

## Australian force structure, interoperability and intelligence

### Introduction

- 3.1 The Australian Defence Force (ADF) remains primarily structured for operations in defence of Australia<sup>1</sup>, yet it is increasingly involved in coalition operations with US forces, supporting Australia's wider interests and objectives beyond our immediate neighbourhood. An ongoing challenge for the ADF is to determine the most effective way it can contribute both to potential operations in Defence of Australia, and the increasingly more demanding operations beyond our immediate neighbourhood.
- 3.2 The moderate levels of conventional threat in Australia's immediate region, linked with the low likelihood of a conventional attack on Australia, compared to the high threats faced by the ADF when deployed to locations like Iraq and Afghanistan raises questions about the suitability of Australia's force structure. Evidence to the inquiry is divided over whether adjustments to force structure, as a result of coalition operations a long way from Australia, are justified.
- 3.3 A number of force structure determinants are emerging from Australia's recent involvement in coalition operations. The key determinant for conducting coalition operations remains, however, the ability to be interoperable with our allies in a range of key areas. The importance of interoperability to ADF operations will be examined and the key issues raised in evidence will be discussed.

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1 Australian Government, *Defence 2000 – Our Future Defence Force*, p. XI.

- 3.4 The final section of the chapter examines the significance of intelligence sharing between Australia and the US. The discussion will explore the key benefits and disadvantages of our intelligence sharing arrangements.

## The new security environment?

- 3.5 The terrorist attacks of 9-11 together with the rise of non-state adversaries are causing nations to evaluate and reconsider their national defence strategies and priorities. Defence and intelligence forces, in addition to meeting conventional threats, must also be able to react to and defeat asymmetric threats which are a feature of the modern strategic environment.
- 3.6 The key influence on contemporary conflict is globalisation. 'Globalisation, during the last decades of the 20<sup>th</sup> century, has created winners and losers.'<sup>2</sup> The global economy has been seen by people still facing poverty, disease and inequality as favouring the west. 'This has created a class of actors - often non state actors - who oppose globalisation, its beneficiaries (the developed nations of the West) and, particularly the US.'<sup>3</sup> Unfortunately concurrent with creating enemies of the West, globalisation has provided these new enemies of the West with unprecedented tools to further their cause. Globalised media, communications, travel and commerce and the internet facilitate the coordination between groups that oppose the Western lifestyle.
- 3.7 In evidence to the inquiry the US Ambassador to Australia emphasised the threat posed by global terrorism and the need to reconsider our approaches to security. The US Ambassador stated:

Terrorism is the bane of our time. It can strike at home or abroad. Whether it is at a centre of finance, like the World Trade Centre, or a centre of recreation, like Bali, the lives of our citizens can be snuffed out in a moment of irrationality. Terrorism will be at the centre of our alliance for many years to come. The focus of our efforts cannot be limited to the region of our neighbourhoods. The terrorists of our day are transnational: they plan their attacks in one country, prepare for their execution in another and carry them out wherever the innocent may gather. The threat of terrorism means that we will have to look at our security in different ways than we have in the past. We must quarantine the terrorists from weapons of mass destruction and we must quarantine those who

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2 Australian Army, *Complex Warfighting*, p. 2.

3 Australian Army, *Complex Warfighting*, p. 2.

would provide them such weapons from the rest of the world. The safety of all of us depends upon the safety of each of us.<sup>4</sup>

- 3.8 Other evidence to the inquiry pointed to the need for Australia's defence doctrine to be more responsive to the new security environment. Dr Rod Lyon stated:

These new threats to our security are corrosive of our traditional understanding of warfare. The mode of attack common to such groups is asymmetrical and nonlinear. It casts doubt upon the durability of our current doctrine of defence, which envisages closing with an adversary in the air-sea gap. In a world of globalised weak actor threats, geography is a less important determinant of strategy than it has been in the past.<sup>5</sup>

