

---

The Parliament of the Commonwealth of Australia

# **Annual Report 2001–2002**

Parliamentary Joint Committee on ASIO, ASIS and DSD

August 2002  
Canberra

---

© Commonwealth of Australia 2002

ISBN [Click [here](#) and type ISBN Number]



# Contents

Foreword.....	vii
Membership of the Committee.....	ix
List of abbreviations .....	xi
List of recommendations.....	xiii

## REPORT

<b>1 Introduction .....</b>	<b>1</b>
<b>Previous scrutiny of the Australian Intelligence Community .....</b>	<b>2</b>
Background.....	2
The former Parliamentary Joint Committee on ASIO – 1988-2001.....	3
<b>The Committee's role and responsibilities .....</b>	<b>5</b>
Functions of the Committee .....	5
Powers, duties and methods of operation .....	6
Objectives and scope .....	8
<b>2 Review of administration and expenditure .....</b>	<b>11</b>
<b>Introduction .....</b>	<b>11</b>
<b>Scrutiny and accountability of the AIC.....</b>	<b>12</b>
The Inspector-General of Intelligence and Security.....	12
The Australian National Audit Office.....	13
Overseas comparisons.....	14
Conclusions.....	15

---

<b>Australian Security Intelligence Organisation .....</b>	<b>17</b>
Background.....	17
Expenditure.....	17
ASIO Annual Report 2000-2001 .....	19
<b>Australian Secret Intelligence Service .....</b>	<b>20</b>
Background.....	20
Expenditure.....	21
<b>Defence Signals Directorate .....</b>	<b>22</b>
Background.....	22
Expenditure.....	23
<b>Discussion issues .....</b>	<b>24</b>
<b>Future program of work.....</b>	<b>26</b>
<b>3 Delegation to Washington D.C. and London.....</b>	<b>27</b>
<b>Introduction .....</b>	<b>27</b>
<b>Washington D.C. – 7-8 May 2002.....</b>	<b>28</b>
House Permanent Select Committee on Intelligence .....	28
<b>Meetings with Intelligence Agencies .....</b>	<b>30</b>
Assistant Secretary of Defence for Intelligence Oversight .....	30
Special Assistant to the President and Senior Director for Intelligence Programs, National Security Council.....	31
Central Intelligence Agency (CIA).....	32
National Security Agency (NSA).....	32
<b>International Intelligence Review Agencies Conference.....</b>	<b>32</b>
Background and purpose .....	32
Session one: Introduction and presentations .....	33
Belgium .....	33
Canada.....	34
New Zealand.....	34
Poland .....	34
Slovakia.....	35
South Africa.....	35
United Kingdom .....	35
United States .....	36

---

Session two – Oversight: an agency's perception.....	37
Session three – Secret intelligence and law enforcement .....	38
Session four – Public perception.....	39
Session five – Technology and oversight.....	40
Session six – Closing remarks .....	41
Conclusions .....	41

## **APPENDICES**

Appendix A – Correspondence from Ministers.....	43
Appendix B – Section 29 of the Intelligence Services Act 2001 .....	47
Appendix C – Comparison of Inspector-General and ISC Functions .....	49
Appendix D – Witnesses appearing before the Committee.....	51





## Foreword

This is the first year of operation of the Parliamentary Joint Committee on ASIO, ASIS and DSD, established under the *Intelligence Services Act 2001*. The Act strengthens parliamentary scrutiny in relation to the intelligence agencies by providing the new committee with broader powers of review than the former Parliamentary Joint Committee on ASIO. The Act requires the Committee to review annually the administration and expenditure of each of the agencies. This report is the Committee's first review under that provision of the Act.

The Committee is mindful of the inevitable sensitivities between the national security functions of the intelligence agencies and the demands of parliamentary scrutiny. Nevertheless, there is a clear expectation that the Committee's role, within the framework of the Act, will evolve and that the Act offers comprehensive opportunities for proper parliamentary oversight of the agencies.

In the preparation of the report, the agencies briefed the Committee extensively. In addition, the Committee received submissions from the agencies regarding their administration and expenditure and held one full day's in-camera hearing on 31 May 2000.

