



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES  
COMMITTEE

**Reference: Security threats to Australians in South-East Asia**

THURSDAY, 27 NOVEMBER 2003

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## SENATE

### FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

Thursday, 27 November 2003

**Members:** Senator Cook (*Chair*), Senator Sandy Macdonald (*Deputy Chair*), Senators Hogg, Johnston, Marshall and Ridgeway

**Substitute members:** Senator Stott Despoja for Senator Ridgeway

**Participating members:** Senators Abetz, Boswell, Brandis, Brown, Carr, Chapman, Collins, Conroy, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Hutchins, Kirk, Knowles, Lees, Lightfoot, Mackay, Mason, McGauran, Murphy, Nettle, Payne, Santoro, Stott Despoja, Tchen, Tierney and Watson

**Senators in attendance:** Senators Brandis, Cook, Johnston and Santoro

#### **Terms of reference for the inquiry:**

To inquire into and report on:

The performance of the Department of Foreign Affairs and Trade (DFAT) and other relevant agencies of the Commonwealth Government in the assessment and dissemination of threats to the security of Australians in South-East Asia in the period 11 September 2001 to 12 October 2002, including:

- a) The assessment made by DFAT and other relevant agencies of the Commonwealth Government of the threat to Australians in South-East Asia from al Qaeda (and associated terrorist organisations) prior to 11 September 2001
- b) Any change in the assessment of the threat to Australians in South-East Asia from these terrorist organisations arising from the terrorist events of 11 September 2001 and the decision by Australia to participate in military actions with other coalition partners against al Qaeda in Afghanistan in November 2001.
- c) Any further changes in the assessment of the threat to Australians in South-East Asia from these terrorist organisations arising from the arrest and interrogation of the so-called 'Singapore bombers' in the period December 2001 to February 2002.
- d) Any further change in threat assessments to Australians in South-East Asia arising from the arrest and interrogation of Omar al-Faruq.
- e) Any subregional variations on the assessment of the threat to Australians in South-East Asia in the period 11 September 2001 to 12 October 2002, in particular within Indonesia including Jakarta and Bali.
- f) Any differences between the assessments of the threat made by DFAT and other related agencies of the Commonwealth Government agencies, and the assessments of the threat made by the United Kingdom, the United States, New Zealand, Singapore and Canada over the security of their nationals for the same period.
- g) Any differences between the assessments of the threat made by DFAT and other related agencies of the Commonwealth Government and the content of the travel advisories, embassy bulletins and travel bulletins provided by DFAT over the period 11 September 2001 and 12 October 2002.
- h) Any differences between DFAT travel advisories, travel bulletins and embassy bulletins between the period 11 September 2001 to 12 October 2002.
- i) DFAT's conclusion on improvements to the dissemination of travel advisories, travel bulletins and embassy bulletins to the Australian travelling public in the future.

**WITNESSES**

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**Committee met at 6.35 p.m.****BORGU, Mr Aldo, Program Director, Australian Strategic Policy Institute****WHITE, Mr Hugh John, Director, Australian Strategic Policy Institute**

**CHAIR**—Welcome. I declare open this meeting of the Senate Foreign Affairs Defence and Trade References Committee and I call the committee to order. Today the committee continues its public hearings into the assessment and dissemination of threats to the security of Australians in South-East Asia during the period 11 September 2001 to 12 October 2002. The terms of reference set by the Senate are available from secretariat staff, and copies have been placed near the entrance to the room. Today's hearing is open to the public. This could change if the committee decides to take any evidence in private. The hearing will adjourn at approximately 8 p.m.

Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. It is important for witnesses to be aware that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. If at any stage a witness wishes to give part of their evidence in camera they should make that request to me as chair and the committee will consider the request. Witnesses will be invited to make a brief opening statement to the committee before the committee embarks on its questions. Do either or both of you have an opening statement you would care to make?

**Mr White**—Yes, I will make some brief opening remarks, and then both Aldo and I will be happy to answer any of your questions. Thank you for this opportunity to appear before the committee. I emphasise that neither Aldo nor I have had access to any of the classified information which is, in a sense, the subject of your inquiry; we are working very much from the public data. I would not want to presume to comment on any of the detail that I know you have covered with official government personnel in front of this committee on the way intelligence was received, threats were identified, warnings were issued and so on. But I do think there are a couple of useful things we can offer to the committee, drawing on Aldo's fairly long experience in intelligence and on the policy side of the business, as well as my own.

I want to make the observation at the beginning that I am persuaded from what I have seen publicly that there was no Pearl Harbor here—that is, there was no clear warning which, if identified and acted upon, would have provided an opportunity to prevent the Bali bombing. To that extent, I do not believe it is accurate to describe what happened in Bali as an intelligence failure in any sense. On the other hand, I do think, from what we know publicly, that some important lessons can be drawn from what happened—about the intelligence capacities we have in relation to terrorism, the relationship between intelligence and policy and some of the policy operations we have in relation to terrorism. I think they are worth drawing out, and I would like very briefly to do that in this statement.

I will start by making a few points about what appears to me to be clear, from the public record, about the intelligence. The first is that the Australian intelligence community before 9-11 did identify global Islamic extremism as a significant new factor in international security affairs, did identify the likelihood that this extremism could manifest itself in terrorism and terrorist threats, and did recognise the potential for global Islamic extremism and its terrorist offshoots to

proliferate into South-East Asia. So it seems to me that even before 9-11 that very important set of conclusions had been drawn by the intelligence community.

After 9-11, and particularly after the evidence from Singapore about JI's operations and plans in Singapore and the warning that gave to the intelligence community about JI's activities in South-East Asia more broadly, it seems to me that the intelligence community identified a risk of terrorist attacks by JI and similar affiliates in South-East Asia against Australian targets, particularly in Indonesia, and recognised that Australians might become not, as they might have been presumed to have been in earlier times, an incidental or accidental target of such terrorism but a deliberate target of such terrorism. Those two elements, it seems to me, were clearly established by the intelligence before Bali.

It remains the case, though, that the intelligence agencies did not collect intelligence that pointed specifically to Bali as a venue, or to the fact of an attack at the time and place when it occurred. Based on this intelligence, the government did warn Australians, through its travel advisory process, of a somewhat increased level of risk in travelling in Indonesia but did not specifically identify Bali as a particular point of risk.

How are we to judge the intelligence and policy performance on the basis of that set of observations? The first point I would draw your attention to is the limits of intelligence. We have to be realistic about what even a well-funded and very capable intelligence system can deliver—and I will say something about the level of funding of our intelligence structure in a minute. It is unrealistic to expect that our intelligence agencies can provide us, reliably and with great specificity, with warnings of terrorist attacks before they occur—for example, that an attack will occur on the following day at the following place. I therefore place the bar somewhat lower than Dennis Richardson did in his appearance before this committee, where I think he described the failure to identify Bali as an intelligence failure. I very much respect the conceptual and professional framework in which Dennis made that observation, but it seems to me that it is unrealistic of us, as consumers of the intelligence product, to expect that kind of service out of intelligence agencies. That is not a reflection of the quality of our intelligence agencies but of the nature of the intelligence business.

**CHAIR**—You are saying that Mr Richardson is imposing too harsh a test on himself?

**Mr White**—I think he is. I am glad Dennis imposes a harsh test on ASIO but I think it is unrealistic for the rest of us to conduct ourselves in the expectation that we are going to get that kind of warning. Indeed, I think it is important that policy makers—and for that matter the rest of us—do not start to plan or make policies on the expectation that we will get warnings of terrorist attacks before they occur. That is not the nature of the situation we face. We should work as hard as we can to get it, but the idea that it is a reasonable expectation of government that specific, actionable intelligence, which will allow you to prevent terrorist acts, will reliably come to you before they occur is an unrealistically high hurdle and would lead to mistakes in policy—or at least characteristics in policy—in ways that I will describe in a minute.

The second point I want to make, having made those points about the limitations on intelligence, is that the experience of looking at the Bali intelligence background warns us against the narrowness of analysis. It seems to me that intelligence and policy makers working on the issue of the safety of Australians in Indonesia and elsewhere were, in a sense, waiting for



a kind of tip-off: they were waiting to see intelligence which said, for example, that Bali was likely to be attacked. It seems to me, from looking at the transcripts, that the reasons that were offered by the intelligence community to the policy community for not having been more specific about the potential threat to Bali, were that they did not have specific intelligence on that issue; in other words, they were waiting for that kind of warning. I think that raises questions.

The third point I want to make is that the whole experience should illustrate the limits of consular warnings and sound a caution on how far the government should respond to a very natural public appetite for warning about the risks of travelling overseas. The government cannot reliably warn Australians of every risk they will face when they travel overseas. Although I think it is perfectly sensible and laudable that the government does what it can to help Australians make informed decisions, I think we need to be careful not to be drawn into a situation where Australians start to believe it is the government's responsibility and not theirs to make those choices.

I was struck by the evidence that was given to you by Foreign Affairs; I thought they gave interesting and compelling evidence about the growth of the consular warning system, the travel advisory system, over the last few years, specifically taking advantage of the Internet. I could not bring myself to say I think that is a bad thing but I think it does contain an element of risk, because people need to understand that the government's capacity to provide them with the kind of warning they are looking for is necessarily limited to those inherent limits to intelligence that I mentioned. So I think we need to be careful not to, if you like, unrealistically raise expectations of what the consular advisory process can do for travellers.

