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Administration

2.1   This review of administration and expenditure is the fourth full review of the administration and expenditure of the six intelligence agencies conducted under Section 29 of the *Intelligence Services Act 2001*(the Act) since the act was amended in December 2005. It is the third full review of administration and expenditure carried out by the Committee of the 42nd Parliament. For the 2008-09 review, the Committee again looked broadly at all aspects of the administration of the agencies including re-visiting human resource management, organisational structure, security clearances and breaches, accommodation issues, workforce diversity and growth management.

2.2   Working within the constraints of not including any classified information, this chapter reports broadly on some of the areas discussed during hearings and/or in submissions relating to the administration of the six agencies within the Australian Intelligence Community (AIC).

Organisation of agency structures

2.3   Only one of the agencies reported any changes to their organisational structures during 2008-09. With a majority of the six intelligence agencies restructuring in 2007-08, in 2008-09 there was a strong focus on consolidating and monitoring these changes.

2.4   ASIO reported to the Committee that whilst it implemented no structural changes in 2008-09, its structure remains under review to ensure that the capability they have achieved through growth 'is sustainable into the future'.[1]

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1   *ASIO Unclassified Submission*, No. 9, p. 16.

2.5   The Defence Intelligence Organisation (DIO) reported to the Committee that its structure had changed as a result of new Defence organisational arrangements. However the Committee is unable to comment any further on this due to the classification of the material.

2.6   The Defence Imagery and Geospatial Organisation (DIGO) reported to the Committee that throughout 2008-09, it had 'participated extensively' in planning for organisational change as a result of Information and Communication Technology (ICT) and Human Resource (HR) reviews.[2]

2.7   DIGO also submitted to the Committee that it conducted a review of its Geospatial Analysis Centre, looking at its functions, relationships, productivity and structure with the aim of 'doubling productivity by 30 June 2010'.[3] DIGO stated that the findings of this review were released on 28 April 2009 and highlighted several key areas for improvement within the centre, including needing:

- Major changes in the production philosophy, including moving away from an orientation on end product to a focus on the provision of data and geospatial services in a fit for format purpose
- Major improvements in tools and processes, achieved by moving to the new facility and onto new systems
- Taking steps to increase the proportion of the workforce producing data and geospatial services.[4]

2.8   DIGO also stated in its submission that 'the move to the new facility and ICT systems, resulted in major improvements in tools and processes, leading to a 20 percent increase in productivity'.[5] However, DIGO noted that this increased productivity needs to be 'objectively'[6] measured in order to confirm this increase.

Impact on agencies of recent legislative changes

2.9   Out of the six agencies, two reported having to accommodate legislative changes in 2008-09. In general, all agencies again stated their commitment to ensuring that their staff are informed of legislative requirements as they

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2   *DIGO Classified Submission*, No. 3, p. 12.
3   *DIGO Classified Submission*, No. 3, p. 12.
4   *DIGO Classified Submission*, No. 3, p. 12.
5   *DIGO Classified Submission*, No. 3, p. 13.
6   *DIGO Classified Submission*, No. 3, p. 13.

relate to agency functions and operations, and that where applicable they received targeted training to ensure understanding and compliance.

2.10   The Defence Signals Directorate (DSD) reported to the Committee that in 2008-09 amendments were made to the *Defence (Special Undertakings) Act 1952* (the Act). The Defence Legislation (Miscellaneous Amendments) Bill 2008 included a provision to amend the Act by establishing the Joint Defence Facility Pine Gap (Pine Gap) as a Special Defence Undertaking and prohibited area for the purposes of the Act.[7] This amendment also inserted a clause in the Act to make it clear that the defence power is not the only constitutional basis relied upon.[8]

2.11   The Defence Intelligence agencies reported to the Committee that in November 2008 the Freedom of Information (Removal of Conclusive Certificates) Bill was introduced to Parliament. The proposed changes would remove the ability of the Defence Minister to grant a conclusive certificate under the *Freedom of Information Act 1982* or the *Archives Act 1983* to exempt a document from being disclosed.[9]

2.12   Under the proposed legislative regime:

> . . . it will be the responsibility of the Administrative Appeals Tribunal to determine whether, in a contested claim, a document should be exempt. The Inspector General of Intelligence and Security will be given a new role in advising the Administrative Appeals Tribunal on claims where the exemption is sought on existing security related grounds. The proposed changes also include some administrative matters directed at ensuring the protection of sensitive information while it is being considered by the Administrative Appeals Tribunal.[10]

2.13   DIO reported to the Committee that the reforms 'may affect some aspects of DIO's administration and procedures' but that this will be addressed in the 2009-10 submission to the Committee's Administration and Expenditure Review.[11]

2.14   Each of the Defence Intelligence agencies was advised by the Australian Government Solicitor that the proposed changes are unlikely to have a significant impact on their abilities to protect national security information in contested Freedom of Information and Archives Act claims.

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7   *DSD Classified Submission*, No. 4, p. 15.
8   *DSD Classified Submission*, No. 4, p. 15.
9   *DIGO Classified Submission*, No. 3, p. 11.
10   *DIGO Classified Submission*, No. 3, p. 11.
11   *DIO Classified Submission*, No. 2, p. 12.

2.15   ASIO advised the Committee that during 2008-09:

> . . . it liaised with Commonwealth departments and agencies
> regarding policy development and proposed legislative
> amendments relevant to ASIO's activities.[12]

2.16   A legislative change that impacted on ASIO's activities in 2008-09 was the
        Telecommunications Interception Legislation Amendment Act (No.1) 2009
        (which commenced on 22 May 2009) which amended the
        Telecommunications (Interception and Access) Act 1979 (the TIA Act).[13]

2.17   These amendments facilitated declarations made on 8 July 2009 to allow
        the Queensland Police Service (QPS) and the Crime and Misconduct
        Commission (CMC) to access interception capabilities and delivery
        systems previously paid for by ASIO and other law enforcement agencies
        under existing agreements with telecommunications carriers.[14]

2.18   The Committee is satisfied that the agencies are responding adequately to
        the legislative changes affecting them and looks forward to being updated
        on the impact of the proposed changes to the *Freedom of Information Act
        1982* and the *Archives Act 1983* in its 2009-10 Administration and
        Expenditure Review.

