

## The fifth review of administration and expenditure

- 1.1 Under Section 29 of the *Intelligence Services Act 2001* (the Act), the Parliamentary Joint Committee on Intelligence and Security has an obligation to review the administration and expenditure of ASIO, ASIS, DSD, DIGO, ONA and DIO, including the annual financial statements.
- 1.2 The Committee previously resolved that it would review broadly the administration and expenditure of the agencies at least once a Parliament and, in intervening years, it would narrow its focus to review specific matters of administration and expenditure.
- 1.3 This is the first full review of the administration and expenditure of the six intelligence agencies conducted under Section 29 of the Act since the act was amended in December 2005 to add DIGO, ONA and DIO to the Committee's oversight responsibilities.
- 1.4 In 2006 the Committee conducted a focussed review of the recruitment and training practices of the six intelligence and security agencies. The subsequent report "*Review of administration and expenditure: Australian Intelligence Organisations, Number 4 – Recruitment and Training*" was tabled in Parliament in August 2006.
- 1.5 The review currently being reported on was not publicly advertised and submissions were sought only from each of the six intelligence and security agencies and from the Australian National Audit Office (see Appendix A).
- 1.6 Each agency made a comprehensive and informative submission to the enquiry and the Committee gratefully acknowledges the substantial time

commitment made by the agencies to produce submissions of a very high standard. Several agencies noted that they had given significant thought to some comments they received from the Committee during the fourth review of Administration and Expenditure and had accordingly provided more detail on certain aspects in their submissions.

- 1.7 The submissions were all classified either *Confidential*, *Restricted* or *Secret* and are therefore not available to the public. ASIO provided the Committee with both a classified and an unclassified submission; the unclassified version of which is available on the Committee's website.
- 1.8 The Committee is grateful to ASIO for providing an unclassified submission which has been very helpful in the writing of this report. It means, however, that ASIO is mentioned quite often in the subsequent chapters of this report while the other agencies are generally not referred to by name. This should not be taken to imply that the enquiry focussed on ASIO or that ASIO was scrutinised more than other agencies. It merely reflects that ASIO has the most visible public profile and reporting regime within the Australian intelligence community.<sup>1</sup>
- 1.9 The Committee also received a submission from the Australian National Audit Office (ANAO) and it took evidence from the Inspector-General of Intelligence and Security (IGIS) at a private hearing.
- 1.10 A number of private hearings were held to take evidence from the agencies and the Committee appreciates the time commitment each agency made to this process (see Appendix B). In each case the agency Head and other top-ranking officials attended the hearings and expended a considerable amount of time making further presentations and answering the Committee's questions. In November 2006, the Committee wrote to the agencies seeking submissions and outlining the issues it would like to see covered in those submissions. The result was very thorough and comprehensive information. Agency heads were also most forthcoming at the private hearings.
- 1.11 The Committee would, however, add one caveat. Normal parliamentary practice is, where possible, to examine an issue from a variety of perspectives. This method generally gives confidence as a Committee can test information and interpretation from different perceptions of an organisation or an issue. This is not possible in this process. The nature of the intelligence organisations and the restrictions of the Intelligence Services Act mean that the Committee is constrained in the breadth of its
- 

1 ASIO is the only Australian intelligence agency to table an unclassified annual report in the parliament and to make it available on its website.

examination of administration and expenditure. While the Committee has no reason to think that this is a problem to date, the potential exists for the perspective of the Committee to be too narrow. To this extent the Committee's access to staff survey summaries (see paragraph 2.77) would be beneficial.

## **The 2006 Review**

- 1.12 In the administration and expenditure review tabled in 2006, the Committee made three recommendations (see Appendix C). The Committee had not received any response to those recommendations from the Government at the time of writing the current report.
- 1.13 However, with respect to Recommendation 1, the Committee was pleased to receive separate financial statements for each of the Defence intelligence agencies, as requested in the recommendation. The 'Income Statement Extract' provided for each agency gave the Committee an acceptable amount of information about income, expenses, assets and liabilities for each agency.
- 1.14 With respect to the first part of Recommendation 2, the agencies themselves have demonstrated to the Committee that they are identifying methods to address the security clearance backlog and each agency has been successful in reducing the backlog to some extent. At least one agency had, at the date of the hearing, eliminated its security clearance backlog.

## **Scope of the fifth review**

- 1.15 The fifth review of administration and expenditure broadly looked at all aspects of the administration and expenditure of the six intelligence and security agencies. While the review was not focussed on any specific issues, during hearings it did follow-up on those areas which had presented themselves as problematic during the 2006 report, that is: employing, training and retaining linguists; and having new staff security cleared in a reasonable timeframe.
- 1.16 As mentioned above, the Committee took considerable classified evidence from the agencies which cannot be published. The discussion in the following chapters will generally not identify specific organisations due to

the classified nature of much of the evidence received. While this may not allow the presentation of the level of detail that the Committee would like to be able to present, the Committee trusts that the report will serve to assure the Parliament, and the public, that the administration and expenditure functions of the intelligence and security agencies are being monitored by the Committee to the extent that the Committee finds possible.

- 1.17 In the following report, the words “the agencies” or “the organisations” refer to all or any combination of ONA, DIO, ASIO, ASIS, DSD and DIGO. In the footnotes the notation “Classified submission” is used to refer to submissions from any of the agencies whether the actual submissions were classified Secret, Restricted or Confidential.