The fourth point I want to make is about this is that I think it suggests that there may have been too limited a consideration of the range of policy options that were available to government in thinking about how they might respond to the intelligence assessments I described. It seems to me that officials got themselves in a position of saying: 'If we haven't got a specific warning about the risk of an attack on Bali, what usefully can we do to help manage this risk? If we put out a warning that says Bali might be unsafe but we are not sure, the only consequence of that would have been to close down travel to Bali, and that might have been groundless.' I think their view was that they did not have sufficient evidentiary basis to take such a strong step. It seems to me—with the benefit of hindsight, of course, and without, I hope, being at all unfair to the many friends that I have who are involved in this business—that there were some other policy options available, broader policy options beyond the simple decision of whether or not to issue a tougher travel advisory. In particular, it seems to me that the gathering anxieties about the risks to Australians from terrorism in Indonesia, which were clearly building up and were clearly reflected in the intelligence story, could have been used as a pressure point on the Indonesian government to encourage the Indonesian government to do what it very plainly was not doing before the Bali bombings, and that is to take our concerns about that terrorist threat seriously.

To be specific, I think there may have been an option to have gone to the Indonesian government and said: 'We are very worried about the level of terrorism in Indonesia and we believe that, unless the Indonesian government can take specific steps towards addressing this problem'—of the sort that the Australian government was already pressing the Indonesian government to do—'we will be forced to issue a tougher travel advisory, which would in effect close down Australian tourism into Indonesia at some measurable period in the future, say a

month from now.’ In other words, there were options other than just issuing a travel advisory or not. We could use the fact that we might need to issue a tougher travel advisory to impose pressure on the Indonesian government and perhaps toughen up the Indonesian government’s own action.

We cannot say, and I certainly do not propose, that had that been done the Bali bombings could have been prevented. I think that would be an entirely unfair judgement to make. But, as we look to the future and ask ourselves how do we respond to these situation in the future, I think it is important that we recognise there are often more policy options available than simply: do we wind up a travel advisory, or do we wind it down?

Finally, very briefly, what can we do about it? I think four things are worth suggesting to the committee. The first is that I think there were, if you like, deficiencies in the way in which the information about the risk to Australians in Indonesia was assessed. I make the point that I do not think that was a failure that related solely, or even primarily, to intelligence assessment agencies. The fact is that in the weeks leading up to the Bali bombings it was known to everyone who took a professional interest, or even a passing interest, in these issues that there was a significant threat that JI or similar groups were active in Indonesia. There was a significant threat that they would be targeting Australians specifically; there was a specific likelihood they would have been looking for soft targets, and Bali was the biggest soft target around if you were after Australians. I do not think it was only the intelligence community that failed to run through that syllogism. Indeed, there is evidence in some of what has been put before you that they did. But I do think that a broader intelligence assessment process which centralised responsibility for intelligence assessments on the terrorism target as a whole would have been more likely to have produced—or at least would in future would be more likely to produce—an integrated assessment which would have drawn those kinds of factors together. So I think better intelligence assessment structures would help to avoid or lower the likelihood of such things happening again. It may well be that the National Threat Assessment Centre—which has been established by the government in recent weeks, and I think is now being set up—will be an important step in that direction. I am not sufficiently aware of the details of that proposal to make a comment.

The second suggestion is that the government should be very careful about the way in which it presents to travellers the travel advisory, the travel advisory service. I think it needs to be very careful to emphasise to people that the travel advisory service is just that—it is drawn on the best data available and cannot be and should not be relied on as a substitute for their own judgment. I am conscious of course that the government does have some fairly substantial disclaimers on the travel advisories, but the scale of the travel advisory process I think has if you like started to undermine those warnings and has started to generate unreal expectations. So scale down the level of expectations on the travel advisories.

The third point I would make is to view the policy questions that relate to terrorism and the protection of Australians more broadly. This really is just drawing on the point I made before about the range of policy options that might have been considered in the case of Bali and were not. Fourthly and finally, I still believe that in the great lottery that is the intelligence business we would improve our chance of collecting the intelligence that would in future provide us with a warning of the next Bali if we spent more money on intelligence capabilities specifically directed towards terrorism. The government, of course, to its credit has significantly increased

the investment in intelligence capabilities directed towards the terrorism target, but my own impression is that there are significant areas where further resources could very profitably be invested to improve our chances of getting lucky, if I can put it that way, and getting warnings in future. Thank you very much.

**CHAIR**—Thank you. Mr Borgu, do you have any additional comments?

**Mr Borgu**—No.

**CHAIR**—I will begin by asking a couple of questions and I am sure my colleagues will have some further questions. First of all—these are my words and if there is a deficiency in the description it is probably mine, not the evidence I am about to refer to—but we have had evidence that, in my words, the horror of 9-11 was also a wake-up call for us to think more seriously about our intelligence capability in detecting terrorism and that the review of our resources in this area that occurred after 9-11 found shortcomings in how we had approached the problem, which were obvious with hindsight because of that event. We have heard that the structures of the intelligence services then began to change in order to cope with this phenomenon, but there is necessarily a lag time between when you diagnose the deficiencies and when you can recruit or train or obtain the resources necessary to overcome them. I guess the first question is: is that fair and what sort of lag time—firstly, is that fair?

**Mr White**—Let me just make a distinction between the structure of the intelligence community and its capabilities. It is certainly true that after 9-11 the Commonwealth I think moved quite quickly to identify the need to put more capabilities and more resources into a number of areas of the intelligence community. That was provided pretty quickly but, as you say, there is an inevitable lag time in that material—those capabilities coming on stream. Partly that lag is because a lot of it involves some quite sophisticated intelligence, which takes time to introduce into service, but it is more because most of the intelligence business remains the domain of talented people with a fairly specialised range of skills: to find those people, train them and get them into service, bearing in mind the pretty high standards of quality control you need in the way those people are operating in a very complicated environment and so on, is a lengthy process. I think a number of the agencies involved have done a very good job in building up their numbers pretty quickly.

I am less persuaded that the structure of the community adapted to the demands of the post-9-11 environment. This is an issue that Aldo and I have written on before. It does seem to us that a very natural evolution of the intelligence community to respond to the salience of the terrorism target as a national security issue for Australia would be to centralise responsibility for the counter-terrorism intelligence task in a single organisation that was the body to which the Commonwealth could go, to which ministers could go for a definitive and cohesive judgment on the evolution of terrorist threats to Australians and to Australian interests. At the moment of course you have in ASIO what I believe to be a very capable and effective organisation whose mandate is defined quite broadly, including of course both threats in Australia and threats towards Australians overseas, and you have ONA doing I think a sophisticated job of analysing broader international trends—and a number of other agencies are contributing in different ways. I think the coordination of those efforts is probably adequate, but I must say I always think coordination is second best to a clear drawing together of responsibility for a key task like that under a single individual who has the capacity to sit there and say: are we providing government

with a single integrated picture of this problem which draws all the factors together and which is drawing optimally on the intelligence resources, the collection of resources that we have available?

My own hunch is that we are not yet doing that and that we need a single integrated counter-terrorism intelligence function that would, from what I am saying, go a good deal further than the national threat assessment centre, from my understanding of the current plans for that. Such a thing would improve the quality intelligence provided to government. It would, I think, have improved our chances of identifying the increased level, if you like, of background threat in Bali, which might have allowed us to make some of the more sophisticated policy responses that I suggested before. Aldo, would you like to add anything?

**Mr Borgu**—I think part of the problem at the moment that we are facing is that there is a degree of integration that comes in the process; it comes through the national security committee of cabinet. The problem with that however is that it is reliant upon the Prime Minister and the ministers themselves to provide that integration, based on the varying advice coming from ASIO, ONA, DIO and DSD, going through the respective ministers. We had the view very early on that the NSC requires a process of integration below the ministerial decision-making level—so amongst the agencies—that could actually provide that integrated advice coming through or integrated advice and assessment. Importantly though—

**CHAIR**—Is this what I might think of as an interdepartmental committee of all intelligence agencies, or is it something more permanent or better resourced or structured than that?

**Mr White**—My instinct would be that we would want to go beyond committees. I think the committee structure, as I understand it, is pretty good in fact. It is not as though these agencies do not talk to one another; there are quite good mechanisms and, indeed, I think they are getting better. But I have always from my own experience identified a difference in a situation in which a committee meets to coordinate the separate activities of a range of agencies on the one hand and an organisation working for a single person who is himself or herself held responsible by a minister or a Prime Minister for making sure that every morning I have the full picture. I do not want to exaggerate this. I do not believe we have a major problem, but I do think we could improve the quality of what is being got to ministers if it were drawn together into a single integrated intelligence product. When we are putting it as simply as this, there is no bit of paper, from my understanding, that ministers receive that says: this is the integrated counter-terrorism intelligence product; this tells you what you need to know; we have brought everything together and put it on one sheet of paper and seen how it interacts, and we have drawn some conclusions for you.

