

POLICY AND GOVERNANCE

A

ustralian foreign policy
and the management of
intelligence post-
September 11

James Cotton

06-03

Asia Pacific School of Economics and Government
THE AUSTRALIAN NATIONAL UNIVERSITY

<http://apseg.anu.edu.au>

© James Cotton 2006

The Policy and Governance Program at the Asia Pacific School of Economics and Government publishes a series of Discussion Papers on a range of policy issues, including issues of political institutions and institutional design, accountability and public sector management, and the relationship between political and economic reform. The Discussion Papers disseminate research quickly in order to generate comments and suggestions for revision or improvement. Since they often represent preliminary or incomplete work, citation and use of such a paper should take account of its provisional character.

The opinions contained in the series are those of the authors, and not those of the Asia Pacific School of Economics and Government at The Australian National University.

James Cotton <j.cotton@adfa.edu.au> is Professor of Politics, University of New South Wales at the Australian Defence Force Academy; he is also Adjunct Professor, Faculty of Asian Studies, Australian National University.

Abstract

In the era since the September 11 terrorist attacks there has been an unprecedented appeal to intelligence as a justification for pre-emptive government action on the part of the Anglo-Saxon democracies. This paper discusses the management of intelligence by the Australian government in this era. In respect both of the 'war on terrorism' and other issues, the politicization of intelligence has been in evidence. Poor management practices (as evident, for example, in the Collins affair) have been a facilitating factor, but the main reasons have been the predominance of perceived alliance requirements and government recourse to the apparent expertise and objectivity of intelligence agencies for electoral advantage. The reforms proposed for the intelligence sector do not address the root causes of politicization but may actually facilitate this trend.

Australian foreign policy and the management of intelligence post-September 11*

James Cotton

* *Author's note:* I would like to thank Michael Boyle, John Coates, Clinton Fernandes, David Goldsworthy, Tony Kevin, John McFarlane, Milton Osborne, Hugh Smith and Michael Wesley for their comments on earlier drafts of this paper. A fuller version will appear in James Cotton and John Ravenhill eds, *Trading on Alliance Security: Australia in World Affairs 2001-2005* (Melbourne: Oxford University Press/Australian Institute of International Affairs, forthcoming 2006).

© James Cotton 2006

On Tuesday 18 March 2003 the Prime Minister John Howard moved a motion in the House of Representatives, in order to advance the government's claim that Iraq's 'possession and pursuit of weapons of mass destruction' constituted 'a real and unacceptable threat to international peace and security' (CAPD 2003a, p. 12505), that Australia's commitment of military forces to the Gulf with the intention of disarming Iraq of weapons of mass destruction (WMD) as a response to this threat was justified, and that this action was legitimised by successive UN Security Council resolutions, most notably Resolution 1441. The Opposition response was to oppose the motion on the grounds that while the disarmament of Iraq was a desirable objective, unilateral means were to be rejected in favour of entrusting the task to the United Nations (CAPD 2003a, p. 12510). In the preceding major debate on the Iraq question, conducted in response to a speech by the Foreign Minister, Alexander Downer, on Iraq's decision to re-admit weapons inspectors, Iraqi WMD capabilities and ambitions were a central element in Downer's assessment of the dangers posed unless Saddam Hussein was compelled to disarm (CAPD 2002, pp. 6378–85). As the Prime Minister said on the eve of the Iraq war, without these weapons the anticipated invasion could not be justified. 'I would have to accept that if Iraq had genuinely disarmed, I couldn't justify on its own a military invasion of Iraq to change the regime. I've never advocated that' (Howard 2003).

It is now a matter of historical record that the Iraq Survey Group (ISG), despite its best efforts, could not find the WMD in question. So essential were these weapons to the government's case for the Iraq commitment that even in 2004 the fact of their absence could not be squarely faced. The official post-conflict statement on Iraq addressed the matter in the following terms:

All we have learned since the war confirms that the Coalition was right to take decisive action. The Iraq Survey Group has revealed that Saddam Hussein was continuing to pursue WMD and had no intention of foregoing his WMD ambitions. Military action to remove Saddam was the only means by which the international community could be assured he would not use WMD again. (DFAT 2004a, p. 4)

Saddam Hussein was thus removed for harbouring and refusing to relinquish not WMD but ambition. Much had changed since March 2003.

