The Parliament of the Commonwealth of Australia

Review of administration and expenditure: Australian Intelligence Organisations

Number 4 – Recruitment and Training

Parliamentary Joint Committee on Intelligence and Security

August 2006
Canberra

Contents

Terms of reference

This review is conducted under paragraph 29(1)(a) of the *Intelligence Services Act 2005*:

- to review the administration and expenditure of ASIO, ASIS, DIGO, DIO, DSD and ONA, including the annual financial statements (of) ASIO, ASIS, DIGO, DIO, DSD and ONA.

Foreword

It is with pleasure that I present the fourth review of the administration and expenditure of the Australian Intelligence Community by the Parliamentary Joint Committee on Intelligence and Security.

This is the first review of administration and expenditure of all six intelligence agencies since the Committee was expanded in December 2005 following amendments to the *Intelligence Services Act 2001* which added DIGO, ONA and DIO to the Committee's oversight responsibilities.

In the Committee's third review on administration and expenditure, I commented in the Foreword that there was no clear indication as to how much expansion would take place within Australia's intelligence community to deal with the evolving threat of extremist terrorism. Since that report, all the AIC agencies have been caught up in what one described as a "war for talent" as they try significantly to increase staff numbers from a limited pool of suitable applicants.

In the third review, the Committee expressed concern that rapid expansion could bring with it unavoidable stresses and strains in organisations at a time when they could least afford growing pains. During hearings for this review, the AIC agency Heads outlined to the Committee the strategies and procedures which agencies have implemented in order to address those unavoidable stresses and strains.

The Committee thanks the Heads of the AIC agencies and all those who have contributed to this review.

The Hon David Jull, MP
Chairman

Membership of the Committee

Chair	The Hon David Jull MP
Deputy Chair	Mr Anthony Byrne MP

Members	Mr Stewart McArthur MP	Senator the Hon John Faulkner
	The Hon Duncan Kerr SC MP	Senator Alan Ferguson
	Mr Stephen Ciobo, MP	Senator the Hon Robert Ray
		Senator Fiona Nash (from 9 May 2006)
		Senator Julian McGauran (from 8 September 2005 to 28 March 2006)

Committee Secretariat

Secretary	Ms Margaret Swieringa
Research Officer	Dr Cathryn Ollif
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List of abbreviations

ADA	Australia Defence Association
AIC	Australian Intelligence Community
ADA	Australia Defence Association
ADF	Australia Defence Forces
AFP	Australian Federal Police
ANAO	Australian National Audit Office
ANU	Australian National University
APS	Australian Public Service
ASIO	Australian Security Intelligence Organisation
ASIS	Australian Secret Intelligence Service
AUSTRAC	The Australian Transaction Reports and Analysis Centre
BIC	Basic Intelligence Course
CIT	Canberra Institute of Technology
DFAT	Department of Foreign Affairs and Trade
DIDP	DIGO Intelligence Development Program
DIGO	Defence Imagery and Geospatial Organisation
DIO	Defence Intelligence Organisation
DSA	Defence Security Authority
DSD	Defence Signals Directorate
DSTO	Defence Science and Technology Organisation
FICC	Foreign Intelligence Coordination Committee
FTE	Full Time Equivalent

IGIS	Inspector-General of Intelligence and Security
JCPAA	Joint Committee of Public Accounts and Audit
ONA	Office of National Assessments
OSA	Organisational Suitability Assessment
OSB	Open Source Branch
PM&C	Department of Prime Minister & Cabinet
SES	Senior Executive Service
SIGINT	Signals Intelligence
TS(NV)	Top Secret (Negative Vet) security clearance
TS(PV)	Top Secret (Positive Vet) security clearance

List of recommendations

1 The fourth review of administration and expenditure

That the Government provide the Committee with separate financial statements for DSD, DIGO and DIO to enable the Committee to fulfil its statutory obligations regarding oversight of the administration and expenditure of the intelligence and security agencies.

2 Recruitment

The Committee recommends:

■   that the Government identify methods to address the security clearance backlog of the agencies; and

■   that the agencies be required to report every year on the backlog and the methods being used to address it in their Annual Reports.

3 Training

The Committee recommends that the Government enquire into the feasibility of establishing a combined facility for basic training in intelligence either in an existing academic institution or as a separate college.

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The fourth review of administration and expenditure

1.1   Under Section 29 of the *Intelligence Services Act 2001*, the Parliamentary Joint Committee on Intelligence and Security has an obligation to review the administration and expenditure of ASIO, ASIS, DSD, DIGO, ONA and DIO, including the annual financial statements.

1.2   This is the first review conducted under Section 29 of the *Intelligence Services Act 2005* of the administration and expenditure of the six intelligence agencies. On 2 December 2005, the *Intelligence Services Act 2001* was amended to add DIGO, ONA and DIO to the Committee's oversight responsibilities.

1.3   The Committee previously resolved that, while at least once a Parliament they will review broadly the administration and expenditure of the agencies, in intervening years the Committee will narrow its focus to review specific matters of administration and expenditure.

1.4   In February 2005, the Committee tabled its report "*Review of administration and expenditure for ASIO, ASIS and DSD, Number 3*". That report broadly reviewed the administration and expenditure of those agencies. The report identified human resource management as an area for further, focussed review, recommending that issues such as recruitment strategies and language skills in Australian intelligence agencies should be more fully examined. Therefore, the review being reported upon herein focussed on recruitment strategies, language skills and training.

1.5   This review received submissions from each of the six AIC agencies and two private submissions (see Appendix A). Additionally, several private hearings took evidence from the agency heads and two non-agency individuals and, during the course of the enquiry, the Committee met

with some trainees during inspections which were conducted at various intelligence facilities.

1.6   This review was not publicly advertised; however letters were sent inviting submissions to a number of individuals and organisations which have had associations with the intelligence services or have had an academic interest in intelligence matters. Only two submissions were received as a result.

1.7   The Committee notes therefore that the evidence taken in this enquiry was largely confined to the agencies themselves. The Committee is aware that its perspective on recruitment and training in the AIC might be limited by the narrowness of its evidence base.

1.8   Much of the evidence taken by the Committee at hearings and from submissions was of a classified nature and cannot be tabled in Parliament. Wherever possible, however, as much information as can be publicly reported, including agency evidence, has been included in this report.

The 2004-2005 Review

1.9   The third review undertaken by the Committee in 2004-2005 made nine recommendations in its report (see Appendix C). In November 2005 the Government response to the report was received.

1.10   Many of the recommendations were not accepted by the Government and several others were partially accepted. The recommendations which the Government accepted in full were Recommendations 4 and 9.

1.11   Regarding Recommendation 4, the Government advised that it is "favourably disposed to settling an MOU between IGIS and the Ombudsman which would deal with the issue of abutting responsibilities".[1]

1.12   Regarding Recommendation 9, the Government indicated that it is a matter for the Committee to determine if there is a need for a Committee-resourced review into public reporting and accountability. When the Committee made the recommendation it was suggesting that such a review might be done by Government, however, the Committee will consider doing such a review itself in the future.

1.13   Recommendation 5 was partially accepted. While not committing to provide the Committee with a copy of the report on the outcomes of the

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1   Government Response to the Parliamentary Joint Committee on ASIO, ASIS and DSD, page 4.

ASIO polygraph trial, the Government advised that "favourable consideration will be given to the option of ASIO providing the Committee with a briefing on the outcome of the trial".[2]

1.14   Recommendation 6 was also partially accepted. While the Committee suggested that Committee members be invited to attend orientation sessions with new recruits "to allow members to gain a greater understanding of the orientation process and to provide opportunities for new recruits to be advised of the Committee's role and responsibilities", the Government's response was that "new recruits to the intelligence and security agencies be briefed on the Committee's role and responsibilities through the participation of the Committee Chair or other members in AIC training sessions".[3] It is not fully clear from this response if Members are welcome to attend sessions even if they are not there to brief new recruits.