Litigation

2.19   A number of the agencies reported to the Committee their involvement in
        litigation matters or legal proceedings.

2.20   ASIO reported to the Committee that it was involved in over 60 litigation
        matters covering criminal, civil and administrative proceedings.[15] This
        number is comparable with 2007-08 but is considerably higher than during
        any period before 2005.

2.21   ASIO reported to the Committee a number of high profile litigation
        outcomes associated with the Pendennis cases in Sydney and Melbourne.
        A total of 22 people were charged with a range of terrorism cases, nine in
        Sydney and 13 in Melbourne. For the Melbourne case:

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12 *ASIO Unclassified Submission*, No. 9, p. 24.
13 *ASIO Unclassified Submission*, No. 9, p. 24.
14 *ASIO Unclassified Submission*, No. 9, p. 24.
15 *ASIO Unclassified Submission*, No. 9, p. 24.

> ASIO produced 67 witness statements and responded to 17 subpoenae. No ASIO officers were required to give evidence at trial. Of the 13 accused, one pleaded guilty before trial, seven were found guilty at trial, four were acquitted and one was retried after the jury could not reach a unanimous verdict…Those found guilty were convicted and sentenced to periods of imprisonment ranging from six to 15 years.[16]

2.22   In Sydney nine people were charged with terrorism offences, with four subsequently pleading guilty and five progressing to trial. In this case ASIO responded to '39 subpoenae, and 23 ASIO officers gave evidence at trial'.[17]

2.23   In meeting Commonwealth legal efforts, ASIO reported to the Committee that it is 'developing and maintaining close relationships with a range of departments and agencies, in particular, the Australian Federal Police and state and territory police forces, and the Commonwealth Director of Public Prosecutions'.[18]

2.24   Another agency reported to the Committee that it worked with the National Archives of Australia in relation to claims for access to its classified material under the Archives legislation.

2.25   The Committee is satisfied that all the agencies are dealing with their litigation workload in an appropriate manner.

Human resource management within the agencies

Management of growth

2.26   All of the agencies reported experiencing some degree of growth in 2008-09. One agency reported to the Committee that it has 'experienced significant growth'[19] as a result of a number of government-approved programs. In other agencies staffing levels grew modestly and in line with agency recruitment targets. The agencies again noted a difficult employment market but that this was met with increasing investment in recruitment and associated advertising. In achieving this growth, agencies

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16   *ASIO Unclassified Submission*, No. 9, p. 24.
17   *ASIO Unclassified Submission*, No. 9, p. 24.
18   *ASIO Unclassified Submission*, No. 9, p. 25.
19   *DSD Classified Submission*, No. 4, p. 17.

focused on addressing workforce management issues such as recruitment, retention, performance management, corporate governance frameworks, accommodation pressures and training.

2.27   DSD reported to the Committee that its significant organisational growth, as a result of the Defence White Paper, presents it with some challenges. It stated that it's 'large increase in staff is a significant undertaking'[20] which requires the development and implementation of expanded recruitment activities. The agency stated that this expansion of recruitment activity involved 'mitigation strategies' to 'address identified risks', leaving:

> DSD. . . well positioned to manage large intakes of inexperienced personnel, having made a sizeable investment in signals intelligence, and professional and leadership training in recent years.[21]

2.28   DIGO reported to the Committee that it continues to recruit and retain a highly skilled workforce in order to provide a diverse range of services and activities for the Government. In 2008-09, DIGO reported a modest increase in staff from 30 June 2008.

2.29   At the hearing, the Committee questioned one of the agencies on its ability to properly fulfil its responsibility because of resource constraints. The agency stated that:

> . . .demands are increasing and the organisation is working at high capacity. What we are having to do in order to meet certain requirements is to thin out in certain areas...That means that the workload for the individuals in that [thinned out] section has to be managed and prioritised...this is not a matter we cannot deal with but it is indicative of an organisation that is working close to capacity.[22]

2.30   ASIO reported to the Committee that effective management of growth remained a high priority, noting that the organisation had more than doubled in size since 2003, from 688 to 1690 in 2009. Some key characteristics of this growth, as noted by ASIO, are a 'larger, stronger and more diverse SES (Senior Executive Service)', a greater gender balance and a 'slightly' younger workforce, with around 73 percent of staff aged 44 years or younger.[23]

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20   *DSD Classified Submission*, No. 4, p. 17.
21   *DSD Classified Submission*, No. 4, p. 17.
22   *Classified Transcript*, 19 March 2010, p. 47.
23   *ASIO Unclassified Submission*, No. 9, p. 18.

2.31   ASIO stated that the management of this growth has also presented a number of challenges, which need to be addressed in both the short-term and long-term. These include how to:

- manage expectations and career aspirations;
- fill leadership vacancies;
- sustain advertising and marketing for recruitment;
- balance growth against the requirement to replace and replenish areas which lose staff members through retirement and resignation;
- nourish an appropriate culture including Workplace Diversity and New Employee Support Officer program;
- maintain a high operational tempo and enhanced risk management in combination with a culture of excellence and accountability at all levels to move ASIO forward.[24]

Recruitment

2.32   Recruitment remained a high priority for all the agencies in 2008-09 as many of the agencies continue to operate under a high tempo in the current threat environment. All agencies share the view that attracting and retaining high calibre staff is essential for their success in meeting operational demands and National Intelligence Priorities (NIPs). Some agencies invested in an analysis of the employment market to better target their recruitment campaigns through brand development and diversification of advertising.

2.33   ASIO reported to the Committee that it conducted employment market research in 2008-09 which led to a new recruitment brand, 'ASIO something more…'.[25] ASIO also stated that it had expanded its use of online, electronic, outdoor and radio advertising, university career fairs, and industry specific publications.[26]

2.34   ASIO's new recruitment strategy and expanded advertising campaign attracted a strong response with 12,550 applications in 2008-09 as compared to 9,567 in 2007-08.[27] However the Global Financial Crisis (GFC) which broke in 2007, and the corresponding rise in unemployment, may have contributed to the extra applicants in 2008-09.

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24   *ASIO Unclassified Submission*, No. 9, pp. 18-19.
25   *ASIO Unclassified Submission*, No. 9, p. 37.
26   *ASIO Unclassified Submission*, No. 9, p. 37.
27   *ASIO Unclassified Submission*, No. 9, p. 37.