The period since 11 September 2001 was one in which appeals to and reliance upon intelligence were unusually prominent and also in which expenditure on intelligence collection and analysis expanded significantly. In the 2004–05 federal government budget, additional funding of \$227.8 million was provided for the intelligence services for the coming three years. If pre-emption in any form is to be considered as a policy option, intelligence must be especially sound since it relates both to the capability as well as to the firm intention of possible antagonists. This is even more the case if those antagonists are non-state actors and their networks secret. As the ‘war on terrorism’ assumed centre-stage, government assertions that it operated on the basis of the best intelligence became a major feature justifying its policies. The reasons for this strategy were, as Richard Mulgan has noted, more complex than might at first appear. Appeal to privileged and apparently disinterested information provided a firm foundation for war-like state action; at the same time, policy failure could subsequently be attributed to poor advice. In the context of evident cases of the poor management of intelligence systems and with the basis of those policies now exposed as erroneous, further appeals to intelligence exposed the government to the danger of greater public distrust while also adding to the pressure of FOI legislation to disclose enough of the record to make the original policy choice intelligible (Mulgan 2006). This latter tendency might itself actually impel the further politicization of intelligence.

Intelligence and SIEVs

Although differences over Iraq have been the most important source of intelligence controversy following the terrorist attacks in the US, it was an incident that had no apparent connection with the war on terrorism or the doctrine of pre-emption that first brought the issue of the government’s use of intelligence, and especially of the intelligence agencies, to prominence in the domestic debate.

On 7 October 2001 during the interception by HMAS *Adelaide* of (‘Suspected Illegal Entry Vessel’) SIEV 4, it was inferred, on the basis of an oral report of what was then a current operation, that refugees on board the vessel had thrown children into the water. Internal inquires in the Department of Defence as well as a

parliamentary inquiry later established this inference was incorrect. Within days, however, it had become a vital election issue though its basis in fact was already under challenge within the Australian Defence Force (ADF) (as a result of a signal sent to Defence by the ship commander on 10 October). When doubts arose regarding this incident, the Prime Minister maintained a dogged adherence to the original version of this story, citing an Office of National Assessments (ONA) report as justification for his judgement and claiming that nothing he had learned since had caused him to revise it. He repeated this point in a number of interviews conducted on the eve of the election, saying on 8 November, 'I was provided with written advice from intelligence sources on the 10th of October to the effect that people on the [refugee] vessel had jumped into the water and that children had been thrown into the water' (Howard 2001).

However, after Estimates hearings had dealt extensively with the issue, the Senate established a Select Committee on a Certain Maritime Incident which began its hearings in March 2002 and submitted a final report in October of that year. This inquiry, which cast serious doubt on the government's claims, determined that the basis of the often cited intelligence report was highly dubious. It quotes from the testimony at a Senate Estimates Committee hearing of (then) ONA Director-General Kim Jones who, in responding to a request on 7 November from the Prime Minister's international adviser, Miles Jordana, for documentation on the incident, located an ONA report (226/2001) on the issue. Although this report apparently repeated the original claim regarding the incident (Senate Select Committee on a Certain Maritime Incident 2002, 6.83, p. 123), the Director-General advised Jordana at the time that its basis was 'ministers' statements' rather than independent intelligence. In discussing the use by the Prime Minister of this material, the Director-General noted that the original report was classified, that only four sentences of it referred to this particular incident, and that he could not recall the last time such material from ONA was publicly quoted by a government (SF&PALC 2002, p. 133).

This controversy has been canvassed extensively since that time for the messages it conveys regarding the modern doctrine of ministerial responsibility and executive veracity (Smith 2002; Weller 2002). What is noteworthy for the current paper is the fact that the findings of ONA – and thus classified and unchallengeable materials – were used to support the government's account of events. Once the

spurious basis of the claim was revealed, distrust of the use of the intelligence agencies for what could be interpreted as partisan purposes grew.