To put it on the other side, although the standard tasking arrangements for allocating collection tasks for different collection agencies have been developed over a long period—I was very closely involved in them myself in earlier incarnations, and I think they work pretty well—it does remain, if I can put it this way, something of a bidding process. Because of the salience of the counter-terrorism intelligence issue for our national security interests at the moment—and I do not mean at the moment this week; I mean for the next few years at least—if I were sitting on the National Security Committee of Cabinet as a minister, I would want to have, say, assurance that a single person had authority to reach out and commandeer the collection assets he needed for his particular task with a pretty high degree of priority. I would want to be sure that he could

really take the resources he needed and give priority to that task. I believe there is no higher intelligence priority for us at the moment.

**Mr Borgu**—I think the name of the new threat assessment centre that has been set up within ASIO to basically provide a lot of this advice, by bringing officers from ANO, the AFP and the like into this area, is indicative. It is not a counter-terrorism centre but a threat assessment centre. To us, that shows how that organisation as we understand it is deficient in providing the integrated product across a number of the areas that government truly requires.

**Senator BRANDIS**—Doesn't the assessment centre in ASIO fulfil the deficiency that you have identified?

**Mr White**—It may be that it will, and it may be uncharitable of us to judge it while it is still being established. But, as I understand it, it will be headed at about a branch head level. It will, of course, operate within ASIO and have the very significant authority of the Director-General of Security on top of that. It will draw those inputs together more effectively at the bureaucratic level, but it will not provide a single individual to whom the government can turn who is responsible for providing to government the full counter-terrorism intelligence picture. In my very simple conception of organisational design, when you have a big and complicated problem, the best thing to do is to find somebody and make them responsible for solving that problem.

**Senator BRANDIS**—But that would also be putting all your eggs in the one basket.

**Mr White**—That is a very important point. You would want to incorporate in the design a sustained capacity for contestability. That is not inconsistent with the model. You would still have agencies like ONA, DIO and ASIO participating. My own view is that the best person to give this responsibility to is actually the Director-General of Security. But, were we to follow that model, ONA and DIO would still be very much in the assessment business and there would be tonnes of scope—in fact, the same scope we have at the moment—for contestability. I agree; you never want to suppress contestability in the intelligence community, as it is very important.

**CHAIR**—Thank you for those remarks. I want to go back to part of my original question for a moment. After 9-11, we had a review, but there was a lag time. You have referred, as other witnesses have, to the difficulty in locating people with expert knowledge and placing them in the structure. Are you able to say whether that had been done after 9-11 but before the Bali incident?

**Mr White**—I cannot, I am afraid; I do not have that level of knowledge.

**CHAIR**—Has it been done now, do you know? Are we up to speed now?

**Mr White**—My impression is that pretty steadily since the initial 9-11 adjustments—and with, as I mentioned, a very substantial increase in funding to a number of the agencies—a lot has been achieved. I could not say, though, whether everything has been done that could have been done. At the moment I think those increases have taken us to a certain level, but it is my impression—and I do not want to overstate this—that some of the leaders of the intelligence community would find some very useful high-priority things to do with more money directed at the counter-terrorism target. Of course, terrorism has not replaced all the other security concerns

we have had in the past. The requirement to keep on pursuing a whole lot of other high-priority intelligence targets remains. So it is not as though these agencies have been able to—and nor do I think the government should have required them to—simply stop doing a whole lot of things they have been doing in previous years and switch their resources across. This is a new and additional intelligence requirement, not a replacement for old ones.

**CHAIR**—Since 9-11 and since Bali, a number of major initiatives have been taken against terrorism. Leaving aside the war in Afghanistan and the war in Iraq, there have been efforts to locate the money trail and deal with the funding. There have been efforts to deal with the problem of recruitment by trying to develop a better education structure rather than the Islamic fundamentalist schools and a whole range of things like that. I think this is a fair question for you: has the terrorist threat peaked and have the countermeasures that have been put in place had the effect of reducing the level of threat, or are we still looking at an escalating threat?

**Mr White**—The real answer to that is: I do not know and I do not think anybody does, but I do think there is a very powerful answer to your question anyway—that is, we should in no way assume that it has peaked. We should conduct ourselves on the basis that this threat is as big or bigger than it was at 9-11. Obviously some significant erosion of al-Qaeda's and JI's personnel and probably to a certain extent their infrastructure has severely knocked them about. But I would not for a moment say that these organisations, these movements have any less capacity than they had on 10 September 2001 or on 11 October last year to undertake terrorist acts and I think we should be continuing to see this as a major ongoing and indefinite challenge. For that reason I think it would be sensible for the government to continue to contribute a lot of resources to making sure we just get this as right as we can.

**Mr Borgu**—I would say that certainly at the moment our preparedness to be able to deal or meet the threat is a lot better than it was before; it could still use a lot of improvement. On the nature of the threat itself, my own view is that al-Qaeda and like groups have been hard hit since 9-11. My own personal view is that they miscalculated with the attacks of 9-11 in terms of the response they received from the United States. For terrorism to develop as a strategy for a weak people against a stronger state is always, if it is going to be effective, a long-term strategy. Over a period of 30 years you gradually wear down your opponent much the same way as the IRA did in Northern Ireland to the point where they are negotiating now with the United Kingdom government.

What you do not do is create an attack so big and so dramatic that it invites an overwhelming response on the part of that government, which certainly 9-11 did. I do not think there is any doubt that since then al-Qaeda's abilities to undertake operations along the lines of 9-11 have been severely hit hard. I think that has reflected in part the fact that a lot of their attacks have been, while terrible, relatively low in the number of casualties. You have been seeing attacks in the 20 or 30 dead, possibly going up to 100 or 200 dead, but certainly nothing on that scale. That being said, that is dependent upon the pressure still being maintained. One of the reasons they cannot do that is that a lot of their operatives are killed, captured or on the run, and it is very difficult to undertake planning of an operation of the size of 9-11, which by all accounts took at least five years in the planning to put together, while you are constantly looking over your shoulder wondering if you are going to be snatched next. While their capabilities I think have been hit hard, that is going to be dependent upon that sort of pressure being maintained for some time to come.

**CHAIR**—I am tempted to ask you some questions as to whether, given the ability of these organisations to replicate themselves and recruit, we are paying enough attention to what causes people to become terrorists and dealing with choking off the supply of recruits and what sort of strategies there might be about that. If I were to go down that line, I would get off the line of questioning, but I think that is a significant debate as well.

**Mr White**—It is a key issue, yes.

**CHAIR**—Going back to the lag between when we have diagnosed the issues after 9-11 and we are putting in place the improvements, do you have anything to say about what should be the prevailing approach, having recognised that there are deficiencies and we are remedying them but we will not be up to speed for some time? How do you manage that sort of interregnum where you know the problem but you have not solved it? Is there some sort of precautionary approach that intelligence agencies should take during that time?

**Mr White**—I think the natural thing to do in those circumstances, apart from working people hard—and I know they did that—is to shift resources away from the other ongoing targets towards terrorism temporarily until further resources come on line. That did happen to some degree. But I think that, when you are looking at new capabilities and people with new linguistic skills and all those sorts of things, you see there are limits to what they can deliver. I think you really cannot do much more than just try to get the added capability in place as quickly as possible. It is hard to manage that risk down much more than that.

**Mr Borgu**—In some respects it is not so much just looking at what are the interim measures that you can undertake with an intelligence community. In some ways, as you are actually building up the capability to get better intelligence and also possibly pre-empt or prevent these attacks from actually occurring, that places even more emphasis on increasing your abilities to actually cope with the attack itself in terms of your ability to respond to it and to manage it, particularly managing the consequence. In many respects you have to do that anyway, but while you are building up your intelligence capability that places an even greater premium on those capabilities.

**CHAIR**—During that time would you qualify the intelligence advice that you would give to the government on these sorts of issues by reminding the reader that you knew you had deficiencies and you were still in the process of fixing it up?

**Mr White**—I think you would but, if I could put that answer in a broader context, it goes back to something that I said in my opening remarks. I think it is very important that intelligence agencies keep reminding their policy maker customers, including their ministerial customers, and that their policy makers keep reminding in an appropriate way the broader public that these structures are not foolproof. We now have sufficient confidence in our meteorologists to expect to get warnings of a cyclone, and there is something wrong with a system if you do not, but the intelligence business—at least the intelligence business in this kind of area—is not like that. It is really a matter of luck whether you stumble on these things. You can move the luck your way by putting in more resources, by covering more networks and by streamlining the way in which this material is handled so that little leads are followed up and exploited but you still just have to recognise that a significant number of risks are going to get through. So I think it is a matter of

always maintaining amongst your customers a realistic understanding of the extent of your coverage.

**CHAIR**—This leads me to the question which has become an interest of mine during this inquiry, I have to admit. It concerns the type of advice we give to travellers and how we inform them. Probably the next question from me should be: after the Bali bombing did we do a review that tightened it even further and that uncovered some deficiencies in the system following the review of 9-11? Do you know if there were still things that needed to be improved or not?