2.35   The Committee sought evidence from ASIO on whether it was on track to meet its recruitment targets in 2008-09. The ASIO First Assistant Director-General, Corporate Capability and Services Division, responded by stating that:

> In 2008-09 our target was to increase staff by around 200. We got to a net 198 increase. We do have some particular, if you like, job families that are a little bit more problematic to recruit to, but in the broader scheme of things ASIO is an integrated analytical, technical organisation, so particular job families do not stop us from doing what we have to do.[28]

2.36   DIO reported to the Committee that it used 'multiple methods' to attract staff in 2008-09 including conducting generic and specialist recruitment rounds, utilising transfers at level and the Defence Graduate Development Program, and enhancing the recruitment interface within its unclassified web page to facilitate easier contact by prospective applicants.[29]

2.37   DIO also noted that it had stopped using external assessment centres for recruitment and cost reasons, and had instead turned to internal assessment components for some recruitment rounds.

2.38   The Committee endorses this change.

2.39   DIO also submitted to the Committee that it targeted university faculties rather than attending university career fairs. DIO noted that this targeting reflected DIO's reliance on Defence's Graduate Development Program for the majority of its entry level analysts and also its desire to attract middle and senior level generalist and specialist analysts from centres of academic excellence. However, DIO stated that this approach did not address all cohorts, particularly weapons and technical analysts. DIO stated that recruitment in this area will require a more 'nuanced' approach in 2009-10.[30]

2.40   DIGO submitted to the Committee that, in addition to its general recruitment, its main entry level recruitment program is the DIGO Intelligence Development Program (DIDP). This recruits employees through the three streams of Intelligence Analyst (Imagery), Intelligence Analyst (Geospatial) and Imagery Scientist. In 2008-09 15 individuals were successfully recruited via this program. DIGO stated that this program:

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28   *Classified Transcript*, 19 March 2010, p. 6.
29   *DIO Classified Submission*, No. 2, p. 19.
30   *DIO Classified Submission*, No. 2, p. 19.

> . . . provides staff with a structured learning program and comprehensive on-the-job training, enabling DIGO to develop technical skills within analytical roles.[31]

2.41 The Committee is satisfied that recruitment remains a key focus for each of the agencies and that they are all devoting significant resources to ensuring they met their recruitment needs for 2008-09.

Workplace Diversity

2.42 All three Defence agencies stated that they were committed to the principles of equity and diversity, with each agency stating that during 2008-2009 they employed Equity Advisors which provided:

> . . . impartial and confidential advice on matters relating to unacceptable behaviour, options available to facilitate resolution of the issue and the availability of alternate support services.[32]

2.43 DIGO reported to the Committee that it has sought to identify and provide work opportunities for people with disabilities and is currently employing two individuals with a disability. DIGO stated that 'one of these employees was promoted through a merit selection process in 2008-09'.[33]

2.44 ASIO reported to the Committee that it has been able to attract and recruit a large number of individuals from ethnically diverse backgrounds, and will continue to seek to attract more applicants from diverse backgrounds. However due to a range of factors the ethnic diversity of ASIO's workforce remains below APS levels.

Gender

2.45 Four of the six agencies submitted data on the workforce demographics within their agencies for 2008-09. Overall the proportion of women employed by the agencies, as against men, was low in comparison with the APS average of 58.7 per cent.[34]

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31 *DIGO Classified Submission*, No. 3, p. 16.
32 *DIGO Classified Submission*, No. 3, p. 15.
33 *DIGO Classified Submission*, No. 3, p. 15.
34 Australian Public Service Commission, *State of the Service Report 2008-09*, page 4. <http://www.apsc.gov.au/stateoftheservice/0809/report.pdf> at 8 April 2010.

The Defence agencies were again particularly low, with percentages for the three agencies ranging from a low of 27 per cent[35] to a high of 38 per cent.[36]

2.46   One of the Defence agencies noted that its female representation was lowest within a particular division related to the ICT and engineering fields. The agency stated that this corresponds with wider Australian industry and university graduates:

> Females constitute significantly lower numbers of all ICT and Engineering domestic university graduates. Such trends represent a challenge to maintaining gender equity.[37]

2.47   ASIO reported to the Committee that women now make up 45 percent of ASIO's workforce, which is an improving trend. The Committee notes that this is the highest percentage amongst those agencies that reported its demographic data to the Committee for its 2008-09 review. However, women remain under-represented in the Senior Officer (37 percent) and Senior Executive Service (18 percent) ranks as compared with APS standards of 46 percent and 37 percent respectively.[38]

Training and Development

2.48   All agencies within the AIC reported investing heavily in training in 2008-09. Most agencies reported participating in the AIC-wide Induction and Senior Officer Development programs. This involved providing both presenters and participants and also allowing placements within their in-house programs for participants from other agencies. These training programs provide participants with an introduction to the intelligence community and new employees a broader understanding of how intelligence agencies work together.

2.49   ASIO invested over 40 percent more in training in 2008-09 in response to the needs of a growing workforce. ASIO reported to the Committee that training provision is ongoing and that investment is matched against the skills and knowledge employees require in performing their duties to the highest level. In 2008-09 ASIO stated that it's Learning and Development strategy continued to 'focus on technical skill development,

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35   *DIGO Classified Submission*, No. 3, p. 15.
36   *DIO Classified Submission*, No. 2, p. 18.
37   *Classified Submission*.
38   *ASIO Unclassified Submission*, No. 9, p. 39.

complemented by training in interpersonal skills to support management and leadership practices'.[39]

2.50 ASIO also invested in providing study assistance to its staff in 2008-09. This study initiative allowed up to 13 high-potential staff full-time postgraduate study for up to a year, fully funded by ASIO.[40]

2.51 Other agencies reported to the Committee that they had strengthened their analytical training through the introduction of a suite of new advanced tools and techniques courses. This involved working in collaboration with other agencies in the AIC to pilot new programs targeting skill sets such as leadership, management, presentation skills and editing for supervisors.

