Australia

OVERVIEW



The Russell Offices in Canberra which house, along with the Department of Defence, ONA, ASIO, DSD, DIO and DIGO.

What is intelligence and why do we need it?

Intelligence is covertly obtained information. That is, it is obtained without the authority of the government or group that 'owns' the information. There are three broad categories of intelligence information: human intelligence ('humint') that is obtained through interaction with people; signals intelligence ('sigint') that is obtained by intercepting electronic communications such as telephones, faxes and e-mail; and imagery and geospatial intelligence ('geoint') that is obtained from imaging satellites and other sources.

Humint, sigint and geoint comprise what is known as 'raw' or 'unassessed' intelligence. Separate organisations undertake each of these three intelligence collection functions outside Australia: the Australian Secret Intelligence Service (ASIS) is responsible for humint; the Defence Signals Directorate (DSD) for sigint; and the Defence Imagery and Geospatial Organisation (DIGO) for geoint.

Intelligence analysis or assessment is the process of using raw intelligence as well as information from other sources – such as the media, the internet and diplomatic reporting – to form a picture of an issue or occurrence. Australia's foreign intelligence assessment agencies are the Office of National Assessments (ONA) and the Defence Intelligence Organisation (DIO).

With the exception of the Australian Security Intelligence Organisation (ASIO), which has both an intelligence collection and an assessment role, the Australian intelligence

agencies have either a covert collection or an assessment role, but not both.

ASIO's unique status as both a collector and assessor relates to its role as Australia's security intelligence agency. Security intelligence is focused on the security of Australia and its interests and therefore has a particular, but not exclusive, domestic focus. ASIO has officers posted abroad and a wide-ranging network of international liaison partnerships.

Foreign intelligence is focused on international developments of interest to Australia – including political, economic and strategic developments. Apart from ASIO, Australia's intelligence agencies are foreign intelligence agencies, although DSD also has a separate protective security role in advising the Australian and state and territory governments on information security and DIGO has a role in providing geoint support to the security of major events such as the 2006 Commonwealth Games.

The purpose of intelligence is to help the government better protect Australia and advance its national interests. Intelligence can provide a more fully informed understanding of our region and the world, as well as specific:

- warning of threats to Australia's national security, but also of potential conflicts, uprisings and coups overseas;
- knowledge of the military capabilities and intentions of potential enemies;
- support and protection to our forces;
- support for the development of our foreign, trade and defence policies; and
- support for our efforts against terrorism and serious crime.

The Australian intelligence community

The Australian intelligence community (AIC) brings together Australia's foreign and security intelligence collection and assessment agencies. The six intelligence agencies are ONA, ASIO, ASIS, DIO, DSD and DIGO.

Each agency has distinct roles and functions but collectively these agencies work together to meet Australia's broad-ranging intelligence needs. Strong communication among agencies and a co-ordinated approach to intelligence activities and challenges ensure the best use of Australia's resources toward the overall intelligence effort.

While it has some similarities to the intelligence communities of other countries such as the United Kingdom and the United States, the AIC has its own unique framework, roles and structures – which have evolved since the Second World War.

The core principles governing the current structure, responsibilities and processes of the AIC are based on those articulated by two Royal Commissions conducted by the late Justice Hope in the 1970s and 1980s. It was during this period that a new Act was enacted governing ASIO, ONA was

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established under its own Act, and ASIS and DSD were acknowledged publicly by the government.

The key principles articulated by Justice Hope were:

- Australia needs its own independent and robust intelligence assessment and collection capability;
- intelligence assessment should be separate from policy formulation;
- intelligence collection functions should be separate from intelligence assessment, and the collection of human and signals intelligence should be undertaken by different agencies;
- ONA, as the principal assessment agency for foreign intelligence, should enjoy statutory independence;
- in addition to assessing, on a continuing basis, international developments of major importance to Australia, ONA should review activities connected with foreign intelligence in which Australia engages;
- with respect to security intelligence, the responsibility of ASIO, collection and assessment should be separate from law enforcement. ASIO also needs access to intelligence available in and from other parts of the world;
- ministers, and subject to them the secretaries of departments, should be actively involved in guiding and monitoring the intelligence community; and

- all intelligence activities should be conducted in accordance with the laws of Australia.