1.15   A brief summary of the Government's response to those Recommendations which it did not accept follows:

- Recommendation 1: the Government believes it is not practical for DSD to provide a separate full set of audited financial statements as it is an administratively integrated component of the Defence portfolio. [4]

- Recommendation 2: the Government advises that access to the classified annual reports of ASIO, ASIS and DSD "would be inconsistent with the functions of the Committee as set out in s.29 of the Intelligence Services Act 2001"[5].

- Recommendation 3a: the Committee recommended that appropriate legislation be enacted that would require the Auditor-General to provide the Committee with the annual audits of ASIO, ASIS and DSD and further, that there be a requirement for the Auditor-General to provide any additional information that may be relevant to the Committee's review of administration and expenditure. The Government noted that the Auditor-General is available, when required, to respond to parliamentary committee questions in relation to audit work ANAO has undertaken. It further noted that the Act specifies the type of information that the Auditor-General can provide in a public report or at a parliamentary committee meeting. The Government "considers that legislative amendments along the lines proposed by the Committee are unnecessary because under the

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2   Ibid., page 4.

3   Ibid., page 4.

4   Ibid., page 1.

5   Ibid., page 1.

arrangements currently in place, the Committee is at liberty to request annual audits and any additional relevant information".[6]

- Recommendations 3b & c: The Committee recommended that the Auditor-General should develop a rolling program of performance audits in consultation with ASIO, ASIS and DSD. It also recommended that consideration be given to amendment of Section 10 of the Auditor-General's Act to reflect the importance of the ANAO in assisting the Committee to discharge its responsibility to review the expenditure and administration of the agencies through an on-going program of performance audits. The Government advised that, regarding 3b it considers that "a rolling program, on a standing basis, of audits of ASIS, ASIO and DSD is likely to undesirably constrain the flexibility of ANAO's audit program". Regarding 3c, "an amendment to the Audit Act as proposed is … unnecessary and could disrupt the established and well-functioning mechanism for ANAO engagement with the parliament, primarily through the JCPAA".[7]

- Recommendation 3d: The Committee recommended that appropriate legislative provision be made to require the Auditor-General to provide the Committee with copies of the agencies' classified performance audits. The Government responded that it "does not consider that any legislative amendments, along the lines proposed, are required".[8]

- Recommendation 7: The Committee recommended that ASIS produce an unclassified version of its Code of Conduct and that this be tabled in Parliament. The Government "does not agree that the ASIS code of conduct should be tabled in Parliament. The code of conduct is currently being reviewed with a view to an unclassified version being placed on the ASIS website for public access".[9]

- Recommendation 8: The Committee recommended that all intelligence agencies undertake regular staff surveys and make use of suggestion boxes that allow for anonymous feedback by staff. The Government responded that it "is already standing policy in the intelligence and security agencies to conduct regular staff surveys. …", however, "because of the operational sensitivity of some information, it would not be appropriate to provide the survey results in full".[10] The Government made no comment on the recommendation that the

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6   Ibid., page 2.
7   Ibid., page 3.
8   Ibid., page 4.
9   Ibid., page 5.
10 Ibid., page 5.

use of suggestion boxes would "allow for anonymous feedback by staff".[11]

1.16   The Committee welcomed the Government's agreement with Recommendations 4 and 9 and partial agreement with Recommendations 5 and 6. The Committee noted the Government's negative responses to Recommendations 1, 2, 3a, b, c &d, 7 and 8.

Recommendation 1

That the Government provide the Committee with separate financial statements for DSD, DIGO and DIO to enable the Committee to fulfil its statutory obligations regarding oversight of the administration and expenditure of the intelligence and security agencies.

Scope of the fourth review

1.17   Australian intelligence and security agencies have been undergoing rapid expansion in terms of increasing staff numbers and managing increasing budgets over the last four to five years.

1.18   This review examined the recruitment and training strategies of the agencies in light of their attempts to expand rapidly while keeping the standard of agency employees high. The Committee heard that each agency is putting a lot of time, energy and resources into finding large numbers of suitable new recruits in a very tight market place where suitably skilled people are difficult to attract. The Committee also heard that, once recruited, agencies must devote a lot more time and resources to ensure that they are adequately trained.

1.19   The two areas within recruitment and training which were found to be particularly problematic for agencies are employing, training and retaining linguists; and having new staff security cleared in a reasonable timeframe. These two areas were examined in detail.

1.20   The Committee would like to acknowledge that the Head of each agency attended hearings and spent considerable time answering the Committee's questions fully and frankly and, thus, enabled the Committee to begin to grasp the enormity of the task of recruiting and training during a time of rapid expansion. The Committee is satisfied that in spite of the

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11   Ibid., page 5.

complexity of the issues, the agencies are finding ways to overcome the difficulties and successfully grow their agencies while maintaining their high standards. In most cases, the submissions from the agencies were also detailed and informative and the Committee appreciated the effort taken to produce these.

1.21   The following two chapters report on the general findings of the Committee in the areas of Recruitment and Training. Chapter 4 is a classified chapter, available only to Heads of Agencies and Ministers, because it reports in detail on evidence heard by the Committee regarding the challenges of recruitment and training for each agency and the strategies and initiatives the agencies are putting in place to deal with those challenges.

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Recruitment

Background

2.1   Five out of the six intelligence and security agencies are currently trying to increase staff numbers to unprecedented levels.   The recruitment of large numbers of suitable staff is proving to be an enormous challenge for these agencies. Even the agency which is not trying to increase staff numbers is finding it a challenge to retain and recruit enough staff to maintain staff numbers. The challenge to agencies was aptly summed up in the press recently as follows:

> … there are not queues of suitable people ready to be employed.   The intelligence industry … has already increased in size substantially over the past few years, picking up as many people as possible with the operational, analytical and language skills. There is hardly a glut in the market … "[1]

2.2   The AIC agencies told the Committee in private hearings that it is a real challenge for them to meet their growth targets because people with the right qualifications who are looking for employment are few and are highly sought after. In opportunity-rich Canberra, the workforce is young and mobile. Employers must provide excellent training and interesting and attractive career opportunities in order to retain recruits.

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1   Editorial, 'Fears bigger not better for ASIO', *Canberra Times*, 18 October 2005.

2.3   In 2004, the Flood Report observed that the intelligence agencies are competing for talent with the attractions of the private sector and with alternative professions, academia and policy departments and:

> Inevitably in some areas, the agencies are competing also amongst each other. The recent expansion of the intelligence agencies has exacerbated the supply shortages—a number of the agencies are having difficulties finding the people to fill the new positions provided to them by government in recent years.[2]

2.4   The Committee heard that this continues to be the case and, while the pool of suitable candidates that agencies can recruit from is small in general, this is particularly the case regarding recruits with appropriate language skills and suitable recruits from sought after ethnic backgrounds.

2.5   Graduate recruitment has become very important to most of the agencies with several agencies now running two graduate recruitment rounds per annum in an effort to increase their graduate intake.

Dealing with Rapid Expansion

2.6   In the *Review of administration and expenditure for ASIO, ASIS and DSD, Number 3,* the Committee noted that if an agency expands too fast it could have negative long term consequences which could take decades to rectify and could significantly undermine Australia's national security.[3]

2.7   The Flood Report also warned of the risks of rapid expansion and the following comment, while referring to ASIS, could be applied to all agencies:

> … management should ensure that recruitment decisions are undertaken prudently, and that they make utmost efforts to avoid the recruitment of staff who might prove to be poorly suited to the organisation in the future. If that comes at risk

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2   Flood, P. 'Report of the Inquiry into Australian Intelligence Agencies', Australian Government, July 2004, p.153.