2.52 DIO reported to the Committee that building management and leadership capability across the organisation was again a high priority in 2008-09.[41] It also initiated a Supervisor Seminar Series aimed at building on supervisors' and managers' skills, following staff feedback on the management of underperformance within DIO.[42]

2.53 DIGO reported to the Committee that its GEOINT Tradecraft Office provided an extended range of courses in 2008-09. This office consists of a small number of staff who design, develop, deliver and evaluate training courses that strengthen organisational capability by providing training in core Geo-spatial-Intelligence (GEOINT) skills. These courses are offered to DIGO staff, the ADF, other staff from the AIC, and in 2008-09, to overseas partner nations.[43]

2.54 Across the Defence Intelligence and Security Group, all three Defence Intelligence agencies invested in the development of leadership and management capability in 2008-09 with the introduction of an *Executive Leadership Development Program* and a *Middle Management Development Program*.[44] Both these programs are conducted for staff in the Defence Intelligence and Security Group and are designed to identify strengths and weaknesses in each participant's skills base and provide them with capability to address those gaps.

39 *ASIO Unclassified Submission*, No. 9, p. 35.
40 *ASIO Unclassified Submission*, No. 9, p. 36.
41 *DIO Classified Submission*, No. 2, p. 23.
42 *DIO Classified Submission*, No. 2, p. 23.
43 *DIGO Classified Submission*, No. 3, p. 19.
44 *DIO Classified Submission*, No. 2, p. 24; *DIGO Classified Submission*, No. 3, p. 19; *DSD Classified Submission*, No. 4, p. 29.

2.55   Another agency reported to the Committee that it is developing a standard training model which is being progressively implemented. The agency also stated that in order to achieve efficiencies and improve quality, it is conducting more of its training in house.

2.56   The availability of information in relation to AIC activities, operations, skills, methods and the product they create mean the Committee is better placed to comment on AIC training.

2.57   The Committee is satisfied that the agencies continue to invest appropriately in training, giving it a high priority commensurate with effectively managing their growth and meeting capability requirements. It is the Committee's view that providing training in tradecraft, specialist skills, leadership and general AIC culture is crucial in generating a high calibre and professional intelligence community.

Linguistic Skills

2.58   For some of the agencies linguistic capability is critical and remains a vital aspect of workforce planning. Collating and delivering an effective intelligence product, which is responsive to customer needs, means that agencies must have the appropriate language skills to draw upon as needed.

2.59   One agency stated that it provides a variety of language training and development opportunities aimed at improving the skills of non-native linguists and it also encourages them to cross-train in related languages to improve their flexibility and effectiveness.

2.60   ASIO stated that it continues to invest in language skills by offering full-time language training and a language skills allowance. This investment allows ASIO to support its operations, and enable it to engage effectively with foreign liaison partners.[45]

2.61   The Committee sought evidence from one of the agencies as to whether they were satisfied with the range of language skills they have. The agency stated:

> We could always have more linguists. [We] would be better off if everyone. . .spoke [another] language, but there are practical limitations to that. In recent years, we have sought, particularly through the Flood moneys that are referred to in our report, to

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45   *ASIO Unclassified Submission*, No. 9, p. 37.

increase the number of people we are training. . .We can always do with more, but we are currently working satisfactorily.[46]

2.62   The Committee notes that, one agency which had used outside linguistic contractors no longer does so. The Committee endorses this change.

2.63   The Committee is satisfied that the agencies are devoting the required resources to developing and maintaining language skills relevant to their work in the international environment.

Separation rates and retention strategies

Separation rates

2.64   The average separation rate across the APS for 2008-09 was 7.0 per cent.[47] The Defence Intelligence agencies all reported lower separation rates for 2008-09 than for 2007-08. DIO reported a separation rate of 11.98 per cent,[48] DIGO a rate of 8.94 per cent[49] and DSD a rate of 6.9 per cent.[50] ASIO's separation rate was decreased to 4.5 percent compared with 7.6 percent in 2007-08.[51]

2.65   In its *Administration and Expenditure Report No. 7* for 2007-08 the Committee commented on ONA's separation rate of 27.5 percent for 2007-08 which was an increase from 16.7 percent in 2006-07. The Committee is pleased to report that ONA's separation rate for 2008-09 was 15.8 per cent. ONA submitted that it aims to maintain a separation rate of around 18 percent so as 'to provide a balance of continuity and change'.[52]

2.66   All agencies reported to the Committee that achieving a balance between retaining staff and encouraging mobility was a constant challenge.

2.67   The Defence agencies reported to the Committee that the majority of staff separating from their agency remained within the wider Department of Defence or moved into another APS agency. All Defence agencies conduct exit surveys of staff that have separated.

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46   *Classified Transcript,* 19 March 2010, p. 30.

47   Australian Public Service Commission, *State of the Service Report 2008-09*, page 18. <http://www.apsc.gov.au/stateoftheservice/0809/report.pdf> at 8 April 2010.

48   *DIO Classified Submission*, No. 2, p. 20.

49   *DIGO Classified Submission*, No. 3, p. 18.

50   *DSD Classified Submission*, No. 4, p. 26.

51   *ASIO Unclassified Submission*, No. 9, p. 40.

52   *ONA Classified Submission*, No. 7, p. 18.

Retention strategies

2.68   The majority of the intelligence agencies indicated to the Committee that retention strategies, which aim to retain talent and critical skills within the agency, remained a key priority in 2008-09.

2.69   In 2008-09 DSD implemented a *Retention Management Plan* which addresses known separation drivers, as well as aiming to achieve the following six outcomes:

- Skilled, capable and accountable people managers.
- A comprehensive Professional Streams Framework.
- Employee-identified career paths within the organisation.
- Achievement and delivery of shared employer-employee expectations.
- A workplace that supports flexibility.
- A culture of employee return.[53]

2.70   DIGO has implemented a broadband classification structure to ' . . . build and retain expertise, reduce recruitment costs and enhance productivity across the organisation.'[54]

2.71   Increasing staff retention has been a DIO priority in the last five years. DIO achieved major success in this area in 2008-09. A key element of DIO's strategy was based around creating a supportive environment where staff undertook valuable and valued work with demonstrable outcomes and acknowledged achievement. This was supported by programs and opportunities to support staff in their career development. In 2008-09, these included:

- targeted DIO-sponsored short-term secondments to broaden senior analysts' experience level;

- substantially redeveloped analytical, leadership and management training;

- a mentoring program for all staff and a 360 degree feedback program for Executive Level civilian and military staff;

- deployment opportunities;

- an expanded health and wellbeing program supporting morale and culture;

- flexible working arrangements for civilian staff;

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53   *DSD Classified Submission*, No. 4, p. 25.
54   *DIGO Classified Submission*, No. 3, p. 17.