Australian intelligence legislation

The roles and functions of agencies are set out clearly in legislation and are subject to thorough and wide-ranging accountability regimes. The agencies are subject to Australian law except where specifically exempted under relevant legislation because of the nature of their work.

The *Office of National Assessments Act 1977* (ONA Act) sets out ONA's functions and its accountability to the Prime Minister. Similarly, the *Australian Security Intelligence Organisation Act 1979* (ASIO Act) defines the scope and limits of ASIO's functions and establishes its relationship with the Attorney-General. The *Intelligence Services Act 2001* (Intelligence Services Act) prescribes the functions of ASIS, DIGO and DSD. There is currently no legislation specific to DIO although some DIO activities are captured in the Intelligence Services Act.

In addition, the *Inspector-General of Intelligence and Security Act 1986* (IGIS Act) establishes the Inspector-General of Intelligence and Security (IGIS) as an independent statutory officer with extensive powers to scrutinise actions of the intelligence and security agencies (see section on the IGIS under 'Accountability and Oversight').

Australia's international intelligence relationships

While Australia's intelligence relationships with key overseas countries have always been important, events such as the terrorist attacks in the United States in September 2001 and in Bali in October 2002 and October 2005 have underlined the importance of strong international intelligence partnerships. As a rule, individual intelligence agencies manage their own liaison relationships, although ONA, through its chairmanship of the Foreign Intelligence Co-ordination Committee, has responsibility for overseeing the AIC's foreign liaison relationships as a whole to ensure that Australia is getting maximum value from these partnerships.

The AIC retains close ties to Australia's historical allies – the United Kingdom, the United States, New Zealand and Canada. However, the AIC values its relationships with partner agencies in our region and farther afield. In an environment where international terrorism is a potential threat to all nations, the AIC is actively working to deepen its relationships with regional countries in Southeast Asia and the South Pacific. Australian agencies are strengthening and expanding their relationships in northeast Asia, south Asia, Europe and the Middle East.

The Flood Inquiry into Australian intelligence agencies

In July 2004, Mr Philip Flood AO produced his *Report on the Inquiry into Australian Intelligence Agencies*, which the Prime Minister had commissioned in March 2004. The Inquiry, which focused on Australia's foreign intelligence agencies, was asked to provide advice to the government on the effectiveness of the intelligence community's current oversight and accountability mechanisms, the suitability of the division of responsibility among the agencies, the contestability of assessments provided to the government, and the adequacy of resourcing of the AIC.

The Flood Inquiry presented the government with a set of wide-ranging recommendations to improve the accountability and management of the AIC. These included:

- forming a Foreign Intelligence Co-ordination Committee chaired by the Director-General of ONA (see below);
- expanding the size of ONA and strengthening its mandate to co-ordinate and evaluate Australia's foreign intelligence activities;
- assigning new responsibilities to the Department of the Prime Minister and Cabinet to assist ministers in their management of the AIC – particularly by ensuring that the processes for setting intelligence priorities, evaluating the performance of the AIC and deciding on funding and resourcing for the AIC are all well-aligned;

- providing additional support to Defence's Deputy Secretary Intelligence and Security to co-ordinate the activities of the three Defence intelligence agencies;
- expanding the mandate of the former Parliamentary Joint Committee on ASIO, ASIS and DSD to cover all six intelligence agencies; and
- bringing DIGO – which was established only in 2000 – under the legislative framework covered by the Intelligence Services Act.

The Foreign Intelligence Co-ordination Committee

The need for greater co-ordination among Australia's intelligence agencies was recognised in the recommendations of the Flood Inquiry. The Inquiry recommended that a Foreign Intelligence Co-ordination Committee be established to assist the Director-General of ONA in co-ordinating, monitoring and reporting on the performance of the foreign intelligence community. The Inquiry also recommended that the Committee consider community-wide intelligence policy, capability development and resource issues.