3   Parliamentary Joint Committee on ASIO, ASIS and DSD, *Review of administration and expenditure for ASIO, ASIS and DSD, Number 3,* p.60.

> to the rapid expansion of the organisation, then it is the
> expansion that should suffer, not … standards.[4]

2.8   Most of the agencies noted in their submissions to the Committee that
        they are aware of the perils of rapid expansion and the long-term
        consequences of recruiting the wrong sort of people and the
        Committee is satisfied that each agency is indeed making a concerted
        effort to attract and employ people with the right skills or the
        potential to be trained to the high standards of the agency. For
        example, the Committee heard from one agency that it sees the
        challenge that it faces in the coming years is to continue effectively to
        manage:

> … the competing investigative and operational requirements
> of a heightened threat environment while managing the
> growth of the Organisation.

2.9   While the Committee was satisfied that all the agencies are aware of
        the pitfalls of becoming so absorbed in recruitment and training that
        they risk missing important developments in security threats, the
        Committee strongly urges the AIC agencies to continue keeping the
        dangers of rapid expansion at the forefront of concerns when
        planning for agency growth.   In this respect, the Committee strongly
        reiterates the Flood Report's comments above.

Recruitment Strategies

2.10   The Committee heard that the agencies are working hard to recruit
        the right people for their agency. Agencies spoke of a diversity of
        strategies which they are introducing to meet recruitment goals,
        among them:

■ Branding the agency to capture the uniqueness of the agency and
  express the nature of the work being offered;

■ Engaging marketing companies to research how the agency could
  better reach the sort of recruit they wish to attract;

■ Creating and launching campaigns aimed at attracting the people
  they seek to employ;

■ Employing as many people as are found suitable in each
  recruitment round regardless of the target number, knowing that

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4   Flood, P. 'Report of the Inquiry into Australian Intelligence Agencies', Australian
     Government, July 2004, p.150.

by the time recruits 'walk in the door' some will have taken up other employment or withdrawn for other reasons;

■ Working with advertising agencies to develop innovative advertising campaigns to draw the attention of people who may not normally consider a career with an intelligence agency;

■ Refining advertising to reflect more accurately the nature of the work than has been the case in the past;

■ Targeting advertising in particular industry publications;

■ Trialling non-graduate recruitment where applicants without degrees have relevant life/work experience;

■ Setting up schemes to offer holiday work and/or scholarships to attract prospective graduates;

■ Sponsoring research projects to interest potential graduates in the work of the agency;

■ Use of 'talent-spotters' in universities to identify individuals who show the skills and abilities being sought by intelligence agencies. Spotters work voluntarily, are usually familiar with the work of the agencies and work as a 'middle man' putting the potential applicant in touch with the agency;

■ Visiting universities to talk directly to potential applicants;

■ Using mail-out and email services offered by some universities to reach graduating students;

■ Offering 'early start' opportunities to prevent new recruits from accepting other offers while awaiting security clearances;

■ Developing web sites to attract younger people who may only use the internet to search for career possibilities;

■ Using web site links on career sites to link to the agency;

■ Updating processes to ensure that applicants from non-English-speaking backgrounds are not disadvantaged; and

■ Employing recently retired Public Servants who have sought-after skills and are willing to return to work on a part-time or contract basis.

2.11   The Committee heard that several agencies which previously did not welcome separated staff members back have changed their policies and, provided the person was a valued member of the staff at the time

of separation, those agencies now encourage former staff to consider rejoining. Agencies now recognise that sometimes employees need time away for family or other matters and departing staff are encouraged to think in terms of returning to the organisation at a later stage.

Opportunities for Cross-Community Recruitment

2.12   The Committee heard that the AIC Human Resource Directors meet periodically to discuss various approaches to recruitment and retention of graduates and that there are opportunities in recruitment (and training) across the AIC for a 'cross-community effort' to combine some recruitment functions and to exploit synergies.

2.13   The Committee found that there is already some degree of co-operation in recruitment between agencies. For example, the AIC as a group trialled a university roadshow in early 2006. The roadshow visited universities in four states to give prospective recruits an overview of what the intelligence community does within each agency. There are plans to cover the other states and territories in the next couple of months.[5]

2.14   Agencies used the roadshow to conduct joint presentations at universities targeting undergraduates, graduates and post-graduate students across a wide range of disciplines including linguistics. While each individual agency conducts its own graduate campaign, agencies jointly outline the opportunities that exist within each of the AIC organisations.

2.15   The first roadshows each attracted between ten and eighty people and it is expected that some of these will translate into more specific expressions of interest.[6]

2.16   The Committee also heard from several agencies that, on occasion, when reading a resume it may be apparent that the person is not really suited for the agency to which he/she applied but may be well-suited for another agency and so it is suggested to the applicant that they try the other agency.

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5   Subsequent to hearings, the Committee has been advised that "the AIC Roadshow coordinated and led by ONA visited 25 universities across all states and territories during the period April-June 2006. The roadshow sought to raise the profile of the AIC and to publicise the career options and opportunities that exist across all agencies."

6   Subsequent to hearings, the Committee has been advised that "The roadshow attracted around 1000 participants across the country."

Advertising for Recruits

2.17   The agencies told the Committee of various ways that they use, or in some cases are trialling and developing, to advertise for new recruits, including:

- National and local newspapers;

- Their own web sites;

- Links to the agency on university and careers web sites;

- Word of mouth;

- Talent spotters in universities;

- Bulk emails to university graduates; and

- University career fairs and roadshows.

2.18   It has been reported that often applicants for positions in intelligence agencies have no idea about the real nature of the work they will do when responding to advertisements.[7] The Committee heard from at least one agency that this happens because it is difficult to balance security considerations in advertising and giving accurate job descriptions, although in recent advertising agencies have used job descriptions that more accurately reflect the role of the position.

2.19   While advertisements by the nature of their size cannot convey in-depth information about a position, all the agencies maintain web sites with further information for potential applicants, and several of the agencies offer many pages of information for prospective recruits.

2.20   On its web site, ASIO advises that duties may involve 'the use of covert methods to obtain information' while ASIS makes it clear that candidates may expect 'to undertake extensive and demanding training'. ASIS tells applicants that 'ASIS relies on people who sometimes put their life and liberty at potential considerable risk and there is a clear obligation to protect their identity'.

2.21   ONA's web site recruitment pages are briefer and, as an assessment agency looking for 'Open Source Analysts', it advises prospective candidates that 'ONA does not itself collect information on the Australian Government's behalf either overtly or covertly.'[8]

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7   Lyons, J. 'Welcome to his Nightmare', *The Bulletin*, May 6, 2003, p. 26.

8   Subsequent to hearings, the Committee has been advised that ONA's website has been updated and now advises prospective candidates that "ONA does not itself covertly collect information on the Australian Government's behalf".

The Interview / Selection Process

2.22   The Committee heard that the length of the interview and selection process is long because it includes the necessity for all new recruits to receive a Top Secret (Positive Vet) (TS(PV)[9]) security clearance. Although agencies have put strategies and procedures in place to trim the time line for recruitment, agencies still lose otherwise suitable recruits who accept other employment while awaiting security clearance.

2.23   In advertisements, and on their web sites, most agencies forewarn candidates that the selection process is lengthy and demanding and that candidates must be prepared to undergo a selection process that involves aptitude testing, interviews, psychological assessment, and extensive background checking in order to obtain a security clearance.

2.24   Most agencies currently have two graduate recruitment rounds each year. The length of the recruitment process varies from agency-to-agency but is at least five months and can be as long as 12 months from advertising until the successful recruit 'walks in the door'.

Language (and cultural) Skills

2.25   The Flood report noted the need for a stronger language capability in Australian intelligence agencies, paying particular attention to emerging issues and ensuring the agencies have the language skills and other expertise to match emerging needs.