- 3.9 Some groups, however, supported the continuation of the defence doctrine being based around conventional threats. Dr Carlo Kopp stated:

Long-term force-structuring priorities should not be driven by near-term needs in the war on terror. Both Australia and the United States must maintain and increase investment levels in top-tier military capabilities, especially long-range air power, in order to balance the long-term regional effect of growth in Chinese and Indian strategic military capabilities. Both Australia and the United States must have realistic expectations of what the alliance can provide in deliverable military capabilities.<sup>6</sup>

- 3.10 At the 2005 Australia-US Ministerial Consultations (AUSMIN) the joint communiqué recognised the changing nature of the threat to Australian and US interests. The communiqué states:

Australia and the United States agreed on a number of new steps to maintain the vitality of their alliance. They recognised the growing importance of confronting contemporary security challenges, including the proliferation of weapons of mass destruction, global terrorism and pandemic disease.<sup>7</sup>

- 3.11 The ADF appears to have achieved a reasonable balance between the competing demands of conventional and asymmetric threats. The creation since 2002 of Special Operations Command, the establishment within the command of an additional Tactical Assault Group and consequence management capability, are evidence of appropriate responses to the new

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4 HE Mr Tom Schieffer, US Ambassador to Australia, 21 June 2004, *Transcript*, p. 3.

5 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 14.

6 Dr Carlo Kopp, Defence Analyst and Consulting Engineer, 2 April 2004, *Transcript*, p. 38.

7 Department of Foreign Affairs and Trade, *2005 Australia-United States Ministerial Consultations Communiqué*, [http://www.dfat.gov.au/geo/us/ausmin/ausmin05\\_joint\\_communique.html](http://www.dfat.gov.au/geo/us/ausmin/ausmin05_joint_communique.html), accessed 21 Nov 05.

threat from terrorism. The participation by the Navy in Proliferation Security Exercises both in Australia's immediate region and further afield similarly indicates the ability of the ADF to contribute to the reduction of the most modern threats to Australia's security. The new security environment presents additional challenges for both the US and Australia in how they operate together and are best able to respond to global terrorist threats. The following sections will examine these issues in more detail.

## Australian defence doctrine

3.12 Australia's defence doctrine is articulated in the 2000 Defence White Paper, *Defence 2000, Our Future Defence Force*, and through the Defence update, *Australia's National Security, A Defence Update 2003*. The 2000 White Paper sets out Australia's key strategic interests and objectives in order of importance. These strategic objectives, shown below, aim to:

- ensure the Defence of Australia and its direct approaches;
- foster the security of our immediate neighbourhood;
- work with others to promote stability and cooperation in Southeast Asia;
- contribute in appropriate ways to maintaining strategic stability in the wider Asia Pacific region; and
- support global security.<sup>8</sup>

3.13 This defence doctrine in turn leads to the development of a force structure. The Committee, as part of its inquiry into Australia's maritime strategy, examined Australia's strategic objectives and their impact on force structure. The Committee concluded that Australia's defence objectives and strategy must reflect the need to defend Australia and its direct approaches together with a greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests.<sup>9</sup>

## Australian force structure

3.14 As part of the inquiry into Australia's defence relations with the US, evidence was received about the adequacy of Australia's force structure to operate effectively in coalitions with the US. Some groups asserted that

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8 *Defence 2000, Our Future Defence Force*, 2000, p. X.

9 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Maritime Strategy*, June 2004, p. xvi.

Australia's current force structure, still largely based on structures developed during the Cold War, is suitable for coalition operations. Mr Hugh White, for example, stated that 'the Defence Force that we develop, and have been developing over recent decades in Australia, provides a robust foundation for us to give the United States the kind of support it needs and should expect under the alliance from Australia.'<sup>10</sup>

3.15 Other groups disagree, believing instead that national security, like almost all of national life, has become globalised. The successes of irregular threat forces in places such as Somalia, Afghanistan and Iraq are informing future threat forces both globally and in our region. The success of these groups has been in removing western forces from the advantage of their stand-off technology and firepower. For example, in Somalia local warlords drew poorly protected light infantry forces, reliant on air power for support, into a chaotic and lethal environment. The resulting casualty levels proved to be too high to be sustained by western democracies.