The Foreign Intelligence Co-ordination Committee meets approximately monthly and considers a range of community-wide intelligence issues and policies. It is responsible for managing foreign intelligence collection; reviewing particular aspects of the performance of the AIC; developing new information technology, career management and training strategies across the AIC; and overseeing the foreign intelligence agencies' relationships with overseas partners.

The Committee is chaired by the Director-General of ONA and is attended by the heads of AIC agencies, senior representatives of the Department of the Prime Minister and Cabinet, the Department of Foreign Affairs and Trade and the Department of Defence, as well as the Commissioner of the Australian Federal Police.

AGENCIES OF THE AUSTRALIAN INTELLIGENCE COMMUNITY

Office of National Assessments (ONA)

www.ona.gov.au

ONA was established by the ONA Act as an independent body accountable to the Prime Minister. ONA provides all-source assessments on international political, strategic and economic developments to the Prime Minister and senior ministers in the National Security Committee (NSC) of Cabinet. The Director-General of ONA is an independent statutory officer who is not subject to external direction on the content of ONA assessments.

ONA bases its assessments on information available to the Australian Government from all sources, both inside and outside the government. It draws on information provided by other intelligence agencies, as well as diplomatic reporting, information and



The ASIO-ONA Building

reporting from other government agencies, and material available from open sources such as news media and publications. ONA also consults broadly within government and with experts in other sectors.

ONA's most strategic, forward-looking assessments are National Assessments, which usually focus on emerging international issues or 'big picture', longer-term international developments that are of particular interest to the government. ONA drafts National Assessments in consultation with other relevant agencies before they are considered by a National Assessments Board. The board, which is chaired by the Director-General of ONA, brings together representatives from the Departments of the Prime Minister and Cabinet, Foreign Affairs and Trade and Defence, from the Australian Defence Force and from other agencies as appropriate to the subject of the assessment.

In April 2005, ONA established an Open Source Branch (OSB). OSB's role is to provide open-source analysis and reporting to support ONA's production of its intelligence assessments. Additionally, OSB disseminates its open-source product to other Australian and allied customers.

In addition to setting out ONA's assessment function, the ONA Act charges ONA with responsibility for co-ordinating Australia's foreign intelligence activities and issues of common interest among Australia's foreign intelligence agencies. ONA is also responsible for evaluating the effectiveness of Australia's foreign intelligence effort and the adequacy of its resourcing.

Australian Security Intelligence Organisation (ASIO)

www.asio.gov.au

ASIO is Australia's security service. Its role is to advise government on security threats to Australians and Australian interests in Australia and abroad. The ASIO Act defines 'security' as the protection of Australia and its people from espionage, sabotage, politically motivated violence, the promotion of communal violence, attacks on Australia's defence system, and acts of foreign interference – whether directed from, or committed within, Australia or not.

ASIO does not investigate lawful protest activity or purely criminal activities. It is not a law enforcement body and has no powers of arrest. Its investigations generally focus on detecting the intentions and activities of terrorists, people who may act violently for political reasons and people who may clandestinely obtain sensitive government information.

ASIO also provides security assessments and protective security advice to the government. Security assessments cover, for example, people holding or seeking national security clearances or, in the case of some visa applicants, whether they should be allowed to enter or stay in Australia. ASIO gives protective security advice to government agencies and owners of critical infrastructure.

ASIO is also responsible for the collection of foreign intelligence in Australia, at the request of the Minister for Foreign Affairs or the Minister for Defence.

Australian Secret Intelligence Service (ASIS)

www.asis.gov.au

ASIS is Australia's overseas humint collection agency. Its primary function is to obtain and distribute secret intelligence. This intelligence focuses on the capabilities, intentions and activities of individuals or organisations outside Australia which affect Australia's security, foreign relations or national economic well-being. ASIS collects on major defence, international relations and international economic issues, as well as international efforts in support of peace-keeping and against threats from international terrorism and weapons proliferation.

ASIS was formed in 1952, but the organisation was not publicly acknowledged until 1977. ASIS is not a police or law enforcement body. It is prohibited by law from planning for, or undertaking, paramilitary activities involving violence. Under the Intelligence Services Act, ASIS is responsible to the government through the Minister for Foreign Affairs, and the ASIS Director-General is directly responsible to the Minister.