2.26   The Committee also noted in a previous report that 'acquiring language skilled officers would appear to be one of the most difficult issues intelligence agencies face as they expand'.[10]

2.27   Submissions to the Committee and evidence given at the hearings confirmed that recruiting, training and retaining linguists remains a real challenge for intelligence agencies. The Committee heard that people with existing language skills are not always people who can be cross-trained as intelligence analysts. One agency gave evidence that it is harder to train a person to be an excellent intelligence officer than it is to train a person to be an effective linguist so the agency firstly

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9   Top Secret (Positive Vet), or TS(PV), is the highest level of security clearance. It must be re-validated every five years.

10   Parliamentary Joint Committee on ASIO, ASIS and DSD, *Review of administration and expenditure for ASIO, ASIS and DSD, Number 3,* March 2005, p.59.

looks for the skill sets needed to be an intelligence officer and then provides, if necessary, language training.

2.28   The Australia Defence Association (ADA) made a similar point, pointing out that 'good linguistic skills are not synonymous with aptitude for intelligence work'[11] and, therefore, linguists must qualify in the other professional intelligence skills, and gain sufficient experience, to be effectively employed as linguists rather than translators.

2.29   The Flood report found that too few of the nation's intelligence officers possess adequate foreign language skills, adding that the weakness is not isolated to Australia's intelligence agencies, but is partly the result 'of poor levels of language training right across the community'.[12] Recommendations nos.19 and 20 in the report were as follows:

> 19. The Australian intelligence agencies should be active in building a profile of staff with necessary language skills, paying particular attention to emerging issues and ensuring the agencies have the language skills, including in Arabic, and other expertise to match emerging needs.
>
> 20. ASIS should be provided with additional funding to bolster the key language capabilities of its staff. ONA also should make use of additional staff resources recommended by the Inquiry to supplement its stock of key linguistic skills.[13]

2.30   According to the ADA, effective nurturing of foreign language skills requires through-career exposure to the language involved, including frequent visits and regular postings to the country concerned:

> Proper career management of linguists must allow frequent and challenging practise of their skills, particularly for more than just the translation of documents or recordings. Maintaining linguistic excellence is a dynamic skill but one that often suffers from financial constraints on overseas visits, training and postings. This causes a cycle whereby linguists grow frustrated and leave, and the remaining ones are then

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11   ADA *Submission,* p.13.

12   Flood, P. 'Report of the Inquiry into Australian Intelligence Agencies', Australian Government, July 2004.

13   Ibid.

worked harder and thus more prone to also leave
eventually.[14]

2.31 How the AIC agencies approach training staff for language
acquisition and retention is discussed in Chapter 3: Training.

National Language Policy

2.32 The Committee notes that language skills in Australia in general have
been neglected over many years. Australia suffers disadvantage in its
language capacity because of its geographical isolation. Unlike
Europeans and other groups, Australians do not grow up learning
three, four, five or more languages. On the other hand, Australia is a
multi-cultural society with every major language on earth being
spoken in at least some households. The Committee sees this
unexploited cultural advantage as a resource which must be
developed.

2.33 The Committee believes that the development and implementation of
a National Language Policy as a long-term investment in Australia's
future, not only for the benefit of the AIC agencies but for the benefit
of the entire country, would become an invaluable national asset. The
Committee recommends that the Government consider, as a matter of
national priority, language development as a national asset.

2.34 According to the Australian Defence Association, experience has
taught AIC agencies that while training cycles for linguists are
'measured in half-decades at least … changes in intelligence gathering
targets often arise at much higher frequencies'.[15] ADA gives the
recent example that, whereas the agencies have traditionally
concentrated on predominantly east and South-East Asian languages,
recently there was a 'large and sudden increase in requirements for
Arabic speakers'. A well-developed and implemented national
language policy could prevent agencies being 'caught short' without
appropriate linguists when unforeseen world events happen.

2.35 Such a policy would not only include development of the languages
which are needed by business, trade and defence (including
intelligence and security organisations) today but would represent all
major languages from each continent so that the nation is prepared for
the future requirements of business, trade and defence.

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14 ADA *Submission*, p.13.
15 ADA *Submission*, p.13.

Recruiting Linguists

2.36   As with recruitment in general, the Committee heard that AIC agencies compete in a very tight marketplace to recruit suitable linguists. As mentioned above, people with existing language skills are not always people who can be cross-trained as intelligence analysts. Additionally, some people who would otherwise be suitable as linguists cannot be recruited because they have not been in Australia for ten years and their background cannot be checked back to ten years.

2.37   The Committee heard that in some ethnic communities and in some families there is a reluctance to serve in an intelligence agency, for a range of historical and cultural reasons.[16] First generation Australian graduates with good language skills often come from families who are traditionally very suspicious of intelligence work and discourage their children from thinking of joining an intelligence agency.

2.38   It was asserted in a recent article in the Bulletin that Australians from the moderate Islamic community are even less inclined to consider the intelligence agencies as a career now that:

> Australia's military engagements in Afghanistan and Iraq have … made it extremely difficult to recruit ASIS and ASIO trainees from within the moderate Islamic community.[17]

2.39   Some of the ways agencies are currently trying to address their shortages of linguists include:

- Making two categories for linguists—those who also show the skills to become intelligence officers and those who are employed in a translation function;

- More in-country training which is expensive but necessary to give people the skills quickly;

- Working with universities to identify language needs and encourage more courses in certain languages;

- Placing greater emphasis on language skills in general recruitment advertising;

- Introducing or increasing Language Proficiency Allowances to encourage staff to retain their language skills.

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16   ADA *Transcript*, p. 67.

17   Daley, P. 'Death Watch', *The Bulletin*, 12 October 2005.

2.40   The Committee is satisfied that agencies are putting considerable effort into attracting, training and retaining linguists although agencies told the Committee that in some cases they will still experience shortages in certain languages. However, they will continue to search for and develop new ways to meet their demand for suitable people with the desired language skills.

2.41   The Committee asked the agency Heads if they received more money could they increase the number of linguists more quickly? Agencies replied along the lines that they are currently training as many staff as can be spared for language training, otherwise, it is a matter of finding suitable people to employ. More money will not necessarily make that any easier. One agency did indicate that it may be seeking more money to help it to recruit linguists in the future.

The Security Clearance Process

2.42   One of the areas that the Committee decided to focus this enquiry on is the area of security clearances because the Committee has become aware that, with the rapid growth of the AIC agencies, this is an area of real stress in the recruitment process. By their nature, the security clearance takes months to complete and delays can cause good recruits to accept employment elsewhere.

2.43   The security clearance process is a costly and time-consuming exercise for all the agencies and can eliminate otherwise very suitable candidates. The situation that the security clearance process creates for all the agencies was described by one as follows:

> [all AIC agencies face] special challenges for recruitment that are not experienced in the wider Defence and Australian Public Service (APS) environments. The security requirements and other suitability assessment criteria (including psychological testing) applied to employees applying to work in the very high security environment mean that some applicants cannot be recruited regardless of their qualifications, experience and general professional suitability.[18]

2.44   The cost to agencies of security clearances is significant and ranges from $6,500 per clearance to nearly $15,000. In 2004-05, numbers of

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18   *Classified Submission No.1*, p.9.

clearances denied ranged from a low of 4 denied out of 88 applications for one agency to 35 denied out of 106 applications.

2.45　The DSA, which vets the Defence agencies, handles thousands of clearances every year and currently has a substantial backlog. The Committee heard that the Department of Defence is very actively looking at ways to manage the demand for security clearances and it is confident that in twelve months the situation regarding both the backlog and the demand for clearances will be much improved.

