



THE CANBERRA LECTURE 2011

Mr Allan Gyngell AO

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The Canberra Lectures recognise those individuals who, in their professional careers, have been able to bridge the worlds of academe and international policymaking. The lecture series reflects the key objective of the Lowy Institute to produce original research that combines academic rigour with policy relevance.

The 2010 lecture was delivered by Dr Kurt M. Campbell, the 2009 lecture by Professor Sir Lawrence Freedman and the 2008 lecture by Professor the Hon. Kim Beazley. The inaugural lecture was delivered by Dr Coral Bell AO, whose career epitomises the successful union of international policy theory with its practice.

THE LOWY INSTITUTE FOR INTERNATIONAL POLICY

The Lowy Institute is an independent international policy think tank. Its objective is to generate new ideas and dialogue on international developments and Australia's role in the world. Its mandate is broad. It ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region.

THE CHALLENGES OF INTELLIGENCE

MR ALLAN GYNGELL AO, DIRECTOR-GENERAL,
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I'm especially conscious of the honour of being invited to deliver this lecture. I know the high hopes we had for it when Anthony Bubalo first suggested that the Lowy Institute should provide a platform to underline and celebrate the importance of the links that exist – in Canberra more than any other city in Australia – between the worlds of scholarship and think tanks and government.

These three worlds have overlapping but distinct purposes – scholars pursue knowledge and teach; think tanks inform and deepen the public debate; policy advisers and intelligence organisations like ONA support the government's responsibilities to protect Australia and advance its interests in the world.

The interchange between them is much greater than it was when I first joined the Department of External Affairs. Ideas and

information and people, too – here I stand – move more freely between them.

That interaction strengthens us all. ONA benefits greatly from recruiting academic specialists and people from think tanks and non-government organisations. We're an important transmission node between those worlds and the broader Australian public service.

But just as importantly, this interchange strengthens Australia too. Policy debate is stronger for the influence of the great national work the ANU has done over the years on Indonesia, on the Northeast Asian economies and the Pacific; or the more recent work of think tanks like Lowy, ASPI and Kokoda. It also adds force to Australia's soft power – our capacity to influence others with the force of our ideas. In Seoul recently, in government circles as well as outside, I found the Lowy

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Institute part of my CV was immediately recognised by Korean colleagues.

So I am all for celebrating and deepening these ties. Yet the connections shouldn't blind us to the fact that the roles of these institutions are different and those differences are important. In particular, the capacity of academics and think tanks, like journalists, to stand apart is critical to government accountability and, in the end, to effective policy.

Tonight I want to offer some thoughts about the challenges facing intelligence agencies, and the connections between what we do and the wider worlds of policy and of research.

I want to begin by briefly describing the Australian intelligence community, not least because it's a constant surprise to me how little understood it is in the public arena.

In part that's the fault of the intelligence community itself, but less than most people think. The various agency websites alone are rich with information. But the power of the images of James Bond

on the one hand, or the trench-coated secret policeman on the other, are as hard for the intelligence agencies to shake off as is that of the pinstriped diplomat for our DFAT colleagues, or the pointy-headed eccentric in academia.

Commissioners Samuels and Codd noted acerbically in their 1995 report on the Commission of Inquiry into the Australian Secret Intelligence Service that 'the fascination which journalists apparently feel for secret organisations tends to expel judgment and restraint.' Journalists aren't the only ones.

Probably the simplest definition of intelligence is that it is useful information.

In his first Royal Commission report into the Australian security and intelligence agencies, Justice Robert Hope approvingly quoted the legendary American intelligence scholar Sherman Kent, who described intelligence as knowledge: 'the sort of knowledge our state must possess regarding other states in order to assure itself that its cause will not suffer nor its undertakings

fail because its statesmen and its soldiers plan and act in ignorance.’

We would no longer restrict the knowledge we require to that concerning other states – transnational terrorists or global criminals are now just as important – but in other respects the definition still holds.