Defence Intelligence Organisation (DIO)

www.defence.gov.au/dio

DIO is Australia's strategic level, all-source Defence intelligence assessment agency. It is part of the Defence portfolio, one of three intelligence agencies that comprise the Intelligence and Security Group within the Department of Defence.

DIO's main customers are the Minister for Defence, senior ministers of the Australian Government, the Australian Defence Force, and senior Defence officials and policy makers and planners.

In 2005 the Minister for Defence issued a revised mandate for DIO, charging it with providing intelligence assessment and advice on the strategic posture, policy and intent and the military capabilities of countries relevant to Australia's security.

DIO is the government's primary source of analytical expertise on weapons of mass destruction, military capabilities, defence economics and global military trends. It is an integrated civilian-military organisation which covers a broad variety of analytical and technical functions on military, defence and strategic issues.

DIO provides intelligence advice and services to support the strategic-level planning, command and conduct of current and potential operations by the Australian Defence Force. It also assesses the strategic posture, policy and intent and the military capabilities of countries relevant to Australia's security. In addition, DIO provides assessments of the capabilities, methods and intent of foreign non-state actors which pose a potential or actual threat to Australia's interests.

Defence Signals Directorate (DSD)

www.dsd.gov.au

DSD is Australia's foreign sigint agency. It is part of the Defence portfolio. DSD's principal

function is to collect and report on foreign communications in support of Australia's national and defence interests.

DSD's origins lie in Australia's involvement in two joint sigint operations during World War II to support US and Australian forces in the Pacific theatre. In 1946, the government approved the formation of DSD's forerunner, the Defence Signals Bureau. DSD's intelligence role was formally acknowledged in Parliament in 1977 in the Prime Minister's statement to the House of Representatives on the Royal Commission into Intelligence and Security.

DSD directly supports Australian Defence Force deployments through a range of intelligence products and services. It provides real-time support to counter-terrorism, military and law enforcement operations and to assessment agencies and policy-making departments. DSD also has an important role in shaping Australia's defence strategy and military capability postures and supporting Australia's defence policy development.

DSD is the national authority on security of information on communications and information systems across government. Government networks are no longer isolated and DSD plays an integral role in the provision of IT security advice and services to government agencies. To protect government networks, DSD engages wider government, owners and operators of critical infrastructure, and companies providing a range of IT security services.

Defence Imagery and Geospatial Organisation (DIGO)

www.defence.gov.au/digo

DIGO is the lead foreign geoint organisation in the Australian Government, responsible for the provision of geoint in support of Australia's defence and national interests. DIGO's three intelligence functions are to provide geoint to help meet Australia's foreign intelligence requirements, to support Australian Defence Force operations, and to support the national security function of Australian Government and state and territory authorities.

DIGO is part of the Defence portfolio. It was created in October 2000 by amalgamating a number of Defence organisations, including the Australian Imagery Organisation and the Defence Topographic Agency. This brought together a range of activities across the Department of Defence that relied on the exploitation of geoint. DIGO operates at two sites, Canberra and Bendigo.

DIGO also has important non-intelligence functions. It provides a wide range of geospatial services including digital and hardcopy maps, and tailored imagery and geospatial products for incorporation into Geographic Information Systems. In addition, regional co-operation programmes initiated by DIGO, on behalf of the Australian Government, have enabled the establishment of mapping programmes with several regional countries. Co-operative programmes with East Timor, Solomon Islands and Vanuatu are nearing completion, while a similar arrangement was signed with Papua New Guinea in mid-2006.

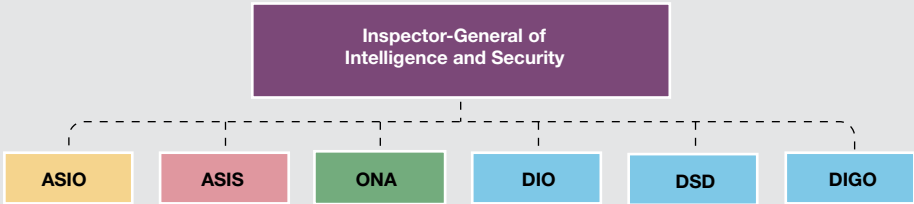
ACCOUNTABILITY AND OVERSIGHT

There is an extensive accountability and oversight regime in place for the AIC, including the IGIS, the responsible ministers, and Parliament.