3.16 Mr White asserts that Australia's defence capabilities, developed as a result of the Defence of Australia Strategy, provide sufficient options for Government to make an effective contribution for coalition operations. Mr White stated:

I do not have any doubt at all that, from within the force structure that was foreshadowed in the 2000 white paper and which has been developed through successive Defence capability plans, we have an adequate range of options to meet the kinds of demands that Australian governments would want to be able to offer to the US. It is worth making the point that I think there was a very important line in the government's Defence policy review published early last year that it would expect the contribution to global coalition operations to be of the same—I think they used the phrase 'niche' there—high-value niche capabilities as we have offered in the past.<sup>11</sup>

3.17 Mr White noted that the ADF's force structure comprised two key groups of capabilities. The first comprises capabilities such as F/A-18s and F-111s designed to defeat an enemy in Australia's maritime approaches. In addition, there are submarines, a surface fleet and P3 Orions. Mr White commented that these 'are world standard, very sophisticated systems which can, or at least should, be able to mix it with pretty high-threat environments anywhere in the world.'<sup>12</sup> The second part of Australia's

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10 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

11 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 54.

12 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

force structure comprises 'mostly light land forces and special forces.'<sup>13</sup> Mr White noted that they 'are primarily developed in our case for operations in our neighbourhood but they have proven in places like Afghanistan and Iraq to be a very capable contribution to coalition operations elsewhere in the world.'<sup>14</sup>

- 3.18 Mr White chose the purchase of the Abrams tanks as an example of a decision by Defence that gave an indication of where current policy diverged from his own view. He is opposed to the need to provide armoured protection for Australian soldiers. Mr White stated:

I have not been a supporter of the purchase of the Abrams tanks precisely because it seems to me that, although I do believe it is important that Australian infantry have the best and most cost-effective support they can have, we are primarily an infantry army. What we need for our own neighbourhood is primarily a light infantry up to maybe a light mech level army, well supported, all the fire power that you need, but it does not seem to me that a heavy tank is a cost-effective way of providing that kind of support.<sup>15</sup>

- 3.19 Other groups however, did support the need to be able to contribute more than just air and maritime forces to coalition operations. Dr Robyn Lim commented that 'for us and other US allies, the benefits of alliance come with costs and risks attached.'<sup>16</sup> She summarised the view held by a number of submissions when she stated:

And the practical manifestation of what lubricates alliances, especially in the more difficult kinds of crises, is "boots on the ground". We need to be able to contribute capable ground forces and hence risk casualties - not just send frigates, aircraft and logistics/humanitarian force elements.<sup>17</sup>

- 3.20 It is this understanding of the need to share the risks associated with ground operations that best sums up the need for new tanks. The ADA commented that 'we are buying this tank to protect the infantry and reduce casualties.'<sup>18</sup> Dr Lyon agreed, commenting that the types of deployments the ADF will most likely be involved in are political stabilisation which is predominantly land based. Dr Lyon stated:

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13 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

14 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

15 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 55.

16 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 5.

17 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 5.

18 Mr Neil James, Executive Director, Australia Defence Association, 2 April 2004, *Transcript*, p. 17.

The stabilisation efforts that you put in will have to be land based because you will be rebuilding or reconstructing societies, not flying an aircraft at 30,000 feet or sitting on a frigate offshore. It seems to me in that environment, where you are going to be putting ADF lives at risk, then the tank is a valuable force protection unit.<sup>19</sup>

3.21 Dr Lyon commented that the current ADF is still fundamentally 'sized and built for an environment that dates from the Cold War.'<sup>20</sup> He concluded that Australia needs to review its force structure which means 'a revisiting of the defence white paper of 2000.'<sup>21</sup>