2.46　Agencies were asked by the Committee if a central vetting agency doing clearances for all AIC agencies would be a viable solution managing security clearance requests. The Committee found no support for the idea of a single vetting centre. Each of the three agencies which currently do their own vetting said that they would not like to 'lose control' of their vetting. The Defence agencies currently use a single authority — the Defence Security Authority — to do their clearances and they believe that should not change.

2.47　It was noted that there is a group within the AIC that specifically meets to deal with security standards. Recently an MOU has formalised an agreement among some AIC agencies to accept TS(PV) security clearances issued by other agencies. The Committee heard that the Defence department agencies 'recognise other agencies' positive vets'[19] and also that, following completion of the abovementioned MOU, ASIS now accepts other agencies' positive vets.

Recommendation 2

The Committee recommends:

- **that the Government identify methods to address the security clearance backlog of the agencies; and**

- **that the agencies be required to report every year on the backlog and the methods being used to address it in their Annual Reports.**

19　Private hearing transcript.

Inter-Agency Movement

2.48   The Committee found that there are two types of inter-agency movement—secondment and permanent moves. Until recently, secondments were not very common although they are becoming more so now. Agencies second people to and from other agencies as part of career development and training and this is discussed in Chapter 3.

2.49   A certain amount of inter-agency movement is permanent. With increased opportunities in agencies, some staff seek a higher salary or promotion by changing from one agency to another. In this respect, agencies are all looking at reasons for recent staff separations in an effort to address these reasons with a view to retaining staff where possible.

2.50   Agencies have found from exit surveys that staff have, in the past, moved to other AIC agencies for a higher salary, promotion, or perceived better conditions. The Committee heard from one agency Head that his agency is acknowledged as a 'repository' of high quality linguists and as such, other departments and agencies often seek out or give preference to linguists from that agency when recruiting.

2.51   In a recent press article, a 'veteran intelligence professional' suggested that there is, in fact, a lack of mobility within the agencies and recommended that 'a truly professional intelligence service' would provide:

> A career stream for intelligence officers to move around across the full spectrum of agencies and aspire to the top management positions.[20]

2.52   In his submission to the enquiry, Mr Ian Dudgeon from Ian Dudgeon and Associates told the Committee that regarding career development generally, 'potential agency recruits have similar career demands/expectations as their APS counterparts and if these do not materialise, particularly amongst those with the best potential, they will leave'.[21] The submission argues that among other expectations in line with APS opportunities is the opportunity for employees to rotate within the AIC.

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20 Monk, P. 'Intelligence service shake-up a no-brainer', *Australian Financial Review*, Saturday,

21 Ian Dudgeon and Associates *Submission*, p.3.

2.53   As agencies achieve their targeted growth, there will no doubt be more opportunity for inter-agency movement of staff than in the past. Some agencies told the Committee some movement will be welcomed by them as a way for staff to achieve a broader experience of the whole community and build on their skills as a result.

2.54   The Foreign Intelligence Coordination Committee (established by ONA, see paragraph 3.28) is looking at career management issues to see whether it can encourage more mobility within the community and whether there is scope for agencies to approach career management on a more community-wide basis.

Intelligence Work as a Profession

2.55   The Committee received a submission from the Australia Defence Association (ADA)[22] which expressed the opinion, based on the experiences of past and present intelligence staff, that intelligence work should be seen as a profession and intelligence officers should be able to aspire to senior positions within the agencies.

2.56   The ADA submission argued that in the current climate of terrorist threat, Australia needs to be more serious about a cohesive, functional and truly integrated national intelligence capability:

> Structural reforms and increased funding alone are insufficient responses. There must be a genuine attempt to solve the people and culture problems by maximising cross-agency co-operation and intelligence professionalism generally. In dealing with the limited talent available and required, we need whole-of-government, integrated, strategies for initial and lateral recruitment, in-service training, wider professional education, secondments between agencies, and retention and career development of intelligence professionals.[23]

2.57   ADA believes that the government should acknowledge that intelligence work is a profession and it argues that recruitment, training, career development and promotion practices must reflect its status as a profession. Failure to promote career intelligence professionals to senior positions within the AIC is detrimental to the intelligence profession according to the ADA. It also affects the ability of the AIC to offer a viable career path for intelligence

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22   Members of the ADA are both currently serving and former members of the AIC.
23   ADA *Submission,* p.20.

specialists which, in turn, encourages too many intelligence officers to leave the profession, often at a mid-career juncture where their skills and experience are most useful.

2.58   With the current significant expansion of the AIC there is now considerable scope for the AIC to commence a senior leadership grooming program. According to the ADA, this should include education and training modules along the lines of those currently available to facilitate career progression for public servants in non-intelligence fields of the federal bureaucracy.

2.59   The submission from Mr Dudgeon also argued that professional officers within the AIC agencies, especially at SES level, should receive similar career development and advancement opportunities, as their APS counterparts. The benefits to the AIC would, according to Mr Dudgeon, be 'an increase in managerial skills and competence, increased flexibility of deployment, greater career satisfaction, and potentially, a greater retention rate within their agency or the AIC'.[24]

2.60   The ADA believes that the practice of heading intelligence agencies with former or serving career diplomats is 'short-sighted and highly damaging to the intelligence profession, not least because it sets such poor examples for recruitment, professional training, career development and retention in all our intelligence and security agencies.'[25]

Filling Senior AIC Positions

2.61   In its submission, the Australian Defence Association outlined its concerns about the lack of career mobility within the AIC, particularly to the most senior positions. In the ADA's opinion bringing outsiders into top management positions has been, in some instances, detrimental to the AIC. ADA explains that:

> … many senior appointments in the agencies have been and are held by those with little actual experience in intelligence work and who possess little or no real professional knowledge.[26]

2.62   The Committee heard from the ADA that the AIC has suffered because of appointments to senior management of people who are not

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24   Ian Dudgeon and Associates *Submission*, p.2.
25   ADA *Submission,* p.21-22.
26   ADA *Submission*, p.4.

right for the job. 'Parachuting' career diplomats into top positions is not in the best interests of the AIC because diplomats are policy-oriented and therefore, according to the ADA, their experience is not compatible with intelligence work.

2.63   Recruiting, seconding or appointing diplomats or other personnel from policy-making backgrounds into senior positions in intelligence and security agencies is, according to ADA, fundamentally flawed. The Committee heard that when outsiders are recruited or appointed laterally into intelligence or security agencies they tend to have little or no professional appreciation of the 'all-source' necessity of intelligence processes and the need to employ a range of planning, targeting, collection and analytical tools.

2.64   The Committee heard that outsiders are frequently reluctant to embrace, or even accept, the intelligence estimate process as a key intellectual methodology for effectively managing intelligence tasking from the strategic to the tactical level. These tradecraft issues are central to a professional education in intelligence For example:

> … personnel appointed to management positions from outside the intelligence profession, especially where they have careerist tendencies, tend to be risk averse. This is of concern where the agency is charged with assessing new types of information or unfamiliar situations.[27]

2.65   According to the ADA, in intelligence work, failures happen when the intelligence officers are afraid to tell people what they do not wish to hear. The ADA quoted the Flood report which brought out this point when talking about the importance of contestability:

> If you do not have contestability in intelligence assessments, and if you do not have through-career professional intelligence officers who are brave enough to tell you something you do not want to hear, you will perpetually have a problem.[28]

2.66   The ADA told the Committee that taking too many outsiders into the agencies devalues the career path for insiders; however, the ADA believes that with recent increases in staffing, there is now the 'critical mass', and therefore considerable scope, for the commencement of a senior leadership grooming program for the intelligence and security

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27   ADA *Submission*, p.8.
28   ADA *Transcript,* p.62.

agencies.[29]   There will be opportunities arising out of the current expansion of the agencies for career intelligence officers to move into top management positions and the AIC should not miss this opportunity.