The Inspector-General of Intelligence and Security (IGIS) www.igis.gov.au

The IGIS was set up under the IGIS Act. To ensure the independence of the office, the IGIS is appointed by the Governor-General for a fixed term and can only be dismissed on limited grounds. An IGIS can be reappointed only once.

The role of the IGIS is to provide independent assurance to the Australian Government, the Parliament and the people that the Australian intelligence and security agencies conduct their activities within the law, behave with propriety, comply with ministerial guidelines and directives and have regard to human rights.





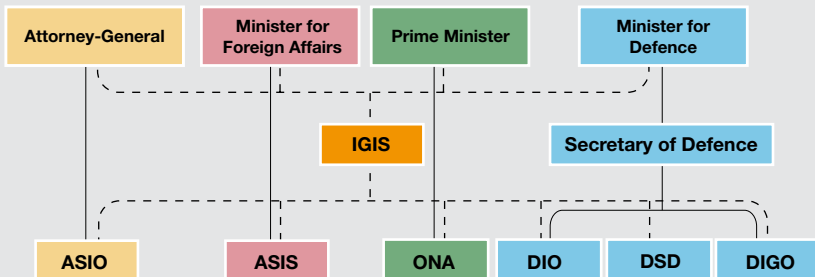
In carrying out the IGIS's responsibilities, the Inspector-General monitors what the intelligence and security agencies do, conducts inquiries – either self-initiated or at the request of government – investigates complaints about the agencies, makes recommendations to government about the intelligence and security agencies, and provides annual reports to the Parliament.

The IGIS has powers akin to those of a Royal Commission. The IGIS can require people to answer questions and produce relevant documents, can take sworn evidence and is able to enter the premises of any Australian intelligence or security agency. The IGIS can access any information deemed relevant to the review function, including ministerial directions and authorisations to agencies. The IGIS's inquiries are conducted in private, but many of them are included in the IGIS's annual reports to Parliament.

Ministerial oversight

The primary decision-making body of government is the Cabinet, which is made up of key government ministers. A smaller group of ministers within Cabinet – comprising the Prime Minister, Deputy Prime Minister, the Treasurer, the Ministers for Foreign Affairs and Defence and the Attorney-General – makes up the NSC, which is the primary decision-making body on national security, including intelligence matters.

Subject to the provisions of their respective legislation, the heads of the intelligence and security agencies are responsible to their ministers in accordance with normal governance arrangements. The IGIS also plays a special role in assisting ministers in their oversight of the intelligence agencies through conducting inquiries into the intelligence agencies at their request. The diagram below shows the lines of ministerial responsibility for the intelligence agencies and also reflects the IGIS's role in supporting ministerial oversight of the AIC.



The intelligence agencies are also guided by the NSC, which sets broad policy and priorities for the intelligence agencies. The NSC is supported by the Secretaries Committee on National Security (SCNS), a committee of senior officials chaired by the Secretary of the Department of the Prime Minister and Cabinet and attended by the secretaries of the NSC portfolio departments and the Directors-General of ONA and ASIO. SCNS advises the NSC on national security policy, co-ordinates implementation of policies and programmes relevant to national security, and guides departments and agencies involved in intelligence and security.

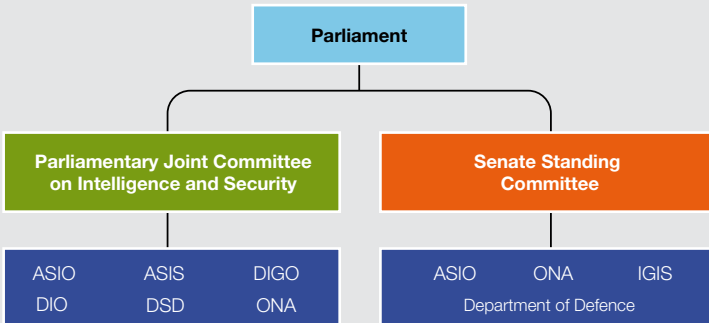
An important role the NSC plays is the setting of national priorities for the AIC. These priorities are reviewed annually and set out the broad issues on which the government wishes the AIC to collect intelligence and provide assessments. The priorities also provide one of the benchmarks for the annual evaluation of the AIC's performance.