Subsequent revelations throughout the second Howard term about the events of October 2001 regarding the background to the government's use of and appeals to intelligence reinforced this distrust. Immediately prior to the 2004 elections the Senate appointed a select committee to hear evidence from Michael Scafton, formerly Defence Minister Peter Reith's senior adviser. Scafton had not been a witness at the original 'Certain Maritime Incident' hearings, but in August 2004 had published in the press his account of his role at the time. He had been directed to view video evidence provided by the Navy of the children overboard incident and to form an opinion of it. The members of the Select Committee heard Scafton explain that in a telephone conversation with the Prime Minister on 7 November he offered the same opinion that he had shared earlier in the day with the Defence Minister, namely, that the video material contained no images of children being thrown overboard (Senate Select Committee on the Scafton Evidence 2004, pp. 10–11). According to Scafton, he had already advised both the Minister and Jordana on or about 10 October that photographic evidence purporting to illustrate children being thrown into the sea was not supportive of this claim.

On 19 October 2001, when much public attention was focused upon the story of SIEV 4 and its impact on the campaign for the federal election, 353 would-be asylum-seekers drowned when their dangerously overloaded vessel (later dubbed the SIEV X) sank en route to Christmas Island from Bandar Lampung in Indonesia. At first this was represented as a human tragedy in which Australia was not directly involved. The Prime Minister repeatedly referred to the event as having occurred 'in Indonesian waters'. But when the issue was explored at the Senate Committee established to review the SIEV 4 story, evidence emerged that the government knew more (Kevin 2004; Marr and Wilkinson 2004). This fact was established in part by the eventual release, long after the Senate Committee had concluded its work, of a cable from the Jakarta embassy dated 23 October (Hutton 2003). It was now apparent that the area where the boat sank was within the aerial surveillance zone established under Operation RELEX to give early warning of SIEV voyages, and that this was known from the first though the point was obfuscated by departmental spokespersons.

In those circumstances, and especially if as seemed likely an Airforce P3 had been operating in the area, it was at the very least a clear intelligence failure that the

boat or its rescuers were not sighted. There were also unanswered questions regarding the responsibilities Australia might have assumed to rescue the survivors if information that was known, including about the boat's departure and state of seaworthiness, had been properly assessed. Further, the claim was made that some of the principals involved in the dispatch of the vessel may well have been cooperating with a continuing program on the part of the Australian Federal Police (AFP) and the Australian Secret Intelligence Service (ASIS) to disrupt people smuggling operations in Indonesia. The AFP Commissioner refused to deal with this particular question when testifying before the Senate (Kevin 2004, pp. 201–25). The SIEV X incident occurred when a 'whole-of-government' approach was taken through the convening of a 'People Smuggling Taskforce' which involved an unprecedented coordination of the Department of Immigration and Multicultural Affairs (DIMA), the Department of Foreign Affairs and Trade (DFAT), the Department of Prime Minister & Cabinet (DPM&C), the AFP, Defence and the ADF. The fact that this overall strategy had earned the government considerable political dividends generated concern that partisanship had entered what had hitherto been bureaucratic preserves.

The debate on intelligence reform

This perception of partisanship was undoubtedly enhanced as a result of the Iraq experience. As in the United States and Britain so in Australia, the absence of WMD in Iraq, especially given the many claims by governments that intelligence had established their indubitable existence, led to demands that the basis for the invasion policy be critically examined. On the eve of the invasion, the decision by ONA senior analyst Andrew Wilkie to resign and take the message to the media that there were insufficient grounds for war severely embarrassed the government (Wilkie 2004). In retrospect, even Wilkie's view of Iraq's WMD capacity proved to be an over-estimate.

Following the launching of enquiries at Westminster and in Washington, the Senate decided on 18 June 2003 to refer the matter to the Parliamentary Joint Committee on ASIO (Australian Security Intelligence Organisation), ASIS and DSD (Defence Signals Directorate). The Committee, chaired by David Jull, was tasked 'to consider the nature, accuracy and independence of the intelligence used by the Australian government and the accuracy and completeness of the presentation of that intelligence by the Australian government to the Parliament and people of Australian

[sic]' (PJCAAD 2004, p. vi). While, unlike its UK counterpart, it was not permitted to review the complete record of relevant intelligence assessments, and its report had to be cleared by government ministers before its publication, its deliberations and the report that it released in December 2003 were quite revealing of its subject.