**Mr White**—I do not know. I would not have anything to add to what the people from DFAT have said about that.

**CHAIR**—It is one of the questions that I think that we have to look at in this inquiry. Mr Richardson has provided an appendix to his written submission, which is a very good submission, that sets out definitions of ASIO's threat assessment levels. It is a simple table with six different levels in it. I think a copy may have just been provided to you.

**Mr White**—Yes.

**CHAIR**—In the case of Indonesia, taking the whole archipelago as one country and not differentiating Bali or Aceh or any other part of it as separate, the threat level leading for some months into the Bali bombing was rated by ASIO as high.

**Mr White**—Yes.

**CHAIR**—When we look at the travel advisories that were issued by the Department of Foreign Affairs and Trade, which is a customer for this material, we see that that does not sort of stand out clearly and for many of the people we have had before us, particularly those who are tourists or not professional travellers like businesspeople might be or officials—perhaps it might be said, not used to necessarily reading the nuances into the long evaluation—the sort of evidence we have got is that this ASIO information is for them instantly more consumable. I think the travel companies, and the travel agents association the other day, were quite unequivocal about saying: 'We prefer this to the department's advice. For our customers, this is sort of instant and clear—and in fact it may even be better if it were colour coded according to the degree and you would indicate what colour you were at like a bushfire indicator.' Having said all that, is there something that we should be concerned about in that ASIO say this in this manner but what comes out the other end at DFAT for the public is a longer, more nuanced and more discursive presentation of the issue—which, I might say, seems to lose the point?

**Mr White**—I think this goes to the points I raised earlier about the nature of travel advisories and what is sensible for the public to expect and what is sensible for the government to attempt to provide to the public. I must say when I read that I think it is well formulated, that definition of 'high', and it seems to me from what we now know that it was correct to describe the threat in Indonesia as high throughout that period. That looks to me like it was a correct application of that kind of criterion. But there would be a risk that that would also be true of a lot of other parts of the world. Current intent and capability are established circumstantially but not confirmed by reliable intelligence: yes, that is the world we live in actually. I think the risk—and I believe this is probably the kind of considerations that foreign affairs would advance in this context—of



using that kind of criterion as a basis for public warning is that it would be too true too much of the time to end up having much impact. There is a great problem with the way in which governments communicate with publics about risk in that it is easy for the public to start becoming blasé about such things.

**Senator BRANDIS**—Or indifferent.

**Mr White**—Or indifferent; I think that is a better word, in fact—indifferent. But the other risk is that governments can become so cautious about the way in which they formulate these things that the whole scale ends up escalating. I did read—not, I am ashamed to say, on the DFAT web site but in a newspaper—what purported to be an account of the current DFAT travel advisory to New Zealand. New Zealand can be a dangerous place, but the language was rather quaint to describe our trans-Tasman friends, and I can understand how that came to be.

**CHAIR**—It probably might be true after the world cup.

**Mr White**—That was actually the point of the article. Clearly, DFAT is very careful to make sure that they do not end up, if you like, trying to gild the lily. And not only do I believe that because they say so; I believe that because it seems so evidently aligned with the government's interest that it does not end up giving out unjustifiably rosy travel advisories. But I do have some sympathy with the view that for the government without specific intelligence to have drawn the conclusion that Bali was highly dangerous—to have issued that kind of language which would have had the likely effect of closing down the travel industry to Bali—would have been a very blunt instrument.

**Senator BRANDIS**—It would have been worse than that. It would have been wrong to do that. It is not just a question of style. Surely the point is that a travel advisory has to be accurate and it has to be accurate in the context in which one is dealing with areas of great uncertainty. So I put to you the proposition, and invite you to comment on it, that it is just as bad a fault for a travel advisory to overstate the case out of abundant caution as to understate the case out of insufficient appreciation of a credible threat. What the authors and issuers of these advisories have to do is get it right; neither overstate nor understate.

**Mr White**—I agree with you that it is a mistake to overstate the risk, but I do not think it is as easy as getting it right or getting it wrong—and that goes to my reservation about the travel advisory service and generating amongst the travel public the expectation that the Department of Foreign Affairs and Trade or anybody else can tell them, right or wrong, whether it is safe to travel to Bali. It really gets down to this point—and it is quite nicely illustrated by the wording of that criterion: it was easy to establish that there was a significant inherent level of risk in travel to Bali before 12 October last year because of the data that we knew—and not just the intelligence agencies; all of us who followed these things knew—about the existence of JI, its operational capability, its activity in Indonesia and its interest in targeting Australia. We did not have a specific piece of data that said that they were going to attack in Bali or that they were going to attack in Bali on this date.

**Senator BRANDIS**—Or that they were likely to attack in Bali.

**Mr White**—Or even that they were likely to. I agree; I think that is an important consideration. But it does seem to me that that leaves open the question as to whether there were not more inventive things the government could have done with the prior assessment.

**Senator BRANDIS**—What do you mean by ‘inventive’? I am sorry; I am not with you.

**Mr White**—It seems that the choice that the government faced in the months leading up to Bali—the choice we are really discussing at the moment—was the question as to whether or not on the data then available it would have been right or wrong to have issued a tougher travel advisory on Bali or perhaps on Indonesia as a whole. It seems to me that there were other issues, other options for the government to pursue. The key reason—a key concern of the government in the months leading up to Bali was that the Indonesian government was failing to take seriously our concerns and the concerns of many other people in the international community about the level of terrorist threat in Indonesia. It was failing to take appropriate steps to get a handle on it. It seems to me that, rather than simply deciding whether or not to issue a travel advisory at a certain level of intensity, the government could have used the fact that we might feel the need to issue a tougher travel advisory as leverage on the Indonesian government—I think it could have been quite effective leverage.

**Senator BRANDIS**—We have had very emphatic evidence before this committee from a range of officials that not only is it wrong to as it were trade off diplomatic against consular imperatives within DFAT but that it does not happen and on this occasion it did not happen.

**Mr White**—I quite understand that and I absolutely agree that that is an entirely appropriate approach.

**Senator BRANDIS**—There is no suggestion that it happened on this occasion.

**Mr White**—No suggestion that it happened on this occasion. My point is almost the opposite of that. Whilst we retained that level of guidance, we had a leverage over the Indonesian government. If we believed, if we had made the judgment—and I think on the evidence we could have—that notwithstanding the absence of specific warning that there was an adequate basis, a clear basis to judge that the overall level of risk in Indonesia and in Bali was higher than it had been, we could have used I think that judgment to press the Indonesian government to do more.

**CHAIR**—If I could just come back to my question for a moment—it is an interesting discussion to say we did not have anything specific, but it seems to me that intelligence by its very nature is to try and synthesise a lot of information to provide a window on the likelihood of what might happen and the artistry of intelligence is to be able to do that. If we had something specific, of course you would expect some action. But if ASIO say, and were saying for some months, that the threat for Indonesia is high but the travel advisory causes people to think it is safe to go to Bali, it seems to me there is a mismatch between what is being said by the two different agencies.

**Mr White**—Yes. I can understand that impression and I can understand why a travel agent or a traveller reading that might say, ‘Gee, that looks different from what the foreign affairs travel advisory was saying.’ But it does seem to me that to just use that kind of language plain would

end up giving people an inaccurate or an unactionably high level of anxiety and you would end up with the kind of problem—

**CHAIR**—Are you suggesting therefore that ASIO have calibrated the threat assessment for Indonesia putting it at high wrongly?

**Mr White**—No; I think that is a perfectly fair judgment.

**Senator BRANDIS**—Would you have said that on 11 October last year?

**Mr White**—Yes, I would have. I mean, I do not have the opportunity—and Aldo and I talk about these issues a lot—but that looked very much in line with the judgment that we would have made at the time but without the specific warning.

**CHAIR**—I should wrap up because I am sure my colleagues have some questions and I have been hogging the floor. One of the things that occur to me is, for example, this week I asked the Parliamentary Library to provide me with some information about one of the stands. What comes down the line to me is the CIA report on that country, which is a public document obtained by the library.

**Mr White**—Yes.

**CHAIR**—If I want to know information about criminality or whatever in the United States, I can just check into the FBI web site. This is not something that ASIO does. ASIO does not, like those agencies, provide information direct to the public.

**Mr White**—No.

**CHAIR**—But in this new environment in which the public are the target as much as any institution and the public need to be alerted but not alarmed, how we alert them is quite an important question of government relations in terms of the integrity with which we alert them. I am making a statement here, and challenge any part of it, but I think this represents the evidence, ASIO has a high visibility in Australia. Most ordinary Australians when you ask what ASIO is have a pretty good idea of what ASIO is. ASIO has I think a fair degree of public respect in the community as our intelligence agency. So if ASIO as a broker only concerned with intelligence assessments said to the public, ‘Here’s our table and this is where we place the risk for Indonesia’, rather than foreign affairs writing a long essay on it, doesn’t that carry more authority as it is backed by the ASIO seal of approval?

**Mr White**—I think it does initially, but by the time it has been sitting there for a while and by the time the same judgment is made about a lot of other countries in the world, I think that impact starts to go down. It may well be that—

**CHAIR**—That goes then back to your earlier proposition, which I do not dispute, that in this new era all of us have the responsibility to find out for ourselves. I think you were putting forward, if I might say it, the nanny state concept: we are all dependent on the government and if anything goes wrong it is the government’s fault.