2.67   The ADA submission discussed the drawbacks of too much lateral recruitment into intelligence agencies. When large numbers of staff from policy-making backgrounds move into intelligence agencies, there is a significant risk to the objectivity and relevance of intelligence assessments:

> It frequently results, however unconsciously, in intelligence assessments being biased towards desired policy outcomes rather than them being independent or objective in their own right. This is a fatal flaw in the intelligence process and the wider decision-making processes it supports.[30]

2.68   ADA notes that it is not suggesting that outsiders should never head or be employed in intelligence agencies. In fact, the ADA notes that bringing in outsiders at all levels 'is essential for intellectual objectivity and to avoid professional and intellectual incest in secretive cultural environments.'[31] However, ADA argues that agencies must not be inundated with outsiders and also there must be appropriate respect given to career professionalism.

Retaining Staff

2.69   Separation rates have, over the last several years, varied considerably not only between AIC agencies but often within agencies themselves. Separation rates have been as high as 35 per cent in an agency which includes short-term secondees in its separation data, down to barely 5 per cent in an agency which has actively worked at lowering its rate over recent years. Currently, the agencies have an average separation rates approximately equal to the APS average of 9-10 per cent.

2.70   All agencies are complementing their recruitment programs with attempts to improve staff retention. The Committee heard from several agencies that, using staff exit surveys as their guide, they have been actively trying to eliminate as many of the reasons for staff separation as possible.

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29   ADA, *Submission*, p.21.
30   ADA, *Submission*, p.9.
31   ADA, *Submission*, p.10.

2.71   Agencies acknowledge the need for a 'healthy staff turnover' to maintain a 'refreshed' workforce and the Committee heard that most agencies are aiming for a separation rate of around 8-9 percent although one organisation is aiming to maintain its current rate of 5-6 per cent.

2.72   The separation rate for linguists tends to be higher than agency averages. It was found that the separation rate for linguists in some agencies is up to 16 per cent and the Committee heard that the demanding nature of the work tends to produce 'burnout'.

2.73   Exit surveys and interviews have identified various reasons for AIC staff separation, the most common ones being:

   ■ Better promotional opportunities elsewhere;

   ■ Increased remuneration elsewhere;

   ■ Looking for greater job satisfaction; and

   ■ Unfulfilled expectations and ambitions, particularly among young staff.

2.74   One of the agencies has had some success in trialling more flexibility particularly in regards to part-time work and this has had a positive impact on both retention and recruitment rates for females.

Role for Universities in AIC Recruitment

2.75   It has been the experience of agencies which have sent people to universities to discuss career development that they have been well received. University staff showed a respect for the intelligence and security community generally and a belief that the AIC offers good career opportunities.[32]

2.76   The Committee would like to see Australian universities playing a larger role in providing suitable recruits to the AIC both in the immediate future and in the long term. The lack of appropriate preparatory university courses for intelligence officers in Australia has been discussed at some length in the press. A former agency officer is quoted as saying:

> Twenty years ago we lost a golden opportunity to develop the sort of intelligence system which would give us the edge, because we got rid of all our university courses in

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32   Private hearing transcript.

> comparative religion. Now we graduate hundreds of lawyers
> and accountants but there is no one who can tell you what the
> four pillars of Islam are.[33]

2.77   Academics from the Australian National University (ANU) are
quoted in the press as saying that they are concerned that universities
are not producing graduates with adequate foreign language and
analytical skills or knowledge of the region.[34]

2.78   It has been argued that, with few exceptions, Australian universities
have been very slow off the mark in providing relevant
undergraduate courses. Williams writes that as well as studying the
traditional subjects like politics, economics, psychology, sociology,
Asian studies, international relations and strategic studies, to be
intelligence officers students need to study:

> Intelligence, espionage, security, crime in the Asia Pacific
> region, non-traditional security issues (like arms trafficking,
> pandemics, corruption, etc), terrorism, counter-terrorism,
> homeland security, protective security, counter-terrorism
> policy and law, emergency management, corporate
> governance, and other national security-related topics.[35]

2.79   The Committee heard from some agencies that there is an intention
among the AIC agencies to develop closer relationships and
collaborative approaches with universities in regard to the
management of language capability and the Committee would
strongly support any such collaboration.

Conclusion

2.80   The Committee heard that, in a competitive market place, increasing
and retaining staff is very challenging for all the agencies. Agencies
advised the Committee of a range of initiatives and strategies which
they are devising and implementing to meet staffing targets. As one
agency told the Committee: 'we are not just advertising in
newspapers, we are hunting them down'[36].

2.81   In all cases, agencies have had to rethink and refine their recruiting
strategies and the Committee has been impressed by the range of

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33   Snow, D. 'A shortage of spooks', *Sydney Morning Herald*, Monday 15 November 2004.
34   Shaw, M. 'Doubt clouds spy recruitment target', *The Age*, Tuesday, 18 October 2005.
35   Williams, C. 'Australia slow off the mark on terrorism' *Canberra Times*, Tuesday 18
October 2005.
36   Private hearing transcript.

strategies and initiatives that agencies have devised to meet recruiting goals.

2.82   The two areas which appear to cause the most difficulty to agencies are that of achieving timely security clearances and finding suitable linguists for recruitment. The Committee found that agencies are working hard to solve their problems in both these areas.

2.83   The Committee is satisfied that all AIC agencies are working appropriately to meet recruitment targets and to recruit the right people for the agency's needs while being mindful that they must not become so absorbed in recruitment and training that they risk missing important developments among terrorists.

3

Training

Background

3.1 The Flood Report noted that it is crucial that agencies follow good recruitment strategies with early training and ongoing professional development:

> Intelligence agencies need to invest in their staff, both through formal training and by providing them with opportunities to expand and update their knowledge, perspectives and tradecraft, in Australia and overseas. Increasingly also, Australia's intelligence professionals require dedicated training to build the special set of skills needed to collect against and assess non-traditional security threats such as terrorism.[1]

3.2 The Committee heard from the agencies that with rapid expansion of staff numbers has come the need for increased and improved staff training.

3.3 To this end, most agencies have increased their training budgets substantially in the last two to three years to meet their needs. The training budget of one agency has increased almost seven-fold in the last two years. Agencies spend varying amounts on training, and the Committee found that language training is among the most expensive training.

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1   Flood, P. 'Report of the Inquiry into Australian Intelligence Agencies', Australian Government, July 2004, p.154.

Training Strategies

3.4   Agencies are reviewing and refining training to keep it up-to-date and appropriate to the work of the agency. In some cases, agencies have been working with other government departments to 'frame training correctly'[2], for example with the Australian Federal Police, the Department of Public Prosecutions or the Inspector-General of Intelligence and Security.

3.5   Across the AIC agencies, typical training courses include:

- Induction training;

- Graduate training;

- Analyst training;

- Intelligence officer traineeship programs;

- Non-intelligence officer staff training;

- Corporate staff training;

- Ethics and Accountability training;

- Management and leadership development;

- Strategic studies;

- IT training; and

- Coaching and mentoring programs.

3.6   Some agencies are using 'outside' help to develop appropriate training. The Director General of one agency told the Committee he has tasked an external auditor to review the agency's training programs. The review will include looking at how the agency can encourage staff to retain language skills.

3.7   The Committee heard about a variety of strategies being devised to make staff training programs more appropriate to the needs of the various agencies, including:

- Broadening the focus of training to include leadership and management training across the organisation;

- Developing a much more holistic view of staff development;

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2   Private Hearing transcript.

- Creating a Directorate of Tradecraft Training and Development specifically to develop a through-career training structure. The initial focus of the Directorate has been to review basic level training requirements;

- Trialling training programs delivered by a US-based intelligence college to improve the performance of staff members particularly in relation to producing good analysis by drawing on sources effectively, integrating open source with secret reporting, and conveying messages and arguments clearly; and

- Devising a program to engage analysts with think tanks and prominent academics and people in other fields around the country to prevent isolation and to challenge staff views.