3.22 There is therefore disagreement in the evidence about the extent to which the new security environment should influence defence doctrine and ultimately force structure. The position put by Mr Hugh White in his evidence draws heavily on the Maritime Defence doctrine and argues a 'steady as she goes' approach. Mr White is supported by other groups. The Women's International League for Peace and Freedom state:

The choice of Abrams tanks with their consequent use in Iraq and further purchase of US defence equipment need to be re-examined in the light of increasing alliance entrapment...Decisions on suitable equipment can be made that limit Australia's engagement to legitimate defence.<sup>22</sup>

3.23 The ADF on the other hand argues that complex warfighting alongside the US is increasingly likely and has established a priority list of interoperability upgrades. These will be discussed later in the Chapter.

3.24 The Committee, as part of its report on *Australia's Maritime Strategy*, examined the defence of Australia doctrine. Through that report the Committee made a series of conclusions culminating in the need for a new Defence White Paper. In particular, the Committee concluded that in developing a new White Paper, the Government should take into account the conclusions made by the Committee including:

- Australia's strategic objectives be the defence of Australia and its direct approaches together with greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests;
- clear articulation of why Australia's security is interrelated with regional and global security;

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19 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 20.

20 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 14.

21 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 14.

22 Ms Ruth Russell, Women's International League for Peace and Freedom, *Submission 21*, p. 5

- the continuation of the commitment to 'self-reliance' in those situations where Australia has least discretion to act;
  - focusing on measures that will enhance interoperability with Australia's allies such as the US; and
  - developing and implementing a maritime strategy which includes the elements of sea denial, sea control and power projection ashore.<sup>23</sup>
- 3.25 In relation to the purchase of new main battle tanks (MBTs), the Committee previously concluded that the MBTs 'will provide a positive addition to the Army and the ADF's broader objectives.'<sup>24</sup>

## Interoperability

### Definition and key features

- 3.26 Interoperability refers to the ability of different forces to operate safely and effectively together in joint or combined operations. It can be challenging for the forces of different nations to achieve desired levels of interoperability. Interoperability is not only a potential obstacle between the forces of different nations but can also be problematic for the individual services of the same nation operating together.
- 3.27 Interoperability can exist at different levels. This can start with the ability to communicate effectively through to seamless operation of complex platforms in a network centric environment. However interoperability is not solely based on operating the same equipment. The RSL stated:
- ...there is a lot more to interoperability than just the equipment. In fact, I would suggest that all those other aspects: doctrine, tactics, training, communications, logistics, planning and understanding of how your coalition partner fights at both the tactical and the operational level are in some respects more important than the actual equipment.<sup>25</sup>
- 3.28 The key elements of interoperability are summarised as follows:
- communications;
  - doctrine;
  - equipment;

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23 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Maritime Strategy*, June 2004, p. 71.

24 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Review of the Defence Annual Report 2002-03*, August 2004, p. 41.

25 Air Vice Marshal Alan Titheridge, Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 33.



- logistics; and
- planning.

## Objectives, advantages and other issues

3.29 For defence forces operating in coalition operations there are clear advantages to having effective interoperability. Defence stated:

Interoperability with US forces and the ability to contribute to multinational coalitions are central themes in Australia's policies, acquisition programs and training plans. Australia's effective, high-end contributions to US-led coalition operations in Afghanistan and Iraq demonstrate the high degree of interoperability and the shared values that characterise the Australia-US relationship.<sup>26</sup>

3.30 The RSL noted that there could be certain inefficiencies created when interoperability was ineffective. In particular, the RSL advised that the danger of fratricide increased when forces operating in coalition had poor interoperability. The RSL commented that 'if you do not have interoperability, you are leaving yourself wide open for fratricide – being hit by friendly fire.'<sup>27</sup>