- additional forms of communication between management and employees, including focus groups to allow upward flow of ideas and communications and a fortnightly update on DIO people-related developments; and

- staff suggestion boxes.

2.72　ASIO stated in their submission to the review that they are committed to retaining high calibre staff and have a number of strategies to achieve this outcome. One of these strategies is the *New Employee Support Officer Scheme.* This scheme was introduced in 2007-08 to assist new starters to settle into the organisation by providing them with an experienced staff member from a different workgroup to assist their transition to ASIO. A review of the NESO program has commenced with preliminary findings that the program has been positive and beneficial in providing support and assisting the integration of new starters into the organisation.[55]

2.73　The Committee is satisfied that agencies are committed to developing and sustaining retention initiatives that allow these agencies to retain the critical skills they need by fostering a supportive and positive working environment.

Security issues

E-security

2.74　ASIO reported to the Committee that they:

> . . . contributed to the Australian Government's 2008 *Review of E-Security*, working with the Defence Signals Directorate and the Australian Federal Police to produce a wide-ranging classified assessment of the electronic threat environment.[56]

2.75　ASIO's IT Security directorate monitors ASIO systems and responds to threats. The directorate identifies and implements methods to mitigate risks to ASIO systems, including its externally connected systems. These include:

- the establishment of a dedicated intrusion detection and network monitoring team;

- enhanced audit and investigation capability across ASIO ICT systems, including real-time monitoring and response;

55　*ASIO Unclassified Submission*, No. 9, p. 35.
56　*ASIO Unclassified Submission*, No. 9, p. 27.

- ICT system security inspections and provide recommendations for improvement;
- sharing ICT threat advice within the Australian Intelligence Community;
- developing and reviewing internal ICT Security Policies;
- targeted ICT security education programs for ASIO staff, ICT staff and ICT contractors; and
- provision of ICT security advice, including advice in response to general enquiries and design, development, and implementation advice to ICT projects.[57]

2.76   ASIO also collaborated closely with other agencies to strengthen Australia's e-security during the conduct of the 2008 E-Security Review and examination of issues related to the National Broadband Network.[58]

2.77   All of the Defence Intelligence agencies provided information to the Committee on their e-security regimes.

2.78   The Committee acknowledges that, in an increasingly threat filled e-security environment, ASIO and its partner agencies in the AIC are working flexibly, confidently and highly competently to combat electronic threats to Australia's national interests.

2.79   Threats in an e-security environment are complex and challenging. It is reasonable to assume that these threats may increase and increase dramatically. Changes in this threat can occur rapidly and without warning. The skills required to deal with these threats take considerable time and resources to develop. The Committee appreciates the focus being given to these challenges by the AIC and notes the significant additional investment of resources in this area, such as the Cyber Security Operations Centre, being undertaken by the Australian Government.

2.80   The Committee recommends that the Australian Government monitor resources allocated to e-security to ensure that they are adequate.

Recommendation 3

The Committee recommends that the Australian Government monitor resources allocated to e-security to ensure they are adequate.

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57   *ASIO Unclassified Submission*, No. 9, p. 27.
58   *ASIO Unclassified Submission*, No. 9, p. 27.

Security Clearances

2.81   The Committee heard evidence that many agencies were able to either clear their security clearance and evaluation backlog or significantly reduce processing times.

2.82   Across the Defence Intelligence agencies, the average time taken by the Defence Security Authority (DSA) to process Top Secret Positive Vet (TSPV) clearances was 6 months down from 6.4 months in 2007-08.[59]

2.83   ASIO once again provided the Committee with a detailed overview of its part in the security assessment process for the APS. Under Part IV of the *Australian Security Intelligence Organisation Act 1979* (the ASIO Act), ASIO is responsible for providing security assessments to Commonwealth agencies.

2.84   In making their assessment, ASIO officers are required to limit the factors underpinning security assessments to grounds related to 'security' as is defined in the ASIO Act.[60] Within the act, 'security' is defined as the protection of Australia and its people from espionage, sabotage, politically motivated violence, the promotion of communal violence, attacks on Australia's defence system and acts of foreign inference.[61] Once ASIO has provided advice to the requesting agency in relation to whether the assessment should be granted, the requesting agency then makes the determination as to whether to grant the clearance.

Visa security assessments

2.85   ASIO stated in their submission that any person applying for a visa to travel to, or remain in, Australia may have their application referred by ASIO to the Department of Immigration and Citizenship (DIAC) for a security assessment. ASIO then makes an assessment of the risk that the person's presence in Australia would pose to security (as defined above).

2.86   ASIO reported to the Committee that:

> The Next Generation Border Security initiative, predominantly involving ASIO and DIAC, has improved the effectiveness and efficiency of security checking processes conducted by ASIO for applicants for Australian visas. Direct connectivity between DIAC and ASIO for the electronic transfer of security referrals and

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59   *DIO Classified Submission*, No. 2, p. 29.

60   *ASIO Unclassified Submission*, No. 9, p. 28.

61   Part I 4(a) of the *Australian Security Intelligence Organisation Act 1979*.

responses is now in place. This new system has improved the tracking and reporting of security referrals.[62]

2.87   The Committee is satisfied that ASIO is working with the relevant agencies to continue to improve and streamline the visa security assessment process.

ASIO Personnel security assessments[63]

2.88   ASIO also undertakes personnel security assessments at the request of other APS agencies to determine if an individual can have access to security classified material.

2.89   ASIO reported that in order to improve the timeliness of this service, it is working to establish direct electronic connectivity arrangements with its primary clients, including the Defence Security Authority (DSA).

2.90   In relation to completing security assessments for ASIO personnel, ASIO submitted to the Committee that it endeavours to complete the TSPV vetting process within 16 weeks, but that with applicants with complex backgrounds this can take up to six months. Assessing an individual's suitability to be granted a clearance is done according to the Protective Security Manual (PSM) and its classified supplement.