Training Linguists

3.8   In the Budget Speech delivered on 10 May 2005, the Treasurer noted the need for improved and increased language skills in intelligence agencies. To achieve this improvement, the Treasurer committed $239 million:

> … to strengthen Australia's intelligence capabilities, in areas such as counter-terrorism investigations and language skills development.[3]

3.9   Only one AIC agency has no involvement in staff language training. The other agencies are involved in some degree of language training for staff and for three of the agencies this is a costly and important part of their staff development.

3.10   The Committee heard that requirements for language skills have changed over recent years, for example, one of the agencies which traditionally trained staff in language skills only for overseas postings now also trains staff for use of language in Australia. Another agency which formerly had language requirements focussed on the Asia Pacific region now finds it needs to develop more language depth in languages from other regions.

3.11   Generally speaking, agencies provide staff with one or more of three types of language training:

- Acquisition training;

- Maintenance training; and

- In-country training.

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3   'Budget Strategy and Outlook 2005-06. Budget paper No.1' Commonwealth of Australia.

3.12   The DFAT Language Studies Unit and the Department of Defence School of Languages are both used extensively by the AIC agencies for acquisition and maintenance language training—although the Committee heard that at least one agency which previously relied heavily on the Department of Defence School of Languages is increasingly finding that the school does not meet its new requirements for linguists.

3.13   At the time of the Committee's enquiry, the Defence Department was conducting a broad review of its language training and capability. The review was examining all aspects of the delivery of language training for Defence (military and civilian, including its intelligence and security agencies). Recommendations from the review will be passed to the Chief of Services Committee in Defence in the middle of 2006. Any improvements to the way in which language training is broadly conducted within Defence could be expected to have a positive flow-on affect for the Defence intelligence agencies.

3.14   Most agencies are devising strategies to encourage staff to gain, update and maintain language capability and, to this end, most have implemented or increased staff language allowances.

3.15   The Committee heard that, generally speaking, university language courses do not prepare graduates to the level required by AIC agencies. One agency has recently started working with universities to identify potential linguists early in their university studies to enable the agency to supplement their training and language development. Another agency sends university language graduates to the ADF language school intensive language programs and may also supplement this training with some in-country language experience.

3.16   In-country language training is expensive. A 40-46 week in-country course will cost approximately $100,000 per person. A pro-rata figure could be applied to the shorter language training courses of 5-22 weeks.

3.17   At least one agency is investigating if it would be more economical to send staff to universities in other countries for language training rather than maintaining the infrastructure to train small numbers of staff in Australia.

3.18   The main challenges associated with training linguists were summed up as:

- The time commitment required;
- The cost of training to the appropriate level of proficiency; and
- The time taken to source new linguist training programs.

3.19   The ADA argued that when the ADF School of Languages cut down on
        the length of some courses and the number and frequency of residential
        refresher and re-qualification courses for financial reasons in the 1990s,
        this led to a discernible decline in the standards of initial training, a
        marked decline in re-qualification rates and broader difficulties for
        individuals in maintaining their language skills over the longer term. All
        these factors detrimentally affected retention rates and proved that
        maintaining pools of linguists requires long-term vision and sufficient and
        sustained investment.

The Defence School of Languages in Melbourne

3.20   The Committee heard from one agency that it would like to see the ADF
        School of Languages moved from Melbourne to Canberra as there are
        many potential language students in Canberra who are not prepared to go
        to Melbourne for training. The agency told the Committee that it awaits
        the abovementioned Defence review of language training to see if re-
        location of the school is recommended.

3.21   However, at least two other agencies would not like to see the relocation
        of the school.   The Committee heard from these agencies that the school is
        a success precisely because it draws on the extensive pool of language
        teaching talent in Melbourne and also with many ethnic communities in
        Melbourne, students have ample opportunity to mix in those communities
        and be exposed to the language.

3.22   In its submission, the ADA spoke strongly in defence of the ADF School of
        Languages remaining in Melbourne both because there is a ready supply
        of native speakers of most languages for employment as instructors at the
        school and also because the ADF believes there are significant security
        advantages in locating the school away from Canberra 'even if only to
        complicate the attentions of foreign intelligence agencies'.[4]

3.23   The Committee agrees that the ADF School of Languages is a valuable
        national asset and that it should remain in Melbourne.

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4   ADA *Submission,* p.14.

Mentoring Trainees

3.24   It has been suggested in the press that 'unless new recruits can be trained and mentored by people with operational experience against hard intelligence targets' additional recruiting will make little impact.[5]

3.25   Several of the agencies addressed mentoring either in their submissions or during evidence given at the hearings. Agencies told the Committee that they are aware that their recruitment efforts must be backed up by appropriate, timely and excellent training and mentoring. However, on-the-job mentoring can place heavy demands on senior officers who may be required to both manage and mentor staff, especially with rapid expansion of staff numbers. The Committee heard that rapid growth is placing a burden on existing staff who are taking on a significant extra load as on-the-job trainers and mentors.

3.26   Agencies told the Committee that while new recruits may bring a lot of talent to the organisation, they are usually inexperienced and are not operationally ready. They need very close supervision in the early stages of their employment.

3.27   Agencies have devised various strategies, both formal and less formal, to ensure that recruits receive adequate mentoring without placing undue burdens on senior officers. For example, in 2005, one of the agencies established a coaching and mentoring program through specialist external training providers. To date four participants have completed the program and five are due to commence this financial year. Expenditure is approximately $3,500 per person. It is anticipated that this program will result in the further development of organisational capability and will support a succession planning program.

3.28   Another organisation has, during the last year, been investing in middle management development in order to have people who can mentor, train and coach new staff.

Combined AIC Training

3.29   The Flood Report recommended that ONA's staff be increased to provide improved foreign intelligence coordination and evaluation. To this end, ONA established the Foreign Intelligence Coordination Committee (FICC). One of the roles of the FICC is to set-up some combined AIC training. The Flood Report proposed that, among other roles, the FICC would:

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5   Williams, C. 'Australia slow off the mark on terrorism', *Canberra Times,* 18 October 2005.

> Play a role in *identifying and developing strategies to address cross-cutting training needs*, building on discussions already under way among agency heads. Common training would help provide a foundation for whole-of-government approaches to intelligence needs and improve employment mobility around the community.[6]

3.30 The Flood Report suggested that the FICC's joint courses would supplement, rather than replace, training developed by individual agencies to meet agency-specific requirements. There are several courses currently available for AIC staff, including:

- An AIC-wide induction course

- A three-day AIC Orientation Course for new intelligence officers run monthly (commenced in May 2005);

- A seven-day terrorism course which is run four times a year by one of the larger agencies for their own and other AIC staff; and

- A five-day introduction to Islam which is run five times a year by one of the larger agencies for their own and other AIC staff.

3.31 The Committee heard that a course for AIC staff at senior levels is currently being developed to focus on strategic issues facing the AIC.

3.32 The Australian Defence Association supports more integrated AIC training. Its submission drew on the combined knowledge and experience of its members to recommend that 'basic intelligence training should be undertaken on more of a joint basis'. This would include more inter-agency secondments and more inter-agency training and professional development.

3.33 The Committee notes that, taking the concept of combined-AIC training run by the FICC a little further, a case has been made in an academic journal for the creation of an Intelligence College[7] which, it is suggested, would be an 'enormously important start' towards fixing the intelligence and security agencies' current training difficulties.

3.34 An Intelligence College would 'need resources sufficient to run community-wide training for around a hundred or more recruits every year. It would need to offer a range of programmes designed to deepen

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6 Flood, P. 'Report of the Inquiry into Australian Intelligence Agencies', Australian Government, July 2004, p.154.

