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ATTORNEY-GENERAL
THE HON PHILIP RUDDOCK MP

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Mr Bob Charles MP
Chair
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

JOINT COMMITTEE OF
21 APR 2004
PUBLIC ACCOUNTS & AUDIT

Dear Mr Charles

I refer to the Committee's report entitled *Review of Auditor General's Reports 2001-2002*. I note that recommendation 9 of that report was that the Attorney-General's Department report on the Committee's proposal to maintain a central database of security clearances.

I understand that my Department has provided the Committee with comments on recommendation 9. I attach, for your information, a copy of a further minute provided to me by the Secretary of my Department, Mr Robert Cornall.

Yours sincerely

Philip Ruddock



Australian Government
Attorney-General's Department

Secretary

1 April 2004

Attorney-General

Security Vetting

I refer to our discussions concerning the Joint Committee of Public Accounts and Audit report number 390 entitled 'Review of Auditor-General's Reports, 2001-2002, First, Second and Third Quarters'.

2. Recommendation 9 in that report stated 'The Committee recommends that the Attorney-General's Department report to the Joint Committee of Public Accounts and Audit on the cost effectiveness of the Department maintaining a central database of security clearances.'
3. In response to that report, I provided the JCPAA with an Executive Minute dated 12 November 2003.
4. Following a meeting of departmental officers with the Committee on 3 December 2003, I provided the JCPAA with further information in my letter dated 17 December 2003.
5. The essential issue raised in Recommendation 9 is the cost effectiveness of the Attorney-General's Department maintaining a central database of security clearances.
6. The Department is of the view that a central database would not be effective (and therefore could not be cost effective) for several reasons. The main reasons are:
 - Security clearances are granted in relation to identified risks and circumstances. Accordingly, a security clearance granted in one organisation may not be adequate for the purposes of another agency given the different nature of its activities and potential risks
 - Accordingly, the mere establishment of a central register would not overcome existing problems with the portability of security clearances between agencies
 - The central register would duplicate records kept by individual agencies
 - Because the central register would depend on information provided by other agencies, there would be issues concerning its currency and therefore its accuracy as well as potential duplication of the cost of record keeping.
7. The proposed central register would require significant resources. The number of security clearances which are, or should be, current at any one time for the Australian Government is of the

order of 200,000 clearances when you take into account public servants, contractors and staff engaged by corporate contractors. Expenditure at the level required to establish and keep a central register current would need a clear justification and readily identifiable benefits. For the reasons set out above, it was my view that a central register does not meet this requirement.

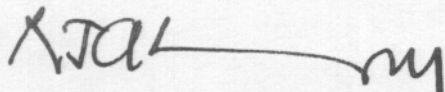
8. You have authorised a review of the Protective Security Manual which will include personnel vetting requirements. The review is to be completed by 30 June 2004. My letter dated 17 December 2003 to the Committee flags that we will give broad consideration to the issues raised by the Committee (including but not limited to its suggested central register) in the course of that review with the aim of providing a more effective whole of Government security clearance process.

9. However, one issue which could be addressed immediately is the issue of security clearances for contractors who move between agencies (and are possibly engaged by more than one agency at any one time). The Protective Security Coordination Centre estimates that there could be up to 20,000 security clearances in this category.

10. The Australian Security Vetting Service (which is a division of the PSCC) has proposed that it could be the responsible agency for clearing contractors who may require a security clearance to work in a succession of agencies or in more than one agency at one time. The ASVS would be responsible for both the initial clearance and for the ongoing agency monitoring requirements in respect of those contractors.

11. This proposal, if implemented, would address one of the practical problems with the present agency by agency clearance system.

12. If you support this suggestion, I will arrange for a formal submission to be put to you to authorise the development and implementation of that proposal.

A handwritten signature in black ink, appearing to read 'R. Cornall', followed by a long horizontal line and a stylized flourish.

Robert Cornall
Secretary