Of great value was the opportunity for Mr McLeay and I to attend the International Intelligence Review Agencies Conference in London on 13 and 14 May 2002. The conference aimed to develop relations between oversight bodies from different countries and to explore different oversight systems. A number of countries were represented - in particular Canada, South Africa and Great Britain. The timing of the conference was fortuitous not so much from what we were able to offer the other oversight bodies, but what we were able to learn of the boundaries, powers and mechanisms that others use in their oversight function. Our attendance allowed the Committee to collect considerable comparative data.

In this first review of the Australian intelligence agencies, the Committee has made two recommendations: one to create a position for an efficiency adviser within the Office of the Inspector-General of Intelligence and Security. The second

recommends that DSD provide separate, audited financial statements for future reviews.

As a result of the first review, the Committee has also flagged future interests in a number of areas:

- A review of the internal security arrangements within the intelligence agencies;
- Recruitment, training, and rotational opportunities between agencies and the retention of staff;
- The level and adequacy of public reporting; and
- The adequacy of internal audit and risk management strategies.

The first task of the new Committee was to inquire into and report on the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002. That report was tabled in June 2002 and has recommended numerous amendments to the Bill, which, at the time of writing, was yet to be re-presented to the Parliament. It was a significant and productive first inquiry for the Committee.

In conclusion, I would like to thank my fellow members for their active interest in the work of the Committee and the staff, particularly Stephen Boyd, who assisted in the organisation of the program and the drafting of papers for the Committee.

**Mr David Jull, MP**  
**Chair**





## **Membership of the Committee**

Chair            Hon David Jull MP

Members        Hon Kim Beazley MP

Mr Stewart McArthur MP

Hon Leo McLeay MP

Senator Paul Calvert  
(discharged on 29.08.02)

Senator Alan Ferguson  
(appointed on 29.08.02)

Senator Sandy Macdonald

Senator the Hon Robert Ray

## **Committee Secretariat**

Secretary            Ms Margaret Swieringa

Inquiry Secretary    Mr Stephen Boyd

Administrative Officer    Mr Daniel Miletic





## List of abbreviations

AIC	Australian Intelligence Community
ANAO	Australian National Audit Office
ASIO	Australian Security Intelligence Organisation
ASIS	Australian Secret Intelligence Service
ATSD (IO)	Assistant to the Secretary for Defence for Intelligence Oversight (United States of America)
CIA	Central Intelligence Agency (United States of America)
CSE	Communications Security Establishment (Canada)
CSIS	Canadian Security Intelligence Service (Canada)
CSS	Commission for Special Services (Poland)
DFAT	Department of Foreign Affairs and Trade
DIA	Defence Intelligence Agency (United States of America)
DIGO	Defence Imagery and Geospatial Organisation
DIO	Defence Intelligence Organisation
DoD	Department of Defence (United States of America)
DSD	Defence Signals Directorate
GCHQ	Government Communications Headquarters
IGIS	Inspector-General of Intelligence and Security
IS Act	<i>Intelligence Services Act 2001</i>
ISC	Intelligence and Security Committee (United Kingdom)

NIMA	National Imagery and Mapping Agency (United States of America)
NSA	National Security Agency (United States of America)
NZ SIS	New Zealand Security Intelligence Service
ONA	Office of National Assessment
PBS	Portfolio Budget Statements
PJCA	Parliamentary Joint Committee on ASIO
RCASIA	Royal Commission on Australia's Security and Intelligence Agencies
RCIS	Royal Commission on Intelligence and Security
SIGINT	Signals Intelligence
SIRC	Security Intelligence Review Committee (Canada)
SIS	Secret Intelligence Service (United Kingdom)



## List of recommendations

### 2 Review of administration and expenditure

#### Recommendation 1

That the Prime Minister create a position of efficiency adviser in the Office of the Inspector-General of Intelligence and Security. The efficiency adviser will:

- conduct performance audits of the Australian Intelligence Community; and
- report the findings of performance audits to the Prime Minister, the responsible Minister and the Committee.

#### Recommendation 2

That the Department of Defence ensure that annual financial statements are available for DSD so that they can be audited by the Australian National Audit Office and reviewed by the Committee as required by paragraph 29(1)(a) of the *Intelligence Services Act 2001*.