3.31 The RSL also noted the significance of the application of the laws of war and the rules of engagement applied by Australian forces and coalition forces. In particular, the RSL noted that Australia is a signatory to the jurisdiction of the International Criminal Law and the 'Rome Statutes' whereas the US is not. In an operational context, the RSL noted that Australia can refuse operational requests from the US and may 'red card' an 'apparently non-lawful operational request.'<sup>28/29</sup>

3.32 Professor Paul Dibb discussed the importance of interoperability and described a hierarchy which we should comply with. First is the need for effective interoperability between our own forces. The second is interoperability with US forces and the third is interoperability with other coalition forces. Professor Dibb, however, was critical that Australia was focusing too much on the second priority at the expense of our first priority. Professor Dibb stated:

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26 Department of Defence, *Submission 6*, p. 7.

27 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 34.

28 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 34.

29 The training aspects of this important component of interoperability are discussed further in Chapter 4.

My issue is whether we are drifting away from those priorities. For instance, is there now a certain amount of recidivism amongst the three single service chiefs who are going back to their territorial separateness? My answer is yes. Did we see in the Iraq war our Army operating separately from Navy and Air Force and largely subordinate to American operations? The answer is yes. Did we see our Air Force operating largely separately from our own Navy and Army and operating with the Americans? The answer is yes. I think it is for the first time since the Vietnam War that we are starting to move away from jointness as our first priority and towards interoperability with the United States as our first priority.<sup>30</sup>

- 3.33 However, while acknowledging the importance of interoperability with the US, Defence is undertaking a series of Joint ADF communications projects, including significant investment in combat identification. Defence would counter Professor Dibb's comments by citing the successful Australian F/A-18 close air support to the Special Air Service (SAS) forces in western Iraq, the intimate cooperation between the Australian P3C maritime patrol aircraft and the Australian Navy ships in the northern Arabian Gulf and C130 and helicopter support to all force elements. Significantly these same force elements have achieved high levels of interoperability with their coalition partners, perhaps best evidenced by the Naval Gunfire Support provided to US and UK Marine forces during the early stages of the conflict.
- 3.34 Interoperability between US and Australian forces is given significant attention by both countries. As part of an Australia-US Ministerial Meeting in October 2002, the participants agreed to a strategic level review of Australia-US interoperability. A number of areas for improvement were identified including 'information exchange; harmonisation of some capability development; and cooperative science and technology experimentation.'<sup>31</sup> In addition, Defence reported that it will be establishing an Office of Interoperability which will be part of the new Defence Capability Group.

## Selecting defence equipment

- 3.35 The objective of achieving high levels of interoperability has led to claims that there is an over emphasis on acquiring US defence equipment.
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30 Professor Paul Dibb, Australian National University, 26 March 2004, *Transcript*, p. 63.

31 Department of Defence, *Submission 6*, p. 8.

A further concern arising from this is that Australia may not be acquiring the most effective defence equipment to support our capability needs. The RSL explained that there was not the need for equipment to be identical for interoperability purposes. The RSL commented that ‘as long as that equipment can achieve the same effect—whether it be an artillery piece or a rifle; it does not matter whether it is American or anything—and as long as your systems and your doctrine are reasonably compatible so that you know what each is doing and how each plans, then you have achieved the important part of interoperability.’<sup>32</sup>

3.36 Dr Lyon, however, suggested that for Australia to be interoperable with the US, Australia will increasingly need to purchase US defence equipment.<sup>33</sup>

3.37 Defence appears to be taking a balanced position between these views by cooperating with potential coalition partners through standardisation agreements. Standardisation agreements between the four traditional anglo-allies, (America, Britain, Canada and Australia) are designed to ensure that when an ally procures an alternate platform or system, it can be made to operate alongside similar systems chosen by alliance partners. Standardisation includes ammunition technical specifications, frequency and Information Technology protocols and fuel types. While in cases such as the selection of the Abrams tank or C130J, full interoperability is achieved, in others, such as the selection of the Tiger Helicopter, adjustments will be made to the configuration to ensure it can achieve interoperability. The inclusion of the US Hellfire missile on the Tiger is an obvious example.