**Mr White**—That is right.

**CHAIR**—We have an independent responsibility to find out for ourselves, but an intelligent community would say, ‘Well, who do you ask? Who do you consult that would know?’ I think—and this is just my impression—with the standing that ASIO enjoys, if it said something, an intelligent community would look to it and take more notice of it because it is the expert.

**Mr White**—I am not sure that that is true—and these are subjective observations of course—but my impression is that the standing of the Department of Foreign Affairs and Trade is pretty high. It certainly ought to be high; it is a very good service. But I think as a matter of fact it is high. I think it is as high as ASIO. So I do not think it is so much a matter of authority; it is a matter of the nature of the information that is provided. It does seem to me that it has been a reasonable policy on the government’s part to want to put that kind of assessment into a broader context and draw on the sort of consular expertise that DFAT has on the ground in the particular countries, drawing on the advice of posts and so on. That is not to say that ASIO does not have a lot of expertise available to it and a lot of information. But it has always seemed to me reasonable that DFAT carry responsibility for that because they do have that broader perspective. It seems to me that the important thing is to make sure that everyone reading that understandings the scope and limits of that.

It goes back to a point you raised in an earlier question—that intelligence judgments really fall into two kinds of categories. One is the one that you mentioned; that is, the bits that have to be built up piece by piece into a complex jigsaw puzzle. That is the sort of thing that they are really talking about with things being established circumstantially. The other is the bit of data that says: bang, watch out for that. It is never quite as simple as that, but the fact is that governments sometimes do get intelligence which is sort of direct and specific warnings of potential attacks. Often when they do, I think probably invariably when they do these days, they issue specific advisories that relate to that. Sometimes they have a chance to actually act and prevent something happening. The risk we have in some ways is that people keep on expecting that second kind of data when really all they can work on is the first kind of data—the circumstantial, the broad, the sort of background stuff.

The point I have been trying to make about the kind of information that we had available to us before Bali is that we had none of the second kind, and it is a shame we did not. But I do not think it necessarily reveals a flaw in our intelligence arrangements that we did not. But we should have been able to draw that broader conclusion and act on that broader conclusion, not, I am suggesting, by issuing a higher travel advisory or a more strongly worded travel advisory but by using it to pressure the Indonesian government to do more in relation to their own policies on terrorism, which back then were pretty weak. They are of course much better now.

**CHAIR**—You referred in your earlier remarks to things that could be done. I think your fourth point was that there could be more resources and finance. Could you address that point? What sort of resources are we talking about? What might the budgetary cost be?

**Mr White**—To put it broadly, there are unexploited opportunities in the intelligence collection area to devote more collection assets towards intelligence targets. I would not want to go further than that in public. I stress that I am outside the community and would not regard myself as having very deep expertise on that issue.

**CHAIR**—And none of us would want you to go into any embarrassing detail.

**Mr White**—In terms of the scale of resources, and these are very impressionistic figures, but some time ago I suggested that post 9-11 a doubling of ASIO's budget would not be a bad idea. Since then ASIO's budget has gone up about 50 per cent. I would give it the other 50 per cent. I think some of the other agencies could do with additional resources of the same sort of magnitude. In terms of the national security budget, we are not talking about very large sums of money here. You are talking about agencies which already have very great capabilities. A few more racks of equipment here or a few more people there would produce a good result. I stress that if you look at the graphs of the government's performance in terms of putting additional funds into the intelligence agencies, it has been stronger since 9-11 and it has probably matched their absorption capacity. That goes back to the point we made about how long it takes to recruit these things. However, funding services like these is always about where the trajectory is going. At the moment, I think that the increase in funds is starting to level off. If it were continued at the same rate for another couple of years, up to a higher level and sustained at that level, quite a few more stones could be turned over and looked under.

**Senator BRANDIS**—Let me remind you what part of the headline of the last travel advisory issued by DFAT before the bombing said:

In view of the ongoing risk of terrorist activity in the region Australians in Indonesia should maintain a high level of personal security awareness. Australians should avoid travel to west Timor (outside of Kupang), Maluku, North Maluku and Aceh. Australians in Papua (Irian Jaya) and northern Sulawesi should exercise caution and seek current information from the Australian embassy prior to travel. Australians in Poso, the middle of Central Sulawesi, should avoid interprovincial and intercity bus travel and exercise caution following recent attacks on passenger buses. Tourist services elsewhere in Indonesia are operating normally, including Bali.

In the more detailed part of the document, under the subheading 'safety and security' the travel advisory states:

Australians in Indonesia should monitor carefully developments that might affect their safety. Demonstrations occur from time to time, particularly in Jakarta. Australians should avoid large public gatherings and be alert to their surroundings. Bombs have exploded periodically in Jakarta and elsewhere in the past, including areas frequented by tourists. Further explosions may be attempted. In view of the ongoing risk of terrorist activity Australians should maintain a high level of personal security awareness at all times.

Mr White and Mr Borgu, I have not quoted selectively; I have read all of the relevant sentences including some material that is not of immediate relevance so it cannot be suggested that I have quoted selectively from this document. The proposition I put to you is this: this is written in plain English. It is designed to be comprehended by people who are not expert in the assessment of intelligence information, who are not familiar with the lingua franca of the intelligence community; it is just written in ordinary, everyday Australian English and it advertises very specifically the risk of terrorist bombing including in tourist areas and in the reference to Bali it makes it perfectly plain that Bali is one of the area in Indonesia which is subject to the advice.

The advice is generic. It does not specify a particular or unusual level of alertness required in relation to Bali itself because it merely says tourist venues are operating normally but that is said in the context of an overall or generic warning about Indonesia. Don't you think that an ordinary

everyday Australian traveller reading that would have been put on notice that in travelling in Indonesia, including in Bali, that—to quote the document—'bombs have exploded periodically further explosions may be attempted including in areas frequented by tourists'. That is not an intelligence assessment; that is a communication of information and an opinion in ordinary Australian English. What is wrong with that?

**Mr White**—Nothing.

**Senator BRANDIS**—I wouldn't have thought so. On the question of the integration of the intelligence assessments into a professional body—I take it you mean sitting immediately below the national security committee of cabinet; in a sense that is what you are advocating, isn't it?

**Mr White**—Yes. An important feature of the suggestion we are making is that there would be an identified individual who was responsible to ministers at the most senior official level for the entire national counter-terrorism intelligence picture.

**Senator BRANDIS**—I think that you are the only witnesses before this inquiry who have made that specific suggestion. That does not necessarily mean that you are wrong but it is quite striking to me that, of all the various witnesses we have heard, you are the only ones who have suggested that that is the way to go. Doesn't that run the risk, though, of obscuring the differentiation in function and robbing the process of the benefit of the different perspectives that the different agencies bring? As you know, ASIO, as primarily an information gatherer, has a different function from ONA, which is not a primary information gatherer at all but merely an assessor; that DIO, from the perspective of the defence community, has a different perspective on intelligence from either ASIO or ONA; and that DSD exclusively, as a derivier of information, has a different function yet again. My concern—this is an ordinary principle of public sector management—is that if you have agencies which are tasked or dovetailed to particular functions they will each bring a somewhat different perspective to bear. But if you amalgamate them in some sort of a blancmange what you may get is a lowest common denominator output. I invite you to comment upon that.

**Mr White**—They are very significant issues. I will make a couple of points. The first is that I do not think it quite characterises ASIO's role correctly. ASIO is not just a collection agency; it is actually unique in the Australian intelligence community in that it collects intelligence, assesses intelligence and has some carefully prescribed executive powers or responsibilities in relation to making things happen. That complexity of ASIO's role is a reflection of a very deeply entrenched and, I think, very important, very valuable feature of the Australian intelligence community, and that is that it very rigidly separates domestic intelligence from foreign intelligence. That distinction is reflected in almost every aspect of our intelligence community arrangements. That distinction goes very deep into what we might call Westminster principles of the way in which governments use their intelligence resources and very proper caution.

But it is worth making the point that terrorism is an immense and, in some ways, unique challenge to societies like Australia precisely because it operates on those membranes—on those junctions. I refer to the interface between the national and international, the interface between military and civil and the interface between state and federal. Indeed, one of the reasons why societies like ours find terrorism so hard to handle is precisely because it is so well adapted to

exploiting the weaknesses which all organisations have at those interfaces. So the challenge for us—

**Senator BRANDIS**—Mr White, I can understand that point. You might say: ‘Okay, there is a gap at the interfaces. There is not an overlap; the jurisdictional border of one agency stops here and the jurisdictional border of the contiguous agency stops here and in the interstices between those two places there is a gap.’ But, as far as I understand you, you have not actually identified a jurisdictional gap in the interstices. Do you say that there is one?

**Mr White**—I do not think it is as simple as a jurisdictional gap. It is not as though one town council has responsibility—

**Senator BRANDIS**—Drop the word ‘jurisdictional’. Is there a gap?

**Mr White**—I think there are opportunities for taking a holistic view of the problem which are not exploited by—

**Senator BRANDIS**—That is a different question.

**Mr White**—or not realised by the structures we have at the moment, which would be better realised by the kind of structure I am proposing.