In my view, Justice Hope hasn’t had appropriate recognition. In addition to his work with the Australian intelligence community and on protective security, and his legal contributions as a Justice of the NSW Court of Appeal and Chairman of the Law Reform Commission, he headed the first Commonwealth Enquiry into the National Estate and was first Chairman of the NSW Heritage Council as well as the first Chancellor of the University of Wollongong. In Patrick Walters’s words, Hope brought ‘clear judgment, cool reason and deeply liberal instincts to a complex and politically sensitive brief’.

As ONA liaison officer in Washington in the early 1980s I had brief contact with him when he visited for discussion with

US intelligence and government officials.

His personal warmth, modesty and deep intelligence left a lasting impression. His program included a memorable call on Senator Daniel Patrick Moynihan, then the Chairman of the Senate Select Committee on Intelligence. Hope asked Moynihan about the Reagan Administration’s covert action campaign against the Sandinistas in Nicaragua. Moynihan drew himself up. ‘Covert?’ he cried, jowls quivering, ‘Covert? It’s about as covert as an act of mass sodomy on the New York transit system.’

The foreign intelligence that flows to the Australian government comes from an array of sources. From the human and technical collection activities of the Australian Secret Intelligence Service (ASIS) and the Australian Security Intelligence Organisation (ASIO), from the technical collection of the Defence Signals Directorate (DSD) and the imagery of the Defence Imagery and Geospatial Organisation (DIGO). And from the assessment of that information – its placing in context with

all other sources of information such as diplomatic reporting and above all open source reporting – by ONA, the Defence Intelligence Organisation (DIO) or ASIO for security intelligence.

I'm going to be talking here mostly about foreign intelligence, rather than the broader areas of security intelligence or law enforcement intelligence or intelligence support to ADF operations, although in a number of national security areas – terrorism most obviously – these domains are intimately connected.

In the Australian context, other intelligence functions in agencies like the Australian Crime Commission, the Australian Federal Police and the Customs and Border Protection Service are brought together with policy departments to form the National Intelligence Community, which formally meets at senior levels as the National Intelligence Coordination Committee, chaired by the National Security Advisor, Duncan Lewis.

It's really only since I came back to

work at ONA that I have fully appreciated how unusual the Australian intelligence structure is. Its father was the man I've already mentioned – Robert Marsden Hope – who in two Royal Commission reports in 1974-77 and 1984 shaped the modern Australian intelligence community. His model was elaborated and modified by other inquiries and reviews, particularly the Flood Inquiry, and broadened by the Homeland and Border Security Review undertaken by Ric Smith. But its shape hasn't fundamentally changed since the late 1970s.

Hope placed weight on the importance of Australia having its own indigenous intelligence capabilities. The model he developed for the Australian Intelligence Community has three distinctive features:

- its breadth
- the centrality it accords to assessment
- and strong independent oversight of the legality and propriety of its activities.

By **breadth** I mean two things. First, the range of the disciplines Australian agencies use to collect information – the full suite of information gleaned from human contacts, technical interception, the surveillance of things others are trying to keep secret as well as open source. And secondly the geographic and thematic spread of issues on which they collect and assess.

This breadth reflects the enduring belief of Australian governments since we developed a post-Imperial foreign policy after the ratification of the Statute of Westminster in 1942 (although before that, too), that Australia’s national interests can be affected by developments in parts of the world remote from our shores and that we need to understand those developments and to be able to contribute independent Australian views to the considerations of our allies and the international community. (The first Australian intelligence agent – a French-speaking businessman – was sent to New Caledonia by the new federal government in 1901.)

It’s this breadth that sets our intelligence community apart from most countries of Australia’s middle-power size.

Breadth is also reflected in ONA’s mandate. The ONA Act 1977 requires the Office to assemble and correlate information, and to report on and assess ‘international matters that are of political, strategic or economic significance to Australia’. It’s hard to think of a more expansive formulation. One result is that, unlike many of our overseas counterparts, ONA has always had a strong economic component and, from as early as 1981, was writing on issues like climate change.