3.38 The ADA argued that interoperability should not drive the procurement of defence equipment. In particular, the ADA noted that doctrine was far more important than the equipment. The ADA addressed the claim that there was an over emphasis by Defence to purchase US equipment:

I do not know whether that is true or not; you would have to ask the current government. Our position would be that you can achieve interoperability with dissimilar equipment at times, and we should not necessarily always buy American just for purported interoperability purposes. A good example is the attack helicopters. Quite frankly, the European helicopter was the best helicopter. That is why it was eventually chosen—because it came out on top. We applaud that decision and we are watching with

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32 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 41.

33 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 21.

interest other similar procurement decisions that are being taken at the moment.<sup>34</sup>

## Conclusions

- 3.39 Australia's Defence force structure flows directly from Government defence policy. The Committee considered this issue in depth during its recent inquiry into Australia's Maritime Defence Strategy. Evidence to this inquiry shows the ongoing divergence in the strategy debate.
- 3.40 The Committee reaffirms its finding that a greater focus is needed on, and acquisition of, capabilities to operate in the region and globally. Whether operating with the US in coalition or independently in our region, human conflict is increasingly complex and increasingly lethal. The US has achieved an unprecedented level of dominance in conventional military power. This US dominance has led to 'asymmetric' or avoidance behaviour by its opponents which have in turn had an impact on the structure of western forces allied with the US. Forces opposed to the US and the west are happy to fight protracted and exhausting confrontations involving terrorism and insurgency from amongst the population, inside towns and cities. This approach makes the application of stand-off firepower technology difficult to justify as each application risks large numbers of civilian lives. Each clash with threat forces has become unpredictable and lethal.
- 3.41 Countries allied with the US must be structured to operate in this environment. ADF operations by all three services in the current phase of operations in Iraq suggest that the ADF is making the necessary adjustments. RAN protection operations in the northern Arabian Gulf involve tracking hundreds of local watercraft each day and conducting numerous compliant and non-compliant boardings to determine the motivation of suspect vessels. Australian ships face the threat of suicide vessels capable of killing members of boarding parties or in the worst case capable of damage similar to that experienced by the USS Cole when it was attacked in Yemen.
- 3.42 The RAAF is no longer conducting bombing operations. Instead it has switched to surveillance operations over both water and land using the recently upgraded P3C Orion aircraft. Australian P3C operations, over land in particular, have been of significant importance to the US led coalition as the combination of world class technology and highly skilled crews has enabled superior situational awareness of events to be passed to ground commanders.

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34 Mr Neil James, Australia Defence Association, 2 April 2004, *Transcript*, p. 15.

- 3.43 Finally the Al Muthanna Task Group is evidence of the Army structures being developed to cope with the complex environment. The combination of armoured ASLAV and Bushmaster vehicles with skilful mechanised infantry soldiers is a precursor to the Hardened and Networked Army being developed in response to the modern threat of asymmetric attack.

## Recommendation 2

**The Committee acknowledges that the free passage of information on the internet is likely to ensure that threat techniques faced by western forces in Iraq and Afghanistan are transmitted to disaffected groups in our region, meaning future regional conflicts may become increasingly violent and lethal. The Committee recommends that force structure decisions must therefore be based on the provision of the best possible protection for Australian Defence personnel.**

## Intelligence

- 3.44 Australia collects and analyses intelligence material through a range of sources, comprising the Australian Intelligence Community (AIC). This intelligence is shared on a needs basis with the US and other allies. At the same time, the US shares intelligence with Australia. Defence described the intelligence relationship as balanced and successful when they state:

Intelligence sharing arrangements between the US and Australia are serving Australia's security needs well. Our intelligence sharing relationship is cost-effective and efficient and enhances Australia's access to intelligence on critical areas of interest. In turn, Australia provides the US with high-quality intelligence on a region of significant strategic importance.<sup>35</sup>

- 3.45 This feature of the alliance is the least stated but possibly one of the most significant aspects of Australia's defence relations with the US. ASPI stated:

Without the alliance, Australia would be substantially blind in many critical areas of intelligence gathering and assessment. We cannot afford the investment levels necessary to duplicate America's intelligence gathering capability.<sup>36</sup>

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35 Department of Defence, *Submission No. 20*, p. 8.