**Senator BRANDIS**—It is almost a philosophical issue. I am always very suspicious, Mr White, of people who advocate a holistic view, particularly when one is dealing with areas of intrinsic uncertainty. I must say that from my point of view, if I were making decisions under conditions of uncertainty, I would be much more mindful of another value you mentioned earlier in your evidence, and that is the value of contestability. My concern is that if you have a holistic view, that is a postmodern fancy word for saying that everybody ultimately agrees on the same story. Can I put it to you that that is not what you want if you want to preserve contestability, and in something as intrinsically uncertain as this world, that is the very thing that you most want to do. You do not want a uniform, sanitised, consensus, lowest common denominator ultimate view; what you want, if contestability is a value, is to have the different perspectives displayed right up to the top level.

**Mr White**—There are three points that I would make in response to that. The first is that you can generate contestability in several ways. You can expect your counter-terrorism intelligence supremo to seek, encourage and reflect the alternative views of his various sources. That is a very common feature in intelligence structures around the world. For example, ONA, in its responsibilities in relation to the national assessment task, has sole responsibility for providing the government with integrated, holistic assessments of broad international developments of significance to Australia. It is also required to reflect alternative views where consensus is not achieved between agencies. That could easily be a model for the kind of way that you would approach this problem.

The second point is that, if one were not satisfied that that model of contestability would deliver enough, I would not be at all opposed to setting up a red team. In fact, I think setting up red teams is a very good form of public policy, particularly in the security area. Set up a few people and say, ‘We want you to scrutinise this bloke’s work as much as possible.’ There is no

reason why one could not do both, but you would still preserve the sense that there is one person who is responsible for pulling this all together and delivering it. The third point is—

**Senator BRANDIS**—My point, Mr White, is that that is the level at which, in the natural organisational dynamics of this, there is going to be the risk of the loss of contestability and the development of the lowest common denominator consensus view, which I think is very dangerous in an area like this.

**Mr White**—I absolutely agree with you, Senator, that the development of a lowest common denominator view is a very serious risk. But my experience is that it is much more serious as a risk of an outcome of a committee or a coordination process than of the focused activity of a single individual who knows that he or she is responsible for the outcome.

**Senator BRANDIS**—But is it not better that those are not the only two alternatives—that what you have are different channels from different agencies with different functions and different perspectives all reaching the top rather than being pooled and forced into some holistic view, to use your word?

**Mr White**—This is perhaps partly a matter of taste. All I would say is that my own choice, if I were responsible, would be to have an individual clearly responsible for delivering an integrated product, so that I knew that there were no gaps. The risk that is run from the structure that you are—

**Senator BRANDIS**—You have not suggested that there are gaps. I gave you the opportunity to say that in a very simple question, a few questions ago, and you noticeably declined to say that there were gaps. You said, ‘I would put it differently from that.’ Let me give you the opportunity again: do you say there are gaps? If you do, I am going to ask you what they are.

**CHAIR**—You said the risk of gaps, didn’t you?

**Mr White**—It seems to me that there is a terrible risk of moral hazard of hindsight here.

**Senator BRANDIS**—Yes, you bet.

**Mr White**—But what you aim to do from looking at a situation like Bali is to ask: ‘What can we do to make the likelihood of that happening lower than in the past?’ It does seem to me that between the responsibilities of the different agencies there is sufficient ambiguity to reduce the quality of product that the government is getting. That seems to me to be worth going to some trouble to eliminate.

**Senator BRANDIS**—It seems to me that the problem of Bali, very simply, was that no agency picked up specific information to tell them that this was going to happen. When one talks about intelligence failure, one is judging the agencies against a perfect standard.

**Mr White**—I have not spoken of intelligence failure, you will notice. I specifically said that I did not judge this to be an intelligence failure.



**Senator BRANDIS**—Fair enough. I will not verbal you with the expressions that others have used. Nevertheless, my broad point is that what failed to happen here is that nobody picked up the evidence that this event was being planned or had moved into an operational phase. Now, unless you have perfect, seamless, omniscient intelligence, there is always a risk that that is going to happen.

**Mr White**—Of course.

**Senator BRANDIS**—So you are judging an agency against a perfect standard.

**Mr White**—No, Senator. What I am doing is suggesting that it seems there would be a better likelihood that on a future occasion you would succeed—not a perfect likelihood, but a better likelihood—in acquiring that kind of data if you had the counter-terrorism intelligence effort both in its collection and its assessment modes—

**Senator BRANDIS**—How can that be so, Mr White? Even with the model you have suggested—can I call it the integrated model?

**Mr White**—Yes.

**Senator BRANDIS**—You are talking about downstream. You are talking at the ultimate level of the processing of information. That is not a coalface level structure; that is an ultimate assessment structure. Whatever structure you have at the end of the process, the stream cannot rise above its source, it is still going to depend upon how much primary data it gets into its process so that it can make those assessments.

**Mr White**—Of course, but the data you get depends on the questions you ask and the resources that you put into answering them.

**Senator BRANDIS**—Resources are a different issue. We could always spend more and have more agents, I understand that, but that is one of those ‘how long is a piece of string’ discussions.

**Mr White**—Yes, but at any level of resources the greater your capacity to focus them on particular questions and, if you like, to manage that effort in a cohesive, integrated way, the better your chance of getting a result.

**Senator BRANDIS**—I suppose that is a logical proposition that is inevitably true, but is not the more germane question whether, given the structures and resources in this instance, you can point to something which would have to be a process difference rather than an information difference which might have resulted in such primary information as was available being assessed differently?

**Mr White**—No, and I stress that I am not making a judgment that there was a failure of intelligence in relation to Bali. I am making a judgment about, in view of the seriousness of the issue, whether there are sensible steps that we could take which will improve our intelligence coverage of the terrorism target in future. I in no sense argue that, if we had taken this step 18 months ago, we would have avoided Bali. I would not say that for a moment.

**Senator BRANDIS**—Quite. So you do not say that we missed something that we should not have missed and you do not say that we misjudged something that we knew about, but you do say that if we had more resources we might have found out more. Is that what it amounts to?

**Mr White**—If we had more and differently organised resources we might have found out more. That is right.

**Senator SANTORO**—I have one question. Senator Brandis—I am just trying to remember your precise answer—asked you, given the way that you analysed the statement by several organisations of risk inherent in Indonesia, if you had been making the decision, you might have put pressure on a government to take our concerns more seriously and that you would have done that in the case of Indonesia and Bali. Are there any other situations in the world where Australians travel where you think that that sort of scenario applies now? If you were in a position to advise or to pressure government, would you adopt the same attitude that you would have adopted had you been asked that question on the day before Bali happened last year?

**Mr White**—I have one clarification to make before answering your question more directly. I certainly do not claim that I would have done that before the Bali bombings. I make no claim that, had I been a responsible official in the period leading up to the Bali bombings, I would have made the judgment to pursue the course of action that I am now suggesting we could have. I have the benefit of hindsight and I do not want to pretend that I would have got that right where others did not. I am not in the intelligence community now. I am not part of that process and I am not aware of the threat assessments that are being issued. I have the same access to travel advisories as others have. I do not feel I have a database to make an observation about other situations.

I make the point, though, that I do not claim this is unique, because I do not have enough data, but it seems to me that the situation we were facing in Indonesia in the months leading up to the Bali bombings had the unusual characteristic that we and our intelligence partners from many countries in the world had identified a serious level of anxiety about the potential for terrorist activity against Australians in Indonesia—reflected, for example, in that ASIO threat assessment—and the Indonesian government did not share that or was not responding to it. So there was a particular and, if you like, unusual policy opportunity to find ways to encourage—to use no stronger verb—the Indonesian government to take those concerns more seriously.

**Senator BRANDIS**—Let us say, for argument's sake, that the Australian government had sent a cable to the Australian Ambassador to Indonesia and had gone to see the Indonesian foreign minister and said, 'Our intelligence assessments are of a significant high level of risk in relation to not just Australian travellers in Indonesia but Australian travellers in Bali.' Let us say, hypothetically speaking, that had happened. On what basis do you say that the conduct of the Indonesian government is likely to have been any different?

**Mr White**—Not on that basis at all. We were doing precisely that. The innovation I am suggesting is that we may have gone to the Indonesian government and said the level of our concern was sufficiently high that if, within a month, say, they had not performed better than they had so far, we would have had no alternative but to raise our travel advisory to a starker level in a way that would have made it very difficult for the Bali tourism industry to continue to receive a lot of Australian visitors.

**Senator BRANDIS**—But to do that, wouldn't that have been to commit the very mistake that you earlier agreed we should not commit—to condition our consular advice on our diplomatic imperatives or our diplomatic imperatives on the language of our consular advice and to trade one off against the other? Doesn't even the word 'leverage' that you choose to use necessarily suggest you are using the consular advice as a diplomatic tool, which is the very thing I thought you said we should not do?

**Mr White**—I certainly agree that the aim of this strategy would be to use the consular advice as a diplomatic tool against the Indonesian government. What I do not think you would want to do—and what I agreed with you before that one should not do—is to moderate one's travel advice in order to suit what one might call diplomatic niceties. I am suggesting not that we should have offered to the Indonesian government that we could have depressed the level of our travel advisory but that we might have threatened the Indonesian government that we may have increased the level.