The ONA Act makes no specific mention of intelligence in relation to ONA’s assessment work, but stipulates that the Director-General is entitled to full access to all the sources of information available to the Australian government in reaching its assessments.

So ONA has never seen its role as being principally to write on issues which can be illuminated by secret intelligence but, more

expansively, to try to make sense of the world for the Australian government.

The second distinctive (indeed unique) feature of the Australian model is the **centrality of assessment**.

Hope recognised that the government needed effective assessments to filter the raw material of collection, to shape it and weigh it. He concluded that a peak assessment agency with statutory independence was required, separate from the collection functions of intelligence. No other country has an assessment agency like ONA with statutory independence at the centre of the intelligence structure and which reports directly to the head of government.

In particular, the Director-General's statutory independence ('...the Director-General is not subject to direction in respect of the content of, or any conclusions to be reached in, any report or assessment under this Act') sets ONA apart. All Australia's close allies underline the importance of independent assessment, but none backs it up with the

force of legislation. Just as uniquely, ONA has broad coordination and evaluation responsibilities relating to foreign intelligence activities, reflecting Hope's view of the centrality of assessment.

This brings us to the third dimension of the Australian model, which is **strong oversight** of the legality and propriety of the actions of the intelligence agencies.

Hope recommended the establishment of a ministerial committee, chaired by the Prime Minister (now the National Security Committee of Cabinet) to give general oversight and policy direction to the intelligence agencies and to set their broad priorities. In his second Royal Commission report, he recommended the establishment of the Office of the Inspector-General of Intelligence and Security and the first Parliamentary Committee on ASIO.

This oversight function has been strengthened since through the establishment of the Parliamentary Joint Committee on Intelligence and Security (PJCIS) and the strengthening and

broadening of the role of the Inspector-General, including to oversee the integrity and independence of ONA's assessments.

Intelligence organisations can only do their job if they operate behind barriers of secrecy. But the Australian public needs to have confidence that they are acting with propriety, in accordance with their legislative mandate, and under the oversight and control of Ministers. The effective functioning of the oversight mechanisms, as Hope saw, is essential to providing this assurance.

Let me move from the intelligence community generally to ONA itself.

ONA has three main functions:

- First, the assessment task. We exist, as the Act says, to ensure that international developments of major importance to Australia are assessed on a continuing basis. When his government established the office, Malcolm Fraser described just what was meant by national assessments:

“national” meaning a matter affecting the responsibility of more than one minister, department or authority, or being of a level of importance warranting cabinet reference, or being of importance to basic government policy, or having major implications for the basic premises of departmental policy or programmes.’

- Our second function is the coordination and evaluation of the foreign intelligence activities that Australia engages in. This involves, among other things, our chairing the National Intelligence Collection Management Committee which sets more detailed requirements for collecting agencies (against the broad background of the government-established general National Intelligence Priorities) and helps evaluate the results.
- And, finally, we conduct some of the formal open-source work for the Australian intelligence community in our Open Source Centre, where talented

linguists translate reports from media in our region and information specialists help analysts and others in the intelligence community understand how best to undertake open source research.

The first two responsibilities are set out in the ONA Act. The third was added to our functions by government decision after the 2004 Flood Inquiry.

Assessment organisations like ONA exist so governments can hedge against the risk, present in every system at every time, that policymakers will tend to see the world in terms of the prescriptions they have already written to address its problems.

So although ONA's mission is to deepen Australia's capacity to act in the world in ways that serve our national interest and advance the norms and values we believe in, it does this by standing dispassionately apart from the policy process.

I've often compared ONA's responsibilities rather unromantically to those of a building inspector. Our job is to

test the foundations upon which Australia's external policies are built to ensure they are strong enough to support the framework of policy which rests upon them.