2.91   In 2008-09, ASIO implemented a number of practices which resulted in, on average, an efficiency saving of around 20 working days for security clearance processing.

Counter-terrorism security assessments

2.92   ASIO also carries out security assessments for government authorities requiring accreditations, primarily the AFP and AusCheck.

2.93   In 2009, ASIO established direct connectivity with AusCheck for the electronic transfer of information required to undertake counter-terrorism checks. This has provided greater efficiencies, and improved the tracking and reporting of security referrals.[64]

2.94   ASIO reported to the Committee that it completed 65,119 counter-terrorism security checks in 2008-2009, with 98 percent completed in less than 10 days. ASIO stated that these assessments included:

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62   *ASIO Unclassified Submission*, No. 9, p. 29.

63   *ASIO Unclassified Submission*, No. 9, p. 26.

64   *ASIO Unclassified Submission*, No. 9, p. 31.

■ 56,266 checks for Aviation and Maritime Security Identity Cards for pilots trainee pilots, air and sea vessel crew, and persons requiring access to controlled areas at air and seaports;

■ 7,948 security assessments for persons requiring licences to access ammonium nitrate; and

■ 905 security assessments for staff and visitors to the Australian Nuclear Science and Technology Organisation (ANSTO) facility at Lucas Heights, Sydney.[65]

2.95   The Committee is satisfied that ASIO is handling this assessment workload efficiently.

Breaches of security

2.96   During 2008-09 there were no security breaches reported by any of the agencies which resulted in the compromise of national security classified material.

2.97   All agencies reported to the Committee that they continue to foster and maintain very strong security cultures within their organisations. This involves providing staff with a variety of avenues through which security awareness can be reinforced throughout the agency. Many agencies have specific branches which employ security policy advisors, accreditors, and guards so as to effectively generate, sustain, and evaluate a security conscious culture.

Staff surveys

2.98   All agencies conduct staff surveys annually or biennially. Most agencies who conducted their staff surveys in the review period 2008-09 reported their results to the Committee. ASIO did not include information on their staff survey in their submission to the Committee but information was included in their 2008-09 Report to Parliament:

> ASIO conducts a staff survey every two years. The 2009 staff survey measured perceptions, attitudes, concerns and areas of satisfaction across a range of key cultural, security and people management performance dimensions. The response rate was 78.3 percent, similar to response rates in 2005 and 2007 (76 percent and 79 percent respectively).
>
> Responses in 2009 were more positive than in 2007, with the exception of 'opportunities for promotion'. Key findings included:

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65   *ASIO Unclassified Submission*, No. 9, p. 31.

- staff are satisfied with the Organisation and their jobs and they support the Organisation's mission and objectives;
- staff believe the Organisation has a clear set of values and that their colleagues act in accordance with these values;
- staff have the skills and knowledge to do their job well, and sufficient resilience to cope with challenge;
- staff support and understand the Organisation's security procedures; and
⇒ staff understand the interdependencies between the Organisation and other agencies.

> Overall, the survey demonstrated staff are very committed to ASIO, and strongly support its mission, goals and objectives.[66]

2.99 DIO continued to implement recommendations from the previous organisational survey conducted in October 2007. A new organisational survey will be conducted in 2009-10.[67] DIGO and DSD did not conduct staff surveys during the period but will take part in a Group survey to be conducted in 2009-10.[68]

2.100 ASIS reported that it achieved a record high response rate of 88.1 per cent. The agency stated that overall the survey results revealed an encouraging overall picture, while identifying some areas for improvement.[69]

2.101 ONA's survey results were:

> . . . benchmarked against 92 external agencies, including 23 federal government departments and 29 state and local departments. The results placed ONA in the top quartile for performance against the APS values, local leadership, employee performance and development, working together, systems and processes, client/customer focus and employee engagement. ONA also set a new benchmark high for senior leadership.[70]

2.102 The Committee believes that staff surveys are an important management tool and are pleased to see that all agencies use them.

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66   ASIO Report to Parliament, <http://www.asio.gov.au/Publications/Report-to-Parliament/2008-to-2009/Corporate-Management-and-Accountability.html> at 8 April 2010.

67   *DIO Classified Submission*, No. 2, p. 25.

68   *DIGO Classified Submission*, No. 3, p. 21; *DSD Classified Submission*, No. 4, p. 32.

69   *ASIS Classified Submission*, No. 6, p. 15.

70   *ONA Classified Submission,* No. 7, p. 19.

Accommodation

ASIO's new central office

2.103   ASIO's building was exempted from the normal Parliamentary scrutiny
that would be carried out by the Parliamentary Standing Committee on
Public Works. In relation to this the ASIO submission stated:

> The Governor-General granted ASIO's New Building Project an
> exemption from scrutiny by the Parliamentary Standing
> Committee on Public Works because of the high security nature of
> the building. Detailed enquiries could lead to public disclosure of
> sensitive information regarding the building's protective security
> features. In the public arena, this information would be of
> particular interest to hostile intelligence services and, potentially,
> terrorist groups. This would be prejudicial to national security and
> contrary to the public interest.
>
> On 4 December 2008, ASIO and the Department of Finance and
> Deregulation provided a confidential briefing to the Parliamentary
> Standing Committee on Public Works. Further confidential
> briefings will be offered to the Committee as the Project
> progresses.[71]

2.104   The PJCIS therefore undertook a more extensive discussion with ASIO on
its new central office and during its *Administration and Expenditure Review
No. 7* ASIO provided the Committee with information in relation to its
new central office in Canberra. This information was:

- In the 2007-08 budget, the Government approved the
  development of a new purpose built facility in Canberra to
  house ASIO's central office.
- A design concept for the new building was developed in 2007-
  08, which will be in keeping with the National Capital Plan,
  under the guidance of the National Capital Authority, and will
  include elements of environmentally sustainable design.
- A managing contractor (Bovis Lend Lease) and project architect
  were appointed in September 2007 to conduct the planning
  phase of the project.
- The new building will take three and a half years to complete
  and ASIO are confident it will meet agency requirements.
- The new central office has a life span of 50 to 80 years and
  ASIO's involvement with the design process has been with that
  time horizon in mind.

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71   *ASIO Unclassified Submission*, No. 9, p. 43.