The Committee recommended that the government commission an intelligence specialist to review the complete record of Australia's agencies regarding reporting on Iraq. This recommendation was one of the factors that led to the decision by the Prime Minister, on 4 March 2004, to enlist Philip Flood (a former Director of ONA and Ambassador to Indonesia) to prepare a report on the issue. Flood had the advantage of seeing all relevant classified materials, and his report was not released until 20 July 2004 which enabled him to check his findings against those of the US Senate Intelligence Committee whose review of the same issues appeared on 7 July (US Senate 2004). He was also able to see an early version of the Butler Committee review of UK intelligence on Iraq which was also published on 20 July (Butler 2004). As his report and that of the Parliamentary Committee traverse much of the same ground, for this reason they will be considered here together.

There were two interesting differences between the Parliamentary Committee and the Flood findings. First, the Committee was much more explicit on the divergences between ONA and Defence Intelligence Organisation (DIO) analyses of Iraq. It located an important shift in ONA opinion as having occurred in mid-September 2002, and traced this shift directly to events in the US and the UK: 'it appears that after this date ONA is influenced by the more assertive claims being made in Britain and the United States at that time' (PJCAAD 2004, p. 33). Flood dated the divergence, such as it was, between DIO and ONA to a less precise period between late 2002 and early 2003, and rejected the suggestion that this was the manifest result of external influence.

Second, unlike Flood, the Committee tackled directly the issue of which intelligence the government had relied upon in its decision to wage war, a decision based squarely upon claims about Iraqi WMD. As its report noted, 'the case made by the government was that Iraq possessed WMD in large quantities and posed a grave and unacceptable threat to the region and the world, particularly as there was a danger that Iraq's WMD might be passed to terrorist organisations' (PJCAAD 2004, p. 93). However, the report went on to assert, 'This is not the picture that emerges from an examination of all the assessments provided to the Committee by Australia's two

analytical agencies' (PJCAAD 2004, p. 93). Although ONA did believe it was 'highly likely' that Iraq possessed WMD, the Office held that the quantities were small and the threat they posed far from immediate. What, then, was the basis of the government's position? It rested, apparently, on judgements deriving from the US and the UK. The Committee described the position thus:

The statements by the Prime Minister and Ministers are more strongly worded than most of the AIC [Australian Intelligence Community] judgements. This is in part because they quote directly from the findings of the British and American intelligence agencies. In particular, in the 4 February 2003 speech to the House of Representatives, the Prime Minister quoted the findings of Joint Intelligence Committee of the UK and the key judgements of the National Intelligence Estimate of the CIA. In both of these documents the uncertainties had been removed and they relied heavily on the surge of new and largely untested intelligence, coming, in the US at least, from Iraqi defectors. These dossiers comprised stronger, more emphatic statements than Australian agencies had been prepared to make. ... ONA agreed that these judgements, quoted in the speeches, were not necessarily ones that they might have made, but that, *as they were made on the basis of material ONA had not seen*, the quotations in the speeches were not questioned. They were considered accurate quotations, in the sense of transcriptions, from the British and US documents (PJCAAD 2004, p. 94, emphasis added).

In other words, when asked to verify the intelligence content of the government's key claims, ONA restricted that verification to checking that content against the US and UK documents in question. This is tantamount to the claim that if asked to verify British government assertions that the earth was flat, ONA would not consult scientists but would rather review back issues of the British *Hansard* to determine that Tony Blair was quoted correctly.

What went wrong? According to Flood, there was a 'lack of a rigorous culture of challenge', insufficient attention to gaps that might exist in intelligence, and in the case of ONA there were too few resources to devote to such a major issue. There was no evidence of political pressure, though the work of the intelligence agencies was poorly integrated and DIO was not sufficiently focused on the needs of its primary

military client. On Iraq, Australian intelligence came to independent judgements and did not merely follow US (or British) assessments. Here there was a significant difference between Flood's view and that of the Parliamentary Committee. Flood emphasised that it was not all a story of flawed judgements. The performance of the intelligence community, he asserted, was a good deal better, for example, in relation to anticipation of the instability experienced by the Solomon Islands from 2000.