**Senator BRANDIS**—Why is it any more of a sound policy to do the latter than to do the former? In both cases you are basically saying, 'Our travel advice is not going to reflect our clinical best assessments of the risks that actually are; there is going to be a second agenda—we are going to threaten to use the travel advice in order to try to impose diplomatic outcomes on the Indonesian government.'

**Mr White**—I would not call them diplomatic outcomes, Senator. The objective would be to achieve security outcomes which would improve the security of Australian travellers.

**Senator BRANDIS**—But if you threaten to ramp up the level of travel advice, not because you have a new piece of information that calls for a fresh assessment but, rather, in order to execute a strategy of putting diplomatic pressure on the Indonesians, isn't that going to corrupt the travel advice?

**Mr White**—No, I do not think so. I think it would be an entirely justified judgment to say that if the Indonesian government, having been forcefully pressed on this issue, still refused to take substantial action to improve the security situation you would be justified in increasing the travel advisory.

**Senator BRANDIS**—But that is not why you would be doing it. You said a moment ago that you would be doing it to put pressure on them, and that necessarily implies that, at an earlier time than the publication or the iteration of the ultimate piece of travel advice, you are going to be making a threat to the other government. You are going to say, 'If you do not do what we think you ought to be doing, we will publish travel advice at some time in the not too distant future that will be somewhat more severe,' and you are going to be making that threat at a time before the security assessment—on the basis of which that ultimately iterated piece of travel advice gets published—will have been made.

**Mr White**—And you would be doing it with the aim of improving the security environment for Australian travellers.

**Senator BRANDIS**—I know what your motive is, but I suggest to you that that is necessarily going to corrupt the process. If the purpose of the travel advice is to be accurate, I do not see

how it can be used as a tool of diplomatic leverage, because it would be used as a tactic to achieve a different objective.

**Mr White**—No, I think the strategy is a little more sophisticated than that. You have not changed the travel advice at the point at which you make the threat. You do change the travel advice at the point at which that threat—an ugly word—

**Senator BRANDIS**—That is what it is; do not beat around the bush.

**Mr White**—has not been exercised. Frankly, I think that the continued failure of the Indonesian government to take the issue seriously would be—indeed should be and I am sure is—taken as a factor in the overall travel advisory for Indonesia that Foreign Affairs issues. Foreign Affairs issues the travel advisories, not ASIO, because it has access to issues like what kind of response the local authorities are making to the problems that have been identified.

**Senator BRANDIS**—Let us take a hypothetical case: on 1 March there is an interview between the relevant Australian and Indonesian authorities, at which time the threat is made that, if the Indonesian government does not do certain domestic things to improve its intelligence gathering in relation to terrorism, in two months time the Australian government will issue a more severe travel advice. Let us say that in the ensuing two months the best assessment of the Australian agencies is that in fact the level of threat to Australian citizens in Indonesia has not only not worsened but also become somewhat more benign. You nevertheless say that, to give effect to that threat on 1 May, the Australian government should issue a travel advice which is contrary to its most recent assessment of the risk. That seems to me to be a preposterous thing to say.

**Mr White**—If the hypothesis is that in the intervening time the security situation had become more benign then you might declare victory, but I think—

**Senator BRANDIS**—All right, but for reasons causally unrelated to any action of the Indonesian government, the Indonesian government on 1 March might tell the Australian government, ‘Get nicked; we do not think it is appropriate for you to address us like this.’ Nevertheless, if in the ensuing two months there is no worsening of the security situation, and indeed perhaps even an improvement of the security situation, it follows from your suggestion that, in furtherance of a strategy, the Australian government should publish a more threat-laden piece of travel advice, knowing that to be unsupported by its most mature intelligence. That follows from what you say.

**Mr White**—I think that in the context I am addressing here it would have been an entirely reasonable expectation on the part of the Australian government that the particular circumstances you sketch in your hypothesis would have been very unlikely to come about. Had they come about, I think one would have been entirely justified in saying, ‘We are not going to raise the travel advisory,’ precisely because of the reason you address—the threat would not have increased. But as a matter of fact I think you would be entirely justified to take into account—and, as I say, I think it is exactly the sort of thing that Foreign Affairs does and should take into account—the evident failure of the Indonesian government to respond effectively to the problems that everyone has identified. That in itself would be a perfectly legitimate basis for escalating the threat assessment.

It is worth just stating, though, that the point of my hypothesis is not so much to say, ‘This is what should have been done.’ As I mentioned in response to Senator Santoro, I do not pretend I would have acted in that way had I been a responsible official at the time. The point is a broader one: we need to think more imaginatively about the kinds of responses we can make to our concerns about security in that kind of situation, rather than simply asking ourselves the question of whether the travel advisory should go up, down or straight ahead. There is a broader range of policy options available to government and, frankly, I think if one can apply a little more imagination and look at some of those broader options then one does the travelling public a service.

**Senator SANTORO**—Returning to your answer to my question, I do not want to drag the point out too much but you say that it is only with the benefit of hindsight that you think that, if you were in a position to do what Senator Brandis has been suggesting you might have done, you would have done so. But there is nothing—

**Mr White**—Absolutely. I am not suggesting that the government is at fault for not having done that; I am simply seeking to draw, if you like, what would seem to me to be useful lessons about the way in which we manage these issues looking forward.

**Senator SANTORO**—I am looking at the way the department’s travel advice is put together, and the submission we have received from the department basically says:

The department’s travel advice is a composite judgment based on the following factors—

and I want to take you through the four factors listed thereafter, and then ask you whether, from the evidence provided plus any other knowledge you have, independent of evidence provided to the committee, there is any intelligence, general or specific, from the four sources that go to make the composite judgment upon which the issue of a travel advisory is based. Presumably you have been following the evidence that has been provided to this inquiry. Is there anything from, say, the first point:

Input from our overseas posts on security conditions—

that contributes to that composite advice? I am asking you to refer to the evidence or to any other knowledge that you have of conditions that existed at the time regarding security intelligence. Was there any input from our overseas posts about security conditions that would have prompted you to come up with a mechanism to put pressure on the Indonesian government to take this more seriously?

**Mr White**—I could not say that, because I quite simply did not have access to the information that was coming from the posts.

**Senator SANTORO**—This committee has, over a number of days, very stringently tested the expert witnesses that have come before us on what available intelligence would have indicated there was a security risk—let alone an above-average security risk. A second source is our experience in the consular field and the difficulties experienced by Australians overseas, and issues of concern to them have been reflected in the questions we are asked on our free-call lines

by the general public. Are you aware of anything that came from that particular source of intelligence?

**Mr White**—I am not sure I would call that a source of intelligence.

**Senator SANTORO**—I mean people ringing through, people ringing on free lines, observations by the general public travelling in Indonesia—tourists, commercial travellers—difficulties experienced by Australians overseas. The government launched a campaign some time back about being alert not alarmed.

**Senator BRANDIS**—And we were ridiculed by the opposition for it, I seem to recall.

**Senator SANTORO**—I will not editorialise. Was there anything out of that? You obviously do not think so, from the answer you just gave me. Or would you like to clarify it?

**Mr White**—I do not think I quite understand the question.

**Senator SANTORO**—In answer to a question from Senator Brandis and perhaps even consistent with the submissions that you initially made tonight to the committee, you said that there was a general level of intelligence or warnings or opinion that could have, with the benefit of hindsight, prompted some pressure being put. That is where I am coming from.

**Mr White**—Perhaps I can make it easier if I just explain to you the reasons I believe there were that might have prompted this action and you can then try and fit them into the four criteria.

**Senator SANTORO**—You have not stated any reasons other than a general view, feeling or concern, and I am trying to put it in layman's terms.

**Mr White**—Let me be as specific as I can be.

**Senator SANTORO**—I was trying to draw you out in terms of specificity by testing your views against the specific factors that the department uses to draw up its advisories. In the end we may have to add a fifth or a sixth, according to your evidence—and that is somebody's judgment based on intelligence other than very specific. It may have to be just a feeling, an opinion. I think that that is something that the committee could consider. If you can be more specific, I would appreciate it.

**Mr White**—It seems to me that, after the period between December 2001 and January 2002—particularly following the revelations about JI planning in Singapore for attacks against Australian targets and the data that became apparent over the course of 2002 about the scale of JI's activities and about the nature of its targeting and the likelihood that JI would be seeking Australian targets specifically and that it would be looking for soft targets—all those factors together produced an environment in which, to echo, at least, the point you made before, there were grounds for judgment that Bali, far from having been, as it had been judged for many years, I think correctly, safer than most parts of Indonesia, was no longer safer than the rest of Indonesia, precisely because it was such a prominent soft Australian target. I stress that I do not believe there was a piece of information which, if you like, underpinned or confirmed that

hypothesis—specific information that said, ‘Bali is a target.’ This is, as you say, a matter of judgment, a matter of drawing conclusions on the basis of scanty pieces of evidence—but that is what policy makers do all the time. That is how policy is made.

