



PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP

REVIEW OF AUSTRALIA'S INTELLIGENCE AGENCIES

In the light of the fundamental changes in the world since the end of the Cold War, the Government commissioned earlier this year a review of the overall impact of changes in international circumstances on the roles and priorities of the Australian intelligence agencies and of the Department of Foreign Affairs and Trade as a provider of reporting.

The review examined how Australia's interests have been affected by the rapid and significant changes in international circumstances, whether Australia still needs the intelligence structure it has and, if so, whether the roles and priorities of our intelligence agencies need to be adjusted. It also looked at how changes in international circumstances would affect management and coordination arrangements between the Australian intelligence and security agencies, and Australia's partnership and liaison arrangements.

The review was conducted by the Secretaries Committee on Intelligence and Security, the principal group of officials advising Ministers on security and intelligence matters. It includes the Secretaries of my Department, Foreign Affairs and Trade, Defence, Finance, and the Attorney-General's Department; and the Chief of the Defence Force and the Directors-General of Security and of the Office of National Assessments.

The agencies subject to the review were:

- the Office of National Assessments (ONA);
- the Defence Intelligence Organisation (DIO);
- the Defence Signals Directorate (DSD);
- the Australian Secret Intelligence Organisation (ASIS);
- the Australian Security Intelligence Organization (ASIO); and
- the Department of Foreign Affairs and Trade as a provider of reporting on overseas developments.

The Government considers that global and regional relationships, freed from the rigidity of the Cold War ideological and strategic divide, will become more complex and diverse. A more fluid international environment will require a sharper appreciation of Australian interests and

priorities, of the resources available to pursue our goals, and of the need to allocate those resources effectively. As with our defence policies, our approach to the collection and assessment of intelligence will need to be increasingly self-reliant.

The requirement for accurate, informed judgments about the issues and regions of most importance to Australia will not diminish with the end of the Cold War. The intelligence community, whether by collecting information which is not available elsewhere, or by providing high-quality analysis and assessment of political, economic and strategic matters important to our national interests, will continue to have a vital role to play.

The Government has decided not to alter the basic structure of Australia's intelligence community which was set in place after Mr Justice Hope's comprehensive reviews, for reasons of enduring concern relating to efficiency and effectiveness. Essential to that structure is the separation of the assessment, policy and foreign intelligence collection functions - a philosophy which the Government continues to embrace.

The Government endorses the judgment in the review that, since the completion of Mr Justice Hope's first Royal Commission on Intelligence and Security, the priorities of the Australian agencies have been properly focused on regional areas and issues of most relevance to Australia's national interests. The end of the Cold War, therefore, does not call for a fundamental reordering of priorities.

In general terms, political and strategic questions will remain the first priority for Australia's intelligence agencies. Economic issues will, in relative terms, become more important in the post-Cold War era of the 1990s, but assessment in economic areas generally depends less on intelligence sources than is the case for political and strategic subjects. Issues relating to transnational criminal activity, the mass movement of people, and proliferation of weapons of mass destruction will also warrant higher priority.

Consistent with the philosophy of a separation of the assessment, policy and foreign intelligence collection functions, the Government considers that the existing roles of the individual agencies remain valid in the 1990s. The rationale outlined by Mr Justice Hope for ASIO as a free-standing, non-executive, advisory intelligence security agency remains relevant in the 1990s and the Government has therefore decided that ASIO should continue to have the roles and responsibilities laid down in existing legislation.

The Soviet threat certainly informed an important component of ASIO's activities, but threats from other sources of foreign interference and politically motivated violence have been important to ASIO for some time, and will remain so. However, the implications for ASIO of the changes in

the former Soviet Union and Eastern Europe are more far-reaching than for the other agencies.

The Government has therefore decided that, while ASIO's capacity to meet its responsibilities must be maintained, there is scope for resource reductions.

The Government has also decided to pursue important changes to management and coordination arrangements.

A new medium-to-long-term planning mechanism is to be established. This mechanism will, for the first time, embrace both overt and covert intelligence collection, recognising the centrally important role of the Department of Foreign Affairs and Trade in keeping the Australian Government informed about developments abroad.

The new mechanism, to be called the Foreign Intelligence Planning Document, will provide for the integration of judgments about changes in the international environment with decisions about resources and the balance and mix of skills across the intelligence agencies.

The Government has also decided to revise the agencies' annual reporting requirements. Henceforth, the agencies will be required to present advice to the Government concerning the allocation of approved resources against strategic priorities and program objectives.

The review stresses the need for a self-reliant intelligence capability in those areas and issues of highest priority for Australia, but recognises the benefits which continue to flow to us from the long-standing partnership agreements with the United States, United Kingdom, New Zealand and Canada. It also recognises the importance of developing and strengthening regional intelligence liaison arrangements.

Because assessments and judgments made now about the implications of changed world circumstances need to be monitored to ensure their continuing validity, the Government is taking steps to ensure that the review just completed does not constitute a one-off exercise; rather it is the starting point for a process of change with specific issues being addressed in an on-going way, ensuring Australia's intelligence and security agencies remain able to meet our needs in a rapidly changing world.

Given the sensitivity of the issues involved, a public version of the review report will not be prepared. But in accordance with established practice, I have provided the Leader of the Opposition with a copy of the full report which informed the Government's decisions.

CANBERRA

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