Wilkie's interpretation of this story, and especially ONA's shift towards a more definitive and critical representation of Iraq's weapons capability, accords centrality to the role of political considerations:

The Australian government's extraordinary request in mid-September [2002] for an unclassified report for use in the preparation of the Prime Minister's and Foreign Minister's speeches sent a clear signal to ONA to deliver something much stronger, something to back up the government's enthusiasm for war. ONA delivered, even though it propelled the Office into the fantasy land hitherto occupied chiefly by the CIA [Central Intelligence Agency]. Crucially, ONA is not a policy organization and does not normally prepare unclassified notes for anyone's public speeches (Wilkie 2004, p. 142).

Geoffrey Barker comes to a similar judgement (Barker 2003). The Parliamentary inquiry notes the production on 13 September 2002 of an unclassified report on Iraq which was drawn upon for ministerial speeches and which, a careful textual analysis shows, was devoid of those qualification regarding Saddam Hussein's capabilities and intentions as well as in respect of the surety of the evidence available on these topics that had previously marked ONA product (PJCAAD 2004, p. 32). In the same month, the CIA and the British government both produced unclassified documents setting out their similar views of the dangers of Iraq's WMD status. And it was on 12 September 2002 that President George W. Bush, addressing the UN General Assembly on the Iraq crisis, stated of Saddam Hussein that 'a regime that has lost its legitimacy will also lose its power' (Bush 2002).

Flood's brief was more extensive than that of the Parliamentary Committee, since he was charged also with suggesting reforms. Accordingly, he proposed a

number of changes to the organisation, oversight, resourcing and coordination of intelligence.

The test of a proposed public policy reform is to consider what change in performance could have been expected if it had been implemented prior to the emergence of the problem to which it was a response. Here there was something of a paradox in Flood's proposals. Of the two intelligence agencies, the performance of ONA was inferior, on his assessment, to that of DIO. In particular, on the crucial issue of WMD in Iraq, with war clearly on the horizon, DIO did not alter its original caution whereas ONA changed its position – Flood was not sure whether to say this occurred in late 2002 or early 2003 (c/f Flood 2004, pp. 27, 34). As Flood stated, 'ONA's judgement, while reasonably argued, has not been borne out by what has been found in Iraq, and DIO's caution has been justified' (Flood 2004, p. 29). Flood, however, proposed that more resources be given to ONA, and DIO be restrained from trespassing into the sphere of political and economic assessments but rather tailor its product more specifically to the practical needs of the ADF and ADF deployments.

In the commercial world, the market rewards 'winners' and punishes 'losers', and chief executives whose business decisions lead to good company performance receive bonuses. In Flood's bureaucratic world, the reverse was the case. Though Frank Lewincamp's leadership was credited for the positive culture of contestability to be found in DIO and he was not subject to specific criticism, Flood spent a good deal of time musing on the alleged improvements that would flow from a person of military experience occupying the post of Director (as had been the case in the past), and even proposed a new deputy position for the organisation, to be occupied by a civilian if the Director was a member of the ADF. It was difficult to read these passages as other than a rebuke for Lewincamp (being a civilian), whose role was discussed directly on four occasions. ONA's leadership, however, was not placed under any scrutiny; indeed its Director-General was not even named in the text of the report. One was left to consider what a figure from outside the bureaucratic environment might not have made of these matters. Lewincamp was subsequently transferred from his position in 2004, to be replaced by an ADF officer.

Flood also proposed a rationalisation of the mechanisms for scrutiny by parliament and also by the Inspector General of Intelligence and Security (IGIS) of the various intelligence services. A degree of bureaucratic tidying would result (of the kind also proposed by Flood's UK counterparts), but it is hard to imagine that a

greater role for the Parliamentary Committee in oversight of ONA and DIO, though no doubt desirable, would have had any impact, positive or otherwise, on the Iraq intelligence fiasco.