**Senator SANTORO**—Do you mean policy in this area? That is a very sweeping statement.

**Mr White**—It goes to the point I made earlier, which is—

**Senator BRANDIS**—Policies are made on the basis of a superabundance of evidence.

**Senator SANTORO**—Exactly. There is research, observation—

**Senator BRANDIS**—Statistics.

**Senator SANTORO**—interviewing, surveys, experience and history. I am not trying to be contrary; I am simply—

**Mr White**—The best way to help the committee on this issue is to go back to the point I made at the beginning, which is that it is unreasonable to expect—it is, in fact, a mistake to expect—specific warning of events like this. It is not a mistake to look for it, it is not a mistake to aim to improve your capacity to get specific warning, but it is a mistake to plan on the assumption that you will get specific warning. I do not think it is—

**Senator BRANDIS**—I do not think anybody disputes that.

**Mr White**—No. So there are times when you have to make policy based on the best data that you have. Based on the data and the judgments drawn from it that were available as 2000 progressed, I think there was scope to judge. I did not judge—I am not holding others responsible, because I did not judge—but there was scope to judge that Bali was no longer less risky than other parts of Indonesia and may, in fact, have been riskier because it was such a prominent and soft Australian target.

**Senator BRANDIS**—But nobody said that Bali was less risky than other parts of Indonesia. I took great care to read to you at length from the travel advisory. There were generic warnings about Indonesia, including Bali.

**Mr White**—That is quite right.

**Senator BRANDIS**—Then there were particular warnings about particular localities in Indonesia based on specific evidence of specific recent occurrences. That does not derogate from the fact that there were generic warnings about all of Indonesia—including, specifically, Bali.

**Mr White**—That is quite right.

**CHAIR**—To get this in perspective: when we asked some of the tourists to read the travel advisory and to read the ASIO advice and asked them which was the best advice for them, many of them said—not all of them—that they read the travel advisory to mean that it was okay to go

to Bali and they understood the ASIO advice to say there was a high security risk in Indonesia. That does not correspond with what you have just put to us.

**Senator SANTORO**—But is that with the benefit of hindsight? You are talking about tourists—

**CHAIR**—I am just saying to ordinary people in the street: ‘Read this. What do you think it means?’

**Senator SANTORO**—We asked tourists, including some of those who had been there.

**CHAIR**—Yes: ‘What does it mean?’

**Senator SANTORO**—But, again—

**CHAIR**—And they were unequivocal, I thought. Anyway, we will debate this point in our report.

**Mr White**—I do take Senator Brandis’s point, and it is not a point I am contesting. The contrast I am drawing is with what had been for many years a judgment made that Bali was safer than other parts of Indonesia were.

**Senator BRANDIS**—That is not what the travel advisory said.

**Mr White**—No, not the particular travel advisory that we are talking about here. That is exactly right. I am not contesting that. The point I am making is that there has been, over many years, a judgment that Bali was safer than other parts of Indonesia, because our expectation was that the threat to Australians would be more accidental or incidental than deliberate; because Bali was somewhat out of the way, it was less likely that Australians would be targeted. When we saw a threat in Indonesia which—instead of being incidentally or accidentally targeted against Australians—was deliberately targeted against Australians, which really came to our attention after we acquired from Singapore the information about the JI planning in Singapore, that judgment was revisited. I think that is, to some extent, reflected in the wording of the advisory. I am not contesting that point.

**CHAIR**—ASIO have indicated in their evidence that their policy is to prepare threat assessments on a country-by-country basis. Given that Indonesia is a sprawling archipelago with various cultures and regions and religions, is that a sensible way for us to approach Indonesia or should we look at it regionally?

**Mr White**—As I said in answer to one of Senator Brandis’s questions, one of the characteristics of terrorism—at least the terrorism we are facing at the moment—is that it is inherently transnational. If you look at the pattern of threats, for example, between the Philippines and Indonesia and other parts of South-East Asia there is a lot of seamlessness there. I guess issuing threat assessments country by country has a certain administrative and even conceptual clarity. But I think there may be some artificiality in that, and issuing threat assessments that are judged or characterised in other ways—perhaps regionally or thematically—could make equal sense.



**CHAIR**—Dennis Richardson, when he gave evidence to us in June, said:

The intelligence failure in Bali was the failure to identify the transition of Jemaah Islamiah into a terrorist organisation some time after 1996. It was not on our radar screen as a terrorist organisation before December 2001.

What are some of the reasons for the failure to identify JI as a terrorist organisation? Can you offer a view on whether it may have been possible to identify the transition of JI from an extremist to a terrorist organisation earlier than 2001?

**Mr White**—I noted that statement by Dennis and I should say that even at the time when I was working in intelligence I did not have a great deal of access on that. My own hunch is that he is being a bit hard on himself there. Aldo might have some further comments.

**Mr Borgu**—I might add that I think there are a few points that I agree with Dennis on. I probably agree with Dennis that there was a failure—if you want to call it that—across the board in terms of intelligence analysis. There was certainly a tendency before Bali to view the particular type of Islam in South-East Asia as being a more moderate one and certainly there was a tendency to deny a lot of the linkages to what we considered to be a Middle East type of radical Islam. There was probably, as well, an overestimation of the role of TNI or ABRI before Bali and their ability to actually crank down on this sort of dissent. The view was that TNI and ABRI were the major bulwarks against Islamic radicalism. We probably overestimated their capabilities in that regard.

There is also a sense that in some ways the arrest of the terrorists in Singapore and Malaysia in December 2001 gave us a false sense of security. There was a tendency to view those guys as particularly incompetent in terms of the sorts of operations that they were actually running. So there was generally the sense that you were not really seeing professional terrorists within South-East Asia and that they were more of a Keystone Cops type version or a unique South-East Asian version of terrorism.

Finally, there is also this issue that after September 11 there was a lot of rhetoric and hype and words coming out of the United States about South-East Asia as the second front of international terrorism after the Taliban were ousted from Afghanistan. There was a general tendency—and this is not limited to government—to view that precisely as a bit of overstated political hype on the part of the Americans, who were seeking to find a new front after they had got rid of the Taliban and al-Qaeda from Afghanistan. Because there was a tendency to view intelligence coming out of the United States as politically suspect—or at least politically tainted—that influenced our own views on the US making those sorts of remarks. All of those points together basically led us down a path of underestimating what the threat might be.

**CHAIR**—Would the mere knowledge that JI was a terrorist organisation have been sufficient to point to Bali as being at high risk of being a potential target?

**Mr White**—I do not think so. Whatever deficiencies there might have been, there was no doubt that the intelligence community was very actively focused, as 2002 progressed, on this threat of terrorism against Australians in Indonesia. I take Dennis's point that they maybe could have picked up some of the trends earlier and I take a lot of the points that Aldo has made. But I do not think that one can say that the intelligence community was not conscious of this as a very

real issue. It clearly was. That is what is reflected in that high intelligence threat. In fact, the nature of their data is precisely reflected by the wording of that. There was a lot of circumstantial evidence that we faced a significant problem. We did not have the specific detail. Maybe if we had identified JI a long time in advance more efforts could have been taken to cultivate intelligence sources that would have given us access to them. But that is very maybe-ish. I think that is drawing a long bow.

**Mr Borgu**—Based on the four points that I raised, I would have come to the same conclusion that JI did not present that big a threat under those circumstances. It probably goes to the issue that Senator Brandis raised earlier—that, is the whole question of contestability, certainly contestability within the agencies. I know there is a concern that this holistic approach will actually decrease the availability of contestability. I am not sure that we have contestability in the way our agencies are currently structured, and in particular internally within those agencies. I think there is just as big a risk of a lowest common denominator approach within ONA, DIO and ASIO of going through those areas. One of the points, probably irrespective of what sort of a structure we seek, is that you have to make more use of what Hugh referred to as the ‘red team approach’—the ability of having dissenting views to the officially sanctioned product. There might be an analyst within ONA who basically does not agree with the assessment, which gets cleared through the director and the rest, about a particular level of threat. One of the things that I think governments, irrespective of ideology or party and irrespective of country, are not very good at is factoring dissenting views into their judgments, and that may well be something that needs to be looked at.

**Senator BRANDIS**—That is fine, Mr Borgu, but at the end of the day the problem is that any decision maker, particularly in an area which has the twin characteristics of uncertainty and sensitivity that this does, is ultimately going to go on the basis of what he considers to be the best and most authoritative advice available to him. My concern is that, even if you have the devil’s advocate function built into the system, in the end there is going to be a very strong tendency to say to the devil’s advocate or the red team man, ‘I hear what you say; however the consensus view of everyone else is otherwise. Thank you for the constructive dialogue; however I will have to go with the consensus of the plurality of views among the agencies.’ The concern that I was putting to Mr White earlier is that, in the integrated structure that you are recommending, you are going to lose the value of contestability under the pressure to arrive at a common view. Even if you say, ‘We’ll have a red team to protect that,’ I think that is probably not going to solve the problem.

**Mr Borgu**—I would not necessarily disagree with you. What I am saying is that I am not sure you are getting that contestability now and that you do not already have that consensus of views coming through in the current structures.

**CHAIR**—I think we are all done. Thank you very much, gentlemen. It has been a very useful evening.

**Committee adjourned at 8.27 p.m.**