We're also surveyors, looking out at the international landscape to identify the changes, dangers and opportunities that might emerge from it for Australia. We provide warning to government.

ONA is in the business of ideas and information. Our success hinges on our ability to understand complex issues and to identify, manage, analyse and communicate information effectively. ONA is at its best when bringing together the different expertise and insights of geographical and functional specialists.

Specifically, we expect our analysts to master analytic tradecraft and apply well-developed critical thinking skills to problems that matter to government. They must be able to place raw intelligence in context – recognise what matters and what doesn't – and know how to draw upon and filter the torrent of material flooding in

from open sources.

And they must be capable of challenging conventional thinking and, equally, of having their own analysis challenged.

ONA is easily the most contestable place in which I've ever worked. Our readers can be confident that no piece of product gets out without heavy stress-testing.

I've worked over the years with many different policy-makers and, like all of us, they absorb information in different ways.

Some are, like me, are most comfortable working our way through the written word, in tightly argued, and preferably elegant, prose. Others are persuaded much more by charts and statistics – 'Just give me the data.' Some want the most detailed evidence to back up arguments. Others are irritated by anything other than an explicit statement of the bottom line – 'Get to the point.'

And at different times they will need their analysis in different ways. So ONA provides its assessments in many forms, from oral briefings to Ministers or participation in inter-departmental

committees, through graphic presentations to the National Security Committee to written Watch Reports and Assessments.

But, whatever the form, we service a limited ministerial and official audience.

That's what we do. Now to the more interesting question of why we do it and whether it's worth it.

I came back to ONA twenty months ago after twelve years in the outside world, six of them working with colleagues at Lowy. I returned very conscious of how deep the knowledge is that exists outside government, including in the business community, about events in the world.

So I suppose a fair question now is the one that commentators and the public ask. What does covert intelligence add? In a world of Twitter feeds and Facebook updates, YouTube videos and Al Jazeera broadcasts from the battleground, why do we need to spend money on secret intelligence? In any case, one hears, no-one in the intelligence community seemed to pick the flowering of the Arab spring?

And I suppose I'm as good a person as any to answer that question. One way of putting it would be to ask what do I know at ONA as a member of the Australian intelligence community that I didn't know at Lowy? And does it matter?

Obviously – not least because of the Crimes Act – I'm not going to give you a specific answer to my question. But I'm happy to say – and you will be happy as taxpayers to hear – that I know many useful things, and that it does make a difference. But it matters more on some subjects than others.

The American scholar from the RAND Institute, Gregory Treverton, a former US intelligence officer, has drawn a famous distinction between puzzles and mysteries. Puzzles can be solved: they have answers which only need to be revealed – how many inter-continental ballistic missiles did the Soviet Union hold?

But a mystery, Treverton says, 'poses a question that has no definitive answer because the answer is contingent; it

depends on a future interaction of many factors, known and unknown. A mystery', he says, 'cannot be answered, it can only be framed, by identifying the critical factors and applying some sense of how they have interacted in the past and might interact in the future.'

Intelligence can deal best with the puzzles. Secret information can reveal proliferation dangers as a basis for determining where we address our efforts, help us understand how terrorist networks plan and communicate and alert us to the capacities of new weapons systems.

The information we can gather from human and technical sources is critical to our ability to understand and pre-empt terrorist attacks, to support Australian military forces, police, diplomats and aid workers in overseas operations, to plan the safe evacuation of our citizens from fast-moving crises.

Mysteries, however, need to be framed, as Treverton says. With these broader questions the role of intelligence

assessment agencies is to give policy-makers insights and ways of thinking about the issue. And no assessment agency worth having would not draw deeply in such work on the thinking and analysis of scholars and think tanks.

To return to the events of the Arab spring, why weren't they predicted? And what lies ahead?