2.105   In its submission ASIO provided further information on the building. This included that:

- Site establishment works commenced in March 2009 and excavation works commenced in July 2009. Occupation of the building is expected in late 2012;

- The building will accommodate up to 1,800 people and will operate 24 hours per day, with a level of security commensurate with ASIO's intelligence functions and in accordance with Australian and international security accreditation standards; and,

- The building is being designed to achieve a 5 star energy rating for the base building in accordance with the National Australian Built Environment Rating System (NABERS);

2.106   In relation to planning approval processes ASIO submitted that:

In October 2008, the planning phase was completed which included the development of the functional design brief, concept design and cost plan. On 24 November 2008, Bovis Lend Lease, the managing contractor, entered into the delivery phase contract with the Commonwealth. The delivery phase encompasses the detailed design documentation and construction of the building. GHD, the project consultant, continues to provide construction program oversight on behalf of the Commonwealth.

During 2009, local residents raised a number of concerns including whether the relevant planning processes had been followed. In response, the National Capital Authority (NCA) confirmed publicly that approvals had been given in accordance with the National Capital Plan.

In March 2009, Finance lodged an Environmental Protection and Biodiversity Conservation (EPBC) referral with the Department of the Environment, Water, Heritage and the Arts (DEWHA). The referral included a Heritage Impact Assessment and DEWHA confirmed in April that the development is a 'non-controlled' action. This means the proposed works do not have any restrictions placed on them.[72]

2.107   During the hearing the Committee asked ASIO the following questions:

- Has the completion date for the building changed at all?

- Are all contracts on schedule for the building?

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72   *ASIO Unclassified Submission*, No. 9, p. 43.

- Are there any variations to existing contracts? If so what has been the cause of the variations?

2.108   ASIO responded by stating that 'the completion date for the new ASIO building has not changed' and that 'all contracts are on schedule for the building'.[73]

2.109   In relation to the variation of existing contracts and their cause, ASIO responded by stating, that yes there has been variations to existing contracts:

> As part of the 2009-10 Budget released by the Government in May 2009, it was noted that ASIO's sub-tenant, the Office of National Assessments, would relocate to alternative leased accommodation in Barton. The Project budget was subsequently reduced from $606 million to $589 million in the 2009-10 financial year and the contract for the Project's Managing Contractor, Bovis Lend Lease Pty Ltd, was amended.[74]

2.110   The Committee will continue to monitor progress of the new ASIO central office building.

Other agencies

2.111   All five of the remaining agencies reported to the Committee on the status of their accommodation. Some agencies reported experiencing accommodation pressures as a result of workforce expansion but that this pressure was expected to ease in 2009-10. One agency reported that as a result of workforce expansion it had to review its current accommodation holdings and determined that the most effective way to accommodate staff was to refurbish its existing buildings in order to improve their usability, consistency and safety.

2.112   The Committee sought evidence from an agency in relation to their accommodation situation. The agency head responded stating that:

> We are generally comfortable with what we have at the moment, but it is not an ideal situation. In Canberra, we are split into a couple or more locations. It would clearly be better to have everyone together, but that is what we will have to live with for some time, I think.[75]

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73   ASIO classified responses to Questions on Notice, 27 April 2010.

74   *ASIO Classified Submission*, No. 11.

75   *Classified Transcript,* 19 March 2010, p. 31.

2.113　The Committee is satisfied that the agencies are managing accommodation requirements in line with expanding workforces and the availability of suitable office space.

2.114　The Committee, however, recommends that the Australian Government review the medium and long term accommodation requirements of those members of the AIC presently housed in multiple locations in Canberra. Where multiple locations for a single agency diminish operational effectiveness or efficiency consideration should be given to planning alternative longer term accommodation at the one site.

Recommendation 4

The Committee recommends that the Australian Government review the medium and long term accommodation requirements of those members of the Australian Intelligence Community presently housed in multiple locations in Canberra. Where multiple locations for a single agency diminish operational effectiveness or efficiency, consideration should be given to planning alternative longer term accommodation at the one site.

Performance management and evaluation

2.115　All agencies within the AIC engaged in performance management and evaluation in 2008-09, both at the organisational level and at the individual employee level. All agencies submitted to the Committee that performance management, at both levels, remains a key element of strategic planning and organisational growth.

Organisational performance management

2.116　On organisational performance management ASIO submitted to the Committee that:

> ASIO's organisational performance management framework is comprehensive and multifaceted. Regular performance reviews inform senior management of trends and pressure points and provide an objective basis for managing risk.
>
> ■ The Corporate Executive meeting reviews the performance of key areas of activity through regular reporting on budget and finance, growth, IT, security, property management and accommodation, and the general 'health' of ASIO.

■ The Director-General's Meeting oversees performance of a range of critical issues, including recruitment, some legal and litigation matters, and critical business areas such as security assessments.[76]

2.117   In 2009 ASIO interviewed representatives from key Commonwealth, state and territory and private sector agencies to seek feedback on their engagement with ASIO, the quality of ASIO advice and product, and ASIO's overall performance in meeting their requirements. The survey also looked to identify areas for further engagement or improvement in the relationship and services provided by ASIO. The results were that:

■ Commonwealth customers generally considered their relationships with ASIO have improved.

■ The Australian Federal Police and state and territory law enforcement agencies reported a highly satisfactory level of engagement with ASIO. In the last twelve months, these relationships have strengthened and are considered even more positive, useful and cooperative than previously reported.

■ Private sector clients reported increasingly positive levels of engagement with ASIO, particularly via the Business Liaison Unit. ASIO is considered responsive and client-focused, which has instilled a high level of trust and confidence. These clients believe their decisions are well informed as a result of ASIO's reporting, which is regarded as timely and relevant.[77]

2.118   ONA depends on regular feed-back on its work programme from customers – the Prime Minister, Ministers and Departments - and so it has developed a variety of mechanisms that help evaluate its effectiveness in achieving planned outcomes and the quality of its outputs.[78]

2.119   In addition to this the ONA has an internal system for reviewing key judgments and lessons that can be learnt.[79]

Individual performance management

2.120   At the individual employee performance level, each agency submitted to the Committee the process or framework it employs to manage and evaluate their staff. All agencies use a formal Performance Management

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76   *ASIO Unclassified Submission*, No. 9, p. 22.
77   *ASIO Unclassified Submission*, No. 9, p. 22.
78   See< http://www.ona.gov.au/documents/corporate/corporateplan2003.pdf> at 9 April 2010
79   *ONA Classified Submission,* No. 7, p. 4.

