

CIRCULAR MEMORANDUM NO 17/2001

1 June 2001

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NEW DEFENCE SECURITY ARRANGEMENTS

1. The Chief of the Defence Force (CDF) and I have endorsed the following changes to Defence security following our consideration of the review by Mr Tony Blunn. Mr Blunn found a need to strengthen Defence's security culture, and to ensure that security received proper support and attention at the most senior levels of Defence.
2. The principal changes are:
 - a. The existing Defence Security Branch is being restructured as a Defence Security Authority (DSA) to focus on security policy, standards, training, and evaluation and monitoring of security performance across Defence, and investigation of serious security incidents. It will also be responsible for international security agreements and associated accreditation, except where these are the specific responsibility of another agency (eg Defence Signals Directorate (DSD)).
 - b. From 01 July 2001 the new DSA will report to the Chairperson of the Defence Security and Counter-Intelligence Board (DSCIB) who will oversee security performance in Defence on behalf of the Secretary and CDF, in addition to a separate responsibility for the Intelligence Group as Chairperson of the Defence Intelligence Board. Mr Shane Carmody has been promoted to this position with effect from 21 June 2001, and will be designated Deputy Secretary for Intelligence and Security. Group heads will continue to be responsible for security performance in their functional areas.
 - c. The DSCIB will assume a greater role in the management and oversight of security across the Defence Organisation. It will report through Mr Carmody on security performance in Defence. The membership will include the heads of each of the functional groups in Defence or their deputies. The Director-General Australian Security Intelligence Organization (DGASIO) or his deputy will be a member of the Board. The Board will meet monthly.
 - d. A central task of the DSA and the DSCIB will be the development and implementation of a comprehensive Defence Security Plan that will establish standards and milestones for the maintenance of high security standards across Defence. Also important will be the development of agreed arrangements for operational security, and for counter-intelligence taking account of Australian Security Intelligence Organization responsibilities.
 - e. Following the restructuring to the Defence Security Authority, the position Assistant Secretary Security (ASSEC) will be known as Head, Defence Security Authority (HDSA). Mr Jason Brown will relinquish the position of ASSEC on 05 June 2001, following his appointment as a Defence Senior Executive Service officer in Defence Personnel Executive. Ms Margot McCarthy, currently CEA to the Secretary, will become acting HDSA from 06 June 2001.
 - f. Responsibility for primary level physical security and security vetting up to Secret level will remain with the Service Delivery Division, but operating within standards and policy provided by DSA. Top Secret clearance procedures will be arranged by the DSA and positive vetting to DSA standards will be the responsibility of the Intelligence Group.
 - g. DSA will continue to be responsible for information technology (IT) security policy within Defence as part of overall security planning and practice, and the DSD will provide DSA with senior advisory staff for this purpose. The DSA will no longer provide an IT security accreditation for Defence customers for Restricted and Secret systems. This will in future be the responsibility of Head Information Systems Division (HISD), and system owners must negotiate service-level agreements with HISD before their systems can be accredited. DSD will retain responsibility for security accreditation for Top Secret systems. Independent evaluation of IT security systems and practices will be undertaken by DSD which is the national authority for computer and communications security and already performs this function for non-Defence Commonwealth agencies.

3. Details of these changes are at present being worked through by the relevant agencies, and revised instructions in regard to the new processes and points of contact will be issued shortly. Mr Blunn will be undertaking some additional review work in relation to the operation of the Regional Security Offices.

4. I take this opportunity to express my appreciation for Mr Blunn's review work to date and thank Mr Brown for his leadership of the Security Branch.

A handwritten signature in black ink, appearing to read 'Allan Hawke', written in a cursive style.

ALLAN HAWKE
Secretary

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EARLIER DEPARTMENTAL CIRCULAR MEMORANDUM CANCELLED: Nil

Mr Brown—When there is an identified prima facie incident that could lead to a criminal charge, it is the process of the department to refer that matter to the AFP for investigation. On the latter case, the AFP initiated the investigation themselves. In respect of Timor, Defence asked the AFP to investigate; in respect of the other matter, the AFP initiated the investigation.

Senator HOGG—How did the AFP know to initiate the investigation? There must have been some contact from Defence.

Mr Brown—The AFP was investigating a matter that had Defence connections, and that led to the subsequent investigation.

Dr Hawke—Again, the investigation was not our request.

Mr Brown—It was not our request that they do it.

Senator HOGG—Are we able to know what matter that was?

Mr Brown—Broadly, it was in relation to the Lappas matter that is currently before the courts.

Senator WEST—I am fascinated that you cannot tell me which one has been stood down. You have fairly much identified them to anybody in the department, but the rest of us would not have a clue whether it was the Department of Defence person or the uniformed person. I am wondering how identifying whether they are stood down or not would compromise the situation.

Mr Brown—I am content to answer that the person stood down is a civilian member.

Senator HOGG—I want to wind that up. There are actually two cases of administrative charges under consideration and, as I understand it, one of those is uniform and one is civilian. Are there any other personnel?