In his *Lowy Analysis on the Tunisian and Egyptian uprisings*, Anthony Bubalo quotes a wonderful paragraph from Ryszard Kapuscinski on the tiny changes that bring about a revolution: 'But this time everything turns out differently'. The conditions may have been there in Egypt, Tunisia and Libya for something to happen – every Middle East analyst I know, inside government or out, could point to all the social, economic and political ailments facing Egypt as a foundation for change. But the precise combination of circumstances and personal agency which brought about the events in Tahrir Square was unforeseeable until it happened.

Nevertheless, even with mysteries, secret intelligence can throw vital light on what might otherwise be supposition. And that matters to government, because the biggest difference between writing about the same issue in the intelligence community and in a think tank relates to the greater degree of confidence required by government.

In situations where national interests are involved, governments aren't reflecting or commenting but acting, often in fast-moving situations. The decision-makers have to commit resources, to choose to take one path or another, to encourage a development or help shape a coalition against it, to protect or risk Australian lives. They have to take decisions with very practical consequences, sometimes of the most human kind. Their intelligence briefers need to be very clear on what is known, and the degree of confidence with which it's known.

So secret intelligence provides – or provides at its best – a much greater degree of confidence. It can throw light on the

motivations of key players, reveal capacity, and be critically helpful to analysts in helping them sort out the facts from the reams of speculation.

I speak on all this, by the way, as a veteran of one of the greatest of all failures to foresee the future – as an intelligence analyst dealing with the Soviet Union in 1989, the year in which I last served in the Australian intelligence community.

In the twenty years I was away from the business, the role and priorities of the intelligence agencies – what they did and how they did it – changed fundamentally. A Cold War world of limited information and structural rigidity was blown apart by the information revolution and globalisation and by the growing capabilities of non-state actors. But the question now is what comes next? What sort of world does the 21st century intelligence community need to prepare for?

The question of how well the Australian agencies are positioned for change is one the Prime Minister has asked

Mr Robert Cornall, the former Secretary of the Attorney-General's Department, and Associate Professor Rufus Black from the University of Melbourne, to examine in their current independent review of the Australian intelligence community. The review follows a suggestion in Philip Flood's 2004 report that, even in the absence of a specific problem or crisis, the agencies should receive an independent health check every 5 to 7 years.

For all the reasons we've just been discussing we can't know the precise configuration of the world we are moving into but some of its structural features are becoming clearer.

Here are some personal thoughts:

- power will be more diffuse and, as a result, it will be more important for Australia to be able to understand and work with countries outside our traditional areas of focus
- in the combination of all the dimensions of power, the US will

remain the most powerful state

- China's economic rise means that a growing number of issues, global as well as regional, will have a Chinese dimension
- information will be increasingly abundant, so its sifting will become more important. At the same time, however, governments and private sector producers of content will have greater success in restricting easy access to valuable information
- technological change will accelerate, providing new public policy challenges and creating new threats and opportunities
- as the power relativities they reflect continue to change, global institutions will be in a state of flux
- the global economy will operate in ways quite different from those we have known in the past, with developing countries driving growth
- non-state actors from terrorists to cyber criminals to people smugglers will have

a continuing capacity tangibly to affect state power

- the demand for energy, water and food will all increase and the geopolitical consequences will play out around the globe.

What does this mean for the intelligence community?

First, as I noted, we will need to understand the world more broadly.

As our national interests evolve and proliferate, the intelligence community needs to respond. The geographical spread of Australian interests will grow in emerging areas like India, the Middle East, Africa and Latin America. Our G20 commitments, for example, will require us to work on global issues across all regions.

And new dimensions of power will emerge. For example, we're only at the earliest stages of understanding all the aspects of cyber power and its place in statecraft.

And our interests in understanding

non-state actors, already so much greater than it was in the 20th century, will continue.

Resources will never be sufficient to do all that could be done, so the effective use of open sources will be an essential first step.

We live in an open-source world. Governments, including intelligence agencies like ONA, need to understand that environment and draw on it as effectively as they can or they'll follow the fate of all species that can't adapt to environmental change. ONA analysts covering the revolution in Egypt for example, saw events being reported on Twitter a couple of hours before they appeared in the mainstream press.