Parliamentary oversight
www.aph.gov.au/house/committee/pjcis/

The ministers responsible for the intelligence and security agencies are accountable to Parliament for their agencies on a day-to-day basis. The Parliamentary Joint Committee on Intelligence and Security (PJCIS) specifically covers the intelligence and security agencies.

The functions of the PJCIS are set out in section 29 of the Intelligence Services Act. In addition to reviewing the administration and expenditure of the AIC agencies, the PJCIS examines any matters relating to the intelligence and security agencies that have been referred to it by the responsible minister or through a resolution from either House of Parliament.

The PJCIS's review of administration and expenditure of the agencies is conducted at least annually and the findings are published in its annual report. The PJCIS may initiate its own inquiries into aspects of AIC



administration and expenditure. Its inquiries into DSD are conducted at a classified level and, as such, the proceedings are closed to the public.

The intelligence and security agencies are also subject to scrutiny by Senate legislation committees on their finance and administration, particularly their budget allocations. The IGIS is also accountable to the Senate Finance and Public Administration Committee.

ASIO is the only intelligence and security agency that produces an unclassified annual report for tabling in Parliament. Broad reference is made to the activities of DIO, DSD and DIGO, however, in the Department of Defence unclassified annual report, and the IGIS annual report. The IGIS annual report records the number and nature of complaints to the IGIS and the monitoring activities undertaken by the IGIS. ONA and ASIS do not produce public annual reports, but do produce unclassified budget documents.

Royal Commissions and other inquiries

Australia's intelligence agencies have been the subject or focus of several Royal Commissions and a number of other inquiries. Justice Hope conducted two Royal Commissions into the AIC during the 1970s and 1980s, which broadly established the AIC's current structure and functions. In 1994-1995, Justice Samuels led a Royal Commission into the effectiveness of ASIS's organisation, management, control and accountability arrangements, protection

of sources and resolution of grievances and complaints.

The former Parliamentary Joint Committee on ASIO, ASIS and DSD (which became the PJCIS in December 2005) conducted several inquiries into intelligence issues. In December 2003, the Committee completed the report of its inquiry into the intelligence on Iraq's weapons of mass destruction. The Committee also conducted several reviews of intelligence services legislation (in 2001, 2003 and 2005), assessed the government's proposed amendment of the ASIO Act (1999 and 2002) and examined the nature, scope and appropriateness of ASIO's public reporting activities (2002).

The IGIS has conducted several major inquiries into the activities of Australia's intelligence agencies. These include intelligence activities relating to the Tampa incident (2002) and the October 2002 terrorist attacks in Bali (2003); allegations that DSD intercepted communications of the Hon Laurie Brereton MP (2003); and concerns raised about DIO by LTCOL Lance Collins (2004).

Other accountability mechanisms

As the intelligence agencies are bound by the rule of law, their actions are subject to scrutiny by the courts. Security considerations may occasionally require that proceedings not take place in public. The *Freedom of Information Act 1982* does not apply to Australia's intelligence agencies.

Specialist tribunals also have jurisdiction over aspects of agencies' activities. The Administrative Appeals Tribunal can review decisions to exempt records over 30 years old from release under the *Archives Act 1983*. The Security Division of the Administrative Appeals Tribunal can hear appeals from Australians who have been the subject of an adverse or qualified security assessment by ASIO. Appeals can also be heard against decisions to cancel or not issue passports on security grounds.

The Australian National Audit Office includes ONA, ASIO, ASIS, DIO, DSD and DIGO within the scope of its audit programme. Some of the intelligence agencies also fall within the jurisdiction of the Commonwealth Ombudsman.