36 Mr Peter Jennings, Australian Strategic Policy Institute, *Submission 11*, p. 9.

3.46 Defence explained that the importance of the intelligence sharing arrangements is not limited to what Australia draws from the intelligence networks, rather it is an important area in which Australia is seen to contribute significant expertise and independent analysis:

Assessment of whether intelligence sharing arrangements are adequately serving Australia's security needs should not be viewed solely through the prism of what the US provides to Australia. Australia's security needs are also served by the breadth of our contribution to the alliance. The intelligence which Australia provides to the US is an important aspect of this mutual relationship. Through our established burden-sharing arrangements, the Australian intelligence community contributes unique support to the US. This has included extensive intelligence support to the Global War on Terror. Through such contributions, we ensure the US continues to view Australia as a trusted and valuable intelligence partner.<sup>37</sup>

3.47 The intelligence sharing arrangements allow both Australia and the US to focus on specific areas of interest. This creates efficiencies and reduces the likelihood of duplication. In relation to this matter, the RSL stated:

The advantages of this sharing are far greater than any disadvantages, and the RSL asserts that there is considerable value to Australia in this longstanding agreement. The main value to us of this arrangement is that our resources dedicated to intelligence can be focused on specific areas of threat that are of immediate interest to us. This results in better intelligence than if the resources had to be allocated over a much wider range of defence and security threats. Both nations benefit from this intelligence sharing.<sup>38</sup>

3.48 A concern was raised that Australian intelligence agencies 'have failed to appreciate the shift in US strategic priorities after September 11.'<sup>39</sup> Dr Carl Ungerer stated:

As a result of the global war on terrorism, US expectations of our contribution to the intelligence effort against al-Qaeda and related groups in South-East Asia have increased significantly. The expectation is high and it is growing. This issue goes to the heart of Australia's intelligence collection and analysis responsibilities in Indonesia and South-East Asia. Throughout 2001 and 2002 and

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37 Department of Defence, *Submission 20*, p. 8.

38 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 29.

39 Dr Carl Ungerer, University of Queensland, 2 April 2004, *Transcript*, p. 3.

prior to the atrocity in Bali, Australia's intelligence efforts have been directed more towards people-smuggling issues and transnational crime.<sup>40</sup>

3.49 It was not possible to corroborate the previous claim but ASPI attempted to counter the view that Australia was not fulfilling its burden sharing responsibilities. ASPI stated:

As, I think it would be fair to say, the senior official in Defence responsible for managing at least the defence aspects of our intelligence relationship with the United States, I never had a senior US official say, 'Australia isn't pulling its weight overall.' We had lots of discussions where they would say, 'I wish you were doing more on country X or issue Y,' but, viewed as a whole, I think in fact they regarded us pretty strongly.<sup>41</sup>

3.50 The RSL drew attention to some disadvantages of the intelligence relationship between Australia and the US. The RSL stated:

The disadvantages of sharing are that there may be a too-ready acceptance of each other's intelligence at times. Politicisation of the shared intelligence may not be apparent. As a result of that, Australia's national interest may be diminished if we too readily accept the views of the US or any other allied nation's intelligence perspective.<sup>42</sup>

3.51 Similar points were made in a number of submissions. ASPI summarised these submissions in relation to the intelligence used to justify involvement in the Iraq war. ASPI commented that 'after Iraq we need to ask if Australia was too dependent on US-sourced intelligence.'<sup>43</sup> Notwithstanding this point, ASPI concluded that 'Australia would have been in a far worse situation if it were required to make assessments about Iraq without access to US intelligence.'<sup>44</sup>

3.52 In the final submission from Defence to the inquiry the Department addressed the issue of independence of intelligence assessments by quoting the Flood report. Defence stated:

Australian intelligence agencies produce independent analysis and assessment. The issue of independence of intelligence assessment was a key focus of Mr Flood's report in 2004, which made quite

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40 Dr Carl Ungerer, University of Queensland, 2 April 2004, *Transcript*, p. 3.