In part, of course, that's because responsible journalists are looking for higher levels of proof in their reporting, a reminder that the new open sources aren't the whole answer. Those reports, like all information, need to be collated, filtered and judged against a broader background by experienced analysts. But as we've seen

in a number of areas now, they provide a superb initial understanding of the mood of those who are involved in social and political change.

As the volume of traditional media, new media, and social media balloons, we need to find new ways to store, search and use it. This will be a major challenge, but essential to our understanding the world in a timely way.

The sort of division of labour we see in the structure of our intelligence collection – human separate from technical collection; foreign separate from security intelligence – would be instantly recognisable to any government in the middle of last century. It's not at all clear to me that if you were devising a system again from scratch you would do it in the same way. Just as the borders between foreign and domestic intelligence have been eroded by globalisation, so the clear divisions between human and various forms of technical collection are fading.

I don't think, however, that that's an

argument for slicing responsibilities in different ways, or blending everything into a giant integrated collection service. Both contestability and accountability are served by maintaining the different cultures and tradecraft of the various collection agencies. But the Australian agencies do need to be open to new ways of working together.

We work in a mashed-up world. That's why fusion centers and other forms of integrated operations like the Counter Terrorism Control Centre in ASIO and the Cyber Security Operations Centre in DSD have been formed. Flexible procedures and more fluid structures like those are likely to be the way of the future.

The Australian intelligence community seems good at that – certainly much better than when I last saw it in operation. All of the current intelligence agency heads have had extensive experience in government outside their own agencies. That's a real help against stove-piping and bureaucratic protectionism. And the experience at the top is reflected right down through agency staffing.

Both to understand and to act against transnational threats such as terrorism we need to work better with partners from a much wider range of countries.

And coming to the focus of this audience, to inform our product and to guard against group think, we must also work more closely and effectively with outside organisations, with think tanks and academics.

That's not always easy. We're dealing often with secret information which is not ours to divulge and which must be protected. Obviously this is easier to do in a place like ONA, working on strategic intelligence, than for ASIO or ASIS, but all the agencies maintain a form of outreach to the wider community.

I'm sometimes asked whether ONA should, perhaps in declassified form, contribute more to the public debate. After all, we have one of Australia's richest sources of analytical expertise in the areas we cover.

The US National Intelligence Council's

The World in 2020 is sometimes cited as an example of such a contribution. I certainly agree that the NIC publication has been enormously useful. And, as my own history suggests, I believe that the active engagement of an informed public is essential to the development of a successful national security policy.

But in my view, ONA can only properly measure up to its statutory independence if it is speaking clearly, forthrightly – but only – to the people to whom it is directly responsible: the Prime Minister and the government. Once ONA's views on specific issues, however generally expressed, become part of the public debate, any government will treat its work with suspicion, and we risk it closing its ears to our analysis.

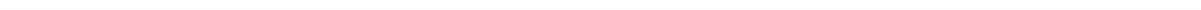
ONA and the Australian intelligence agencies have never been, and are even less now, the sole source of information about the world reaching Ministers. All our main customers bring to their jobs their own extensive experience both of international

relations and the universal rules of politics. All of them have other, often more immediate, ways of learning about the world: from TV and newspapers, iPads and social media, think tanks, academic experts, the experiences of businesspeople and the opinion of family and friends.

The noise level is high. That's inevitable and it's the responsibility of the intelligence analyst to cut through all that noise by producing assessments that are so credible, accurate, policy-relevant and timely that our work stands out for our customers.

To succeed in this we will need to be able to deliver our product in forms and at speeds that reflect the environment in which they are operating. That will have many challenges, including the protection of information. But intelligence that is not informing decision-making is pointless.

I think the answer to the question I posed – what sort of world does the Australian intelligence community need to be prepared for? – is this: it needs to be prepared for anything.



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