One measure Flood did suggest might well have had a powerful effect. If it can be assumed that in 2002–03 the problem was excessive zeal on the part of politicians, and especially the Prime Minister, to commit the nation to war irrespective of the evidence or of the advice, then Flood’s ‘reforms’ might well have exacerbated rather than mitigated this trend. It should be recalled that if there was any element of Flood’s otherwise anodyne text that stated any criticism of the political management of intelligence, it was the suggestion that the use of the Office of National Assessments to verify the intelligence accuracy of the speeches of the Prime Minister and other ministers, as well as the public release of intelligence material, did not proceed within a sufficiently clear framework. Flood suggested formalising the guidelines whereby intelligence product or judgements drawn from it could enter the public realm. Under the proposed arrangements, the Prime Minister would be obliged to put a request of this kind in writing to the Director of ONA, and in its execution ‘there should be no influence from ministers and their offices or from policy departments’ (Flood 2004, p. 160). But no actual mechanism was suggested that would achieve this laudable objective. Indeed it is arguable that, by formalising the procedure, the use of intelligence assets for partisan purposes might become more commonplace.

Further, Flood proposed that the Department of Prime Minister and Cabinet should take direct charge of the DIO and ONA forward work programs, and hold the power of the purse to require the agencies to ‘bid’ for resources. Currently the budget of DIO is controlled by the Defence Department. It does not take too much imagination to conceive of a scenario where the intelligence agencies would be even more assiduous in composing their product with their political masters in mind lest they suffer a reduction in their resources. It should also be remembered that the most frequently repeated contemporary criticism of the Australian system of federal governance derives from the excessive concentration of power in the hands of the Prime Minister and his office, the latter containing ever growing numbers of political advisers, usually individuals from bureaucratic departments but by virtue of their positions answerable only to the Prime Minister and removed from parliamentary oversight (Weller 2002). These recommendations from Flood would further centralise

prime ministerial power. It is perhaps unsurprising that the Prime Minister endorsed the substance of all of these recommendations. Accordingly it was announced that ONA staffing would increase from seventy-five to 150 by 2006, and the Director-General would also chair a new Foreign Intelligence Coordination Committee.

There is an alternative view of the Iraq issue. This holds that the government's decision on Iraq was not based on intelligence, sound or otherwise, but was rather derived from calculations regarding the US alliance (Garran 2004, pp. 137–65; Grant 2004, pp. 103–29). With the passage of time, this view seems the more plausible. If it is correct, appeals to intelligence and advice, of course, were mere window dressing and the intelligence role in government decision-making was thus minor. This assessment soon came to be held by many US analysts (Anonymous 2004; Bamford 2004; Hersh 2004). It follows that the various reviews of intelligence were all beside the point, and reorganisation of the intelligence community would hardly address the root of the problem if, indeed, the uncritical adherence to the US alliance (a topic beyond the scope of this paper) was so regarded.

Intelligence advantages and liabilities in military cooperation with the US

So far, the intelligence contribution to Australia's role in the Iraq invasion appears to have been minimal. The government apparently ignored DIO's caution and in relying upon the ONA assessment was really relying – whether or not this was clearly acknowledged – on the opinions of the coalition leaders. However, intelligence of a different kind undoubtedly played a part in the commitment of Australian forces. From the outset, the Australian government was very keen to participate in the 'war on terrorism' and the performance of Special Air Service forces in Afghanistan impressed US military leaders. As the Defence Minister was later to state, this commitment and the acceptance of the main propositions that were the basis of the US campaign gave Australia 'unprecedented' access to US military planning and intelligence (Wright 2003, p. 32). In late July 2002 the National Security Committee of cabinet is reported to have met to approve direct military participation in the Iraq war. Through ADF personnel at the US Central Command in Tampa, Florida – who had originally been posted there in October 2001 – a part was found for Australian forces in the forthcoming invasion. As the official account stated, 'By August 2002, our joint operations planning staff had developed a good understanding of

contingency plans being developed by the US' (DOD 2004b, p. 9). Subsequent accounts of US planning make plain that prior to the invasion being somewhat imperfectly considered at the policy level, the preparations of the military – using the compartmental code-name POLO STEP (Arkin 2005, p. 461) – were very far advanced (Anonymous 2004; Bamford 2004; Woodward 2004).