Mr Brown—Involved in current administrative charges?

Senator HOGG—Yes.

Mr Brown—Not currently. There are a number of investigations continuing, but no charges are being drawn at the moment.

Senator HOGG—Who is conducting those investigations? Are they related to the article that appears in the *Canberra Times* on the 16th?

Mr Brown—No, there are no current investigations related to this particular article. In the case of the submarine investigations, some of them remain open because no conclusive evidence has been found for the source of those leaks. We do not close the book on them in case other information comes forward.

Senator HOGG—The article also stated that a new security body, called the Security Investigation Unit, has been established. Is this part of the Intelligence and Security Group that is mentioned on page 12 of the PBS?

Mr Brown—The group was formed last year in response to having a formal group developed to raise security investigation standards. It was formed within the Defence security branch as an investigation unit for cross-cutting Defence investigations, where it did not fall to any service authority to investigate.

Senator HOGG—All right. But that still does not answer my question. If I can refer you to the PBS at page 12, the second paragraph in the first dot point refers to the new Intelligence and Security Group.

Mr Brown—Yes.

Senator HOGG—Are we talking one and the same?

Mr Brown—Not until 1 July. The Defence security branch and a number of other security elements are being reconstituted from 1 July as part of the Defence Security Authority that will be a member of the Intelligence and Security Group, which has been renamed from that point.

Senator HOGG—Are there any additional roles and functions for that group to play that they did not otherwise play previously and, if so, what?

Mr Brown—The issue was a Commonwealth one. The Protective Security Policy Committee is examining the difference between the Commonwealth guidelines on investigations that relate to criminal related investigations and how they may marry up and join with ones that can take on the recommendations from Tony Blunn in respect of the Jenkins case for a less intrusive approach to security investigations. It would be focused in that direction.

Senator HOGG—I am not sure I quite understand. Does the new unit have a different role and function to play than the old group?

Mr Brown—Not at this time. It will be for security investigations.

Senator HOGG—Will it have a different role?

Mr Brown—We are examining how we do security investigations more broadly than the current Commonwealth guidelines in order to take into account the recommendations made by Mr Tony Blunn in respect of the Jenkins case.

Senator HOGG—Are there any formal functions, roles and descriptions of the way in which this will operate?

Mr Brown—Yes. The members of that group have to be fourth level accreditation investigators in the ANTA framework. Under normal circumstances, which have applied to date, they have to follow the Commonwealth guidelines on investigations. We are looking to develop additional guidelines for security investigations in the light of the recommendations mentioned previously. As those are developed, the way they do their business may therefore change. At the moment, they do their business in accordance with the current and direct Commonwealth investigation procedures.

Senator HOGG—Where their charter differs from that—

Mr Brown—It does not at the moment.

Senator HOGG—It does not, but where it does in the future, I presume that is something that would be readily available to the committee.

Mr Brown—There would be no problem with making those available. The supporting manuals and Defence documents will be readily available—unclassified.

Senator HOGG—Who will be heading up the unit?

Mr Brown—The unit itself? That position has yet to be determined. It is currently administered as part of a section within the organisation, but I would like to see it strengthened in the new defence security authority.

Dr Hawke—The branch head who will be acting in the position is Margot McCarthy, while we go through a process of interviewing and selection for a generic SES band 1 campaign in the department.

Senator HOGG—You are obviously undertaking that process currently. When will that be completed?

Mr Whalan—Within three months.

Dr Hawke—Jeff Whalan, who is the deputy secretary of the corporate services area, is coordinating this. We would expect the process, which is for generic band 1s and band 2s, to be completed within a period of three months.

Senator HOGG—So the unit will be in operation before its new head is—

Dr Hawke—Yes, there will be somebody there in an acting capacity. The new head of the defence intelligence group takes up his appointment later this month. That is Shane Carmody.

Senator HOGG—I saw that in the PBS.

Senator WEST—Normally, how many administrative actions have you taken against staff in previous years over the issue of leaking?

Mr Brown—It is hard to provide statistics on that other than the previous year's, which were reported to this body in a question on notice, because we had not been collecting the data before the beginning of last year. I will hunt and get some more details for you.

Senator WEST—So previously you had never known how many disciplinary or administrative actions had been taken against staff in Defence?

Mr Brown—In terms of security, each group administered their own and there was no formal requirement to report those outcomes to the security authority, or the security branch as it is now constituted. The Army, Navy and Air Force would conduct their own security breach investigations and take action as they saw appropriate within their authority. Civilian units of the defence organisation would also take the appropriate administrative action.

Senator WEST—Other Public Service departments have better reporting than that and they are not dealing with areas that are as sensitive.

Mr Brown—They get locked into the other administrative actions in terms of the way they are counted. We have now taken a step to tease them out of any other administrative action that might have been taken for fraud or other misbehaviour.

Senator WEST—I am sure Mr Whalan can remember an incident or two in past history in another department, but I will not go through that.