7 Jennings, P. 'Unfinished Business. Reforming our Intelligence Agencies' *Policy*, Volume 20 No.4, Summer 2004-05.

skills as people become more experienced and to provide a means for collectors and analysts to understand the vital roles each play.' [8]

Recommendation 3

The Committee recommends that the Government enquire into the feasibility of establishing a combined facility for basic training in intelligence either in an existing academic institution or as a separate college.

Inter-Agency Movement

3.35   The Committee heard from one agency Head that he has been putting considerable effort into encouraging 'a lot more secondments of [his] officers out of [the agency]'[9] as a form of cross-AIC training. The Committee was told that the work of agency officers is increasingly being carried out in a political context and if officers stay only within one agency they will become 'quite narrow' professionally. Secondments within AIC agencies will develop and broaden the skill base of all officers and the contribution they make will be that much greater.

3.36   Some agencies use secondments and personnel exchanges with other agencies in Australia and overseas to provide additional professional development opportunities. The Committee heard that this reflects the longstanding partnership and cooperation that exists between AIC agencies and international partners. At least one agency currently has officers from all the other AIC agencies on secondment in the agency.

3.37   Another agency uses secondment from other agencies as an important workforce planning strategy and currently has staff on secondment from several AIC agencies (as well as other government departments).

Conclusion

3.38   The Committee is satisfied that all the agencies are tackling the need for increased and improved training of staff as a result of undergoing rapid expansion and in order to retain a highly skilled and well-functioning workforce. One agency is not expanding in size but, nevertheless, it continues to need to recruit significant numbers and, therefore, it is as

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8   Ibid.
9   Private Hearing transcript.

involved as any other agency in implementing strategies to develop and deliver appropriate training.

3.39   The Committee heard that, while there is scope to combine some AIC training, there is also a need for agencies to continue to develop and deliver training specifically targeted to the needs of their own staff.

3.40   Language training remains one of the most difficult and expensive areas of training for AIC agencies and the agencies demonstrated that various initiatives are being devised to lessen and, it is hoped, eventually overcome these difficulties.

3.41   The Committee notes that agencies are also devising and implementing strategies to ensure that new recruits receive appropriate mentoring even though mentoring can place heavy demands on senior officers, especially with rapid expansion of staff numbers.

3.42   The Committee is fully satisfied that agencies are making a substantial effort to review, develop and refine their training to keep it up-to-date and appropriate to the work of the agency in order to create a highly skilled workforce.

A
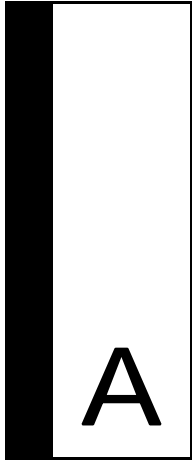
Appendix A – List of Submissions

1. Defence Imagery and Geospatial Organisation (DIGO) - Confidential

2. Office of National Assessments (ONA) - Confidential

3. Defence Intelligence Organisation (DIO) - Restricted

4. Australian Security Intelligence Organisation (ASIO)

5. Defence Signals Directorate (DSD) – Secret

6. Australian Secret Intelligence Service (ASIS) – Secret

7. Australia Defence Association

8. Ian Dudgeon and Associates Pty Ltd

9. Australian Security Intelligence Organisation (ASIO) - Confidential

10. Australian Security Intelligence Organisation (ASIO) – Secret

11. Office of National Assessments (ONA) – Confidential

12. Office of National Assessments (ONA) - Confidential

B
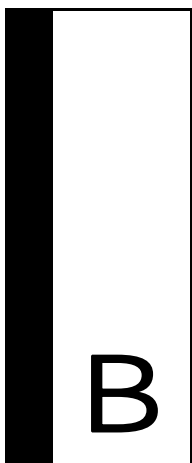
Appendix B – Witnesses appearing at Private Hearings

Canberra - Thursday, 23 March 2006

Australian Security Intelligence Organisation (ASIO)

Mr Paul O'Sullivan, Director-General of Security

Director, Government Communications

First Assistant Director-General, Corporate Management and Liaison

Australian Secret Intelligence Service (ASIS)

Mr David Irvine, Director-General

Director, Operations

Director, Information Management and Technology

Chief Financial Officer

Executive Officer

Director, Corporate Services

Australia Defence Association (ADA)

Mr Neil James, Executive Director

Canberra – Friday, 24 March 2006

Defence Signals Directorate (DSD)

Mr Stephen Merchant, Director

Assistant Secretary, Executive Branch

Defence Imagery and Geospatial Organisation (DIGO)

Mr Ian McKenzie, Director

Director, Policy and Compliance

Defence Intelligence Organisation (DIO)

MajGen Maurie McNarn, Director

Witnesses appearing with all three Defence organisations

Mr Shane Carmody, Deputy Secretary Intelligence and Security

Head, Defence Security Authority

Canberra – Monday, 8 May 2006

Office of National Assessments (ONA)

Mr Peter Varghese, Director-General

Assistant Director-General, Corporate

Canberra – Thursday, 11 May 2006

Ian Dudgeon and Associates Pty Ltd

Mr Ian Dudgeon

C

Appendix C – Recommendations made in the 2004-2005 review

Recommendation 1

That the Government give consideration to alternative mechanisms to address the Committee's concerns regarding separate financial statements by DSD which underpinned the Committee's recommendations in the first review of administration and expenditure.

Recommendation 2

That the Government give further consideration to providing the Committee with the classified annual reports of ASIO, ASIS and DSD.

Recommendation 3a

- The Committee recommends that appropriate legislation be enacted that would require the Auditor-General to provide the Committee with the annual audits of ASIO, ASIS and DSD and further, that there be a requirement for the Auditor-General to provide any additional information that may be relevant to the Committee's review of administration and expenditure.

Recommendation 3b

- The Committee recommends that, in consultation with ASIO, ASIS and DSD and with the Committee, the Auditor-General should develop a rolling program of performance audits. Such a program of performance audits should provide comprehensive coverage of agency administration.

Recommendation 3c

- In view of the special requirements relating to scrutiny of ASIO, ASIS and DSD by this Committee, the Committee further recommends that consideration be given to amendment of Section 10 of the Auditor-General's Act to reflect the importance of the ANAO in assisting this Committee to discharge its responsibility to review the expenditure and administration of ASIO, ASIS and DSD through an ongoing program of performance audits.

Recommendation 3d

- The Committee further recommends that appropriate legislative provision should be made to require the Auditor-General to provide the Committee with copies of classified ANAO performance audits relating to ASIO, ASIS and DSD.

Recommendation 4

The Committee recommends that consideration be given, as appropriate, to greater liaison between the IGIS and the Commonwealth Ombudsman (and State Ombudsman), including the development of a memorandum of understanding or protocol governing possible joint reviews of combined ASIO/police operations.

Recommendation 5

The Committee recommends that the Government provide the Committee with a copy of the report on the outcomes of the ASIO polygraph trial as soon as it is completed.

Recommendation 6

It is the view of the Committee that the Chair of the Committee or members nominated by the Chair should be invited by ASIO, ASIS and DSD to attend orientation sessions with new recruits thereby gaining a greater understanding of the orientation process and to provide opportunities for new recruits to be advised of the Committees role and responsibilities.

Recommendation 7

The Committee recommends that ASIS produce an unclassified version of its Code of Conduct and that this be tabled in Parliament by the Minister for Foreign Affairs, be sent out to all ASIS applicants, and be made publicly available on request.

Recommendation 8

The Committee would like to encourage all intelligence agencies to undertake regular staff surveys and, if they are not already doing so, to make use of suggestions boxes that allow for anonymous feedback by staff. The Committee recommends that at each review of administration and expenditure the results of staff surveys are made available to the Committee for examination.

Recommendation 9

That a review be undertaken on the extent of public reporting across all the intelligence agencies overseen by the Committee.