Framework through which managers can evaluate an employee's performance against a range of indicators. These indicators are linked with the agency business plan and to achieving its strategic priorities.

2.121   In relation to individual performance management ASIO stated:

> ASIO's Performance Management Framework continues to remain a strong focus within the Organisation with 88 percent of staff having a formal, written 'Performance Agreement' with their line manager. As a result of the changes made to the Framework in 2007–08, such as the automation of the process and the introduction of a new rating system, the Performance Management Framework is embedded within the Organisation.
>
> As part of the negotiation process of the Organisation's Enterprise Bargaining during 2009, the Performance Management Framework will be reviewed to ensure it is aligned with best practice strategies and is still a useful management tool for frontline management and staff.[80]

2.122   ONA reported to the Committee that it implemented a new performance management framework in October 2008 after a review of performance management was conducted. The new framework provides a better link with the broader APS and the Integrated Leadership System (ILS) and has a greater focus on learning, development, skill building and communication between staff and managers.[81]

2.123   DIGO, DSD and DIO reported to the Committee that their staff are formally assessed twice a year as part of the Defence Performance Feedback and Assessments Scheme (PFADS) in August and February.[82]

2.124   DIO stated that in 2008-09, 12 staff were denied performance progression, seven were advised that a decision on their performance progression would be deferred pending further observation of performance and the remainder of personnel were approved for performance progression.[83]

80   *ASIO Unclassified Submission*, No. 9, p. 22.
81   *ONA Classified Submission*, No. 7, p. 14.
82   *DIO Classified Submission*, No. 2, p. 25, *DIGO Classified Submission*, No. 3, p. 21, *DSD Classified Submission*, No. 4, p. 33.
83   *DIO Classified Submission*, No. 2, p. 25.

Issues raised by the IGIS

2.125 The Committee received an unclassified submission from the IGIS in which he raised some specific concerns about the administrative functions of the AIC agencies. The Committee greatly values the input from the IGIS. His contribution provides invaluable, well informed third-party commentary on the matters before the Committee.

2.126 The Committee would also like to note that the current IGIS, Mr Ian Carnell is retiring. Under his tenure, across all agencies of the Australian Intelligence Community, the IGIS has cemented a reputation as an office that makes independent and robust judgments. Mr Carnell is held in great respect by his peers and his professionalism and commitment to public service is much appreciated.

Visa security assessments

2.127 In commenting on a 20% reduction in complaints about visa security assessments the IGIS stated that:

> This reduction in 2008/09 appears to have been largely attributable to work which ASIO has undertaken in conjunction with the Department of Immigration and Citizenship (DIAC) to introduce compatible systems for the electronic exchange of information which each agency requires in order to discharge its functions in this area in a timely and efficient manner.[84]

2.128 The IGIS also told the Committee that in the first half of 2009-10 there has been a major increase in complaints about ASIO visa security assessments and notes that:

> It is notable that a large proportion of the recent complaints come from visa applicants in one particular country, and one possibility is that some migration agents are routinely advising clients to make a complaint after a visa application is made. [85]

2.129 The Committee has noted this issue for follow-up in its next review.

Archival Practices

2.130 One archives-related complaint was received by the IGIS office in 2008-09 from a film maker who had sought access from the National Archives of

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84 *IGIS Submission*, No. 8, p. 3.
85 *IGIS Submission*, No. 8, p. 3.

Australia (NAA) to a range of documents and cinefilm materials which had been produced by ASIO, all more than 30 years old. An issue was raised about the transfer of cinefilm material onto video tape and the subsequent destruction of the material this transfer entailed. ASIO advised the IGIS that ASIO had transferred all of its remaining stock to the NAA for preservation and storage.

2.131   Beyond current practice, in March 2009, Senator John Faulkner announced the intention of the Government to reduce the 'open access period' specified in the *Archives Act 1983* from 30 years to 20 years. There has been some debate as to whether this new time limit should apply to the AIC agencies, as it would have potentially significant security and resource implications.

2.132   In evidence before the Committee all agencies commented that moving from a 30 year archiving regime to a 20 year regime would result in an increased workload and increased redactions. For example Defence commented:

> Clearly, as you move to the 20-year period rather than 30-year period, there is a greater likelihood that the material will reveal insights into current capabilities, methods and operations. I think that would apply across the whole community and to serving officers. So I think there will be more redactions and also, as you say, there may then be further review needed, perhaps at the 30-year mark.[86]

2.133   It is reasonable to assume that a document released at 20 years would be more redacted than one released at 30 years. On the evidence available to the Committee the Committee concludes that this would be the case.

2.134   This would have unintended consequence of providing less information to the public than at present although providing it 10 years earlier. This would also increase the workload of the AIC.

2.135   Whilst there may be some documents that can be released at the 20 year mark that would have similar detail to a release at the 30 year mark a blanket provision of this type may have the opposite effect of that sought. The Committee recommends that, should the proposal to amend the open access period of the *Archives Act 1983* proceed, consideration should be given to special provisions for AIC documents to be exempted, on a case by case basis, from release at 20 years.

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86   *Classified Transcript*, 19 March 2010, p. 51.

Recommendation 5

> **The Committee recommends that, should the proposal to amend the open access period of the *Archives Act 1983* proceed, consideration should be given to special provisions for AIC documents to be exempted, on a case by case basis, from release at 20 years.**

Organisational Suitability Assessment testing in DSD, DIGO and DIO

2.136   In his submission, the IGIS advised the Committee that he formally concluded his inquiry into Organisational Suitability Assessment (OSA) processes used within DSD, DIGO and DIO on 15 February 2008.

2.137   While the inquiry found that the general picture of OSA processes within the Defence Intelligence agencies is a positive one, it was also evident that this process had evolved to serve two separate purposes – security suitability and organisational 'fit'.

2.138   The blending of these purposes has the risk that neither purpose may be realised as fully as possible and may create several procedural issues. The IGIS recommended that a clear delineation be made between them.

Conclusion

2.139   The Committee is satisfied that overall the administration of the six intelligence and security agencies is currently sound.