41 Mr Hugh White, Director, Australian Strategic Policy Institute, 26 March 2004, *Transcript*, p. 53.

42 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 30.

43 Mr Peter Jennings, ASPI, *Submission 11*, p. 9.

44 Mr Peter Jennings, ASPI, *Submission 11*, p. 9.

clear statements in this regard. In particular, in relation to the Iraq assessments, Mr Flood concluded:

*On the critical issue of independence, the Inquiry's investigations showed that, despite a heavy reliance on foreign-sourced intelligence collection, both agencies [DIO and ONA] had formulated assessments independent of those of the US and UK, in several notable cases choosing not to endorse allied judgments. The Inquiry found no evidence to suggest policy or political influence on assessments on Iraq WMD.*

This finding is reflected across all aspects of the work of the Defence intelligence agencies. Clearly there is a reliance on the US for source material, particularly for those areas beyond our region, and this will continue. But this reliance does not equate with unquestioning acceptance of all US assessments.<sup>45</sup>

- 3.53 Some groups raised concerns about the US-Australian defence facility at Pine Gap. MAPW Australia suggested that Australia should review the lease of Pine Gap, and 'those functions associated with nuclear war fighting should be abandoned.'<sup>46</sup> Similarly, WILPF supported the need for a review of Pine Gap, and proposed that an Ethical Advisory Committee be set up in order to monitor intelligence operations at Pine Gap.'<sup>47</sup>

## Conclusion

- 3.54 In the face of increasingly complex and asymmetric threats, Australia's intelligence sharing arrangements with the US are one of the most vital parts of the alliance. It is also one of the aspects of the alliance to which Australia can make a significant contribution through its understanding of the Pacific and South East Asian region. The Committee's objective in relation to this aspect of the inquiry has been to ensure that the intelligence sharing arrangements are operating as effectively as possible. In addition, it is essential that the Australian Intelligence Community can demonstrate that it can exercise sufficient independence in the analysis of intelligence.
- 3.55 To the extent that it is possible for an unclassified inquiry to comment on intelligence material, evidence to the inquiry suggests that Australia does conduct independent national analysis of the US product. However Australia's heavy reliance on US material makes this a time and resource intensive process. Despite the cost, the Committee assess this independent analysis as the critical step in the national intelligence process and it must

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45 Department of Defence, *Submission 20*, p. 8

46 Medical Association for Prevention of War, Australia, *Submission 16*, p. 2.

47 Women's International League for Peace and Freedom, *Submission 17*, p. 6.



continue. Where Australian security classification allows, Australian analysis should be provided in return to the US to assist the US agencies overcome institutional 'group think'.

- 3.56 Because of the intelligence failings over the issue of Weapons of Mass Destruction (WMD) in Iraq there is significant suspicion of the intelligence agencies in the evidence to the inquiry. This will be difficult to counter without disclosing the agency successes. This type of disclosure is rarely possible without endangering the source of intelligence.
- 3.57 The failure of the US intelligence agencies over WMD in Iraq also appears to have exposed an over-reliance in the US on surveillance technology. Imagery from satellites and spy planes can achieve a great deal when tracking the movement of troops in the deserts of Iraq but it is not as well suited to analysing the design characteristics of a facility or the motivation of the people working inside. Australia must learn from this aspect of the alliance by investing in our own human intelligence capability as well as continuing independent review of US technical products.

### **Recommendation 3**

**The Committee supports the continuing enhancement of cooperation between Australian and US intelligence agencies; however, sufficient investment must be made in Australian analytical capabilities to ensure Australian analysis of US raw intelligence material is always undertaken.**