The nature of Australia's commitment was well known in military and intelligence circles in Canberra by September, prior to the first major debate on Iraq in the parliament (Woodward 2002; Wright 2003; Wilkie 2004, p. 73). It is also generally accepted that neither the US nor the British cabinets ever reviewed in a formal sense the issue of an Iraq commitment (Woodward 2004; Short 2004, pp. 146–50). A classified document that appeared during the 2005 British election campaign suggested that a meeting of senior foreign policy and security officials convened by Blair on 23 July 2002 discussed Iraq not in terms of whether an invasion was warranted but rather what grounds could be found for a campaign that had already been decided (Danner 2005). In the light of this timetable, whatever the conflicting assessments of the intelligence agencies, their findings were probably incidental to the major policy decisions. As a scholarly work, by a former Australian ambassador, on the Vietnam commitment that appeared in 2004 concluded, the uncanny resemblances between this episode and the Iraq case indicated that very little had been learned about the management of the alliance with the US in the interim (Woodard 2004). In both cases military commitments were proposed in order to serve alliance objectives, with intelligence-derived consideration of the precise role of the forces eventually dispatched coming after the event.

Nevertheless, the Iraq war and the occupation generated a series of difficulties for the intelligence agencies and the responsible ministers in the government. Australia participated in the Iraq invasion in keeping with the government's strategy to deal with global terrorism. Given, in Foreign Minister Downer's words, that terrorists acquiring WMD from rogue states would prove to be the 'ultimate nightmare' (Downer 2003), such states could not be trusted unless they disarmed of their own volition or were disarmed. Amongst intelligence specialists, the generally – though not universally – held view of the Iraq invasion was that it increased rather than reduced the threat of terrorism. Not only could it be interpreted as contrary to international law, but it was bound to generate casualties, destruction and violence, all of which could be construed as exemplary of the alleged contempt of the West for

Islamic believers and their civilization (Anonymous 2004; Clarke 2004, pp. 286–7). On the logic of either of these positions, any of the actions of the occupying powers that led to casualties or suffering exposed the ‘West’, and especially the coalition countries, to greater terrorist danger. Therefore it was imperative that the greatest care be taken to minimise those outcomes. When, in late January 2005, the international media began carrying reports of the abuse and torture of Iraqi prisoners at Abu Ghraib, many of whom appeared to have been detained almost at random, this seemed an issue virtually calculated to compound immeasurably the problems (however they were interpreted) inherent in the original invasion strategy (Hersh 2004).

At first this catastrophe appeared to be a responsibility exclusively of the chief coalition members, the US and Britain. Australia, with its minimal forces in the country (many of whom were engaged in protecting its own citizens), provided neither gaolers nor interrogators. However, details emerged of an Australian part in the detention and investigation of Iraqi citizens on the part of the occupying powers. Not only were some Australian personnel involved in the various detention regimes used in Iraq, but in discharging their responsibilities they were placed potentially to give the government early warning of the dangers inherent in the abusive detention practices exhibited at Abu Ghraib.

In October 2003 a delegation from the International Committee of the Red Cross (ICRC) visited the Abu Ghraib and Camp Cropper detention facilities, and drafted a report on conditions therein. The ICRC was concerned about practices at Abu Ghraib which violated the Geneva Conventions, including the deliberate humiliation and mistreatment of prisoners. It emerged that an ADF legal officer, Major George O’Kane, who was attached to the Coalition Force Headquarters, had the responsibility of drafting a reply to the original ICRC report. O’Kane was working on this draft in November and had visited Abu Ghraib, as had some other Australian personnel. In January 2004 he assisted with a further visit by the ICRC which then assembled and provided to Force Headquarters a very critical report on the detention regimes. Even before the gruesome pictures of detainees became widely available in April, the US military had also produced a damning assessment of these regimes. When the first account of O’Kane’s role appeared in the press (Allard 2004), the Defence Department, the Defence Minister Robert Hill and the Prime Minister all denied that the government had had any knowledge of the abuses at Abu Ghraib prior to the April media reports. In Parliament on 27 May, the Prime Minister even declared

‘contemptible’ the media attempt, as he interpreted it, to ‘imply some kind of guilt by association’ (CAPD 2004d, pp. 29379–80).

It subsequently emerged that Major O’Kane had brought the ICRC October report and other relevant documents back to Defence when he returned from Iraq in February, though the Minister claimed that these did not reach the International Policy Division of Defence until 11 May where even then their significance was not immediately recognised (CAPD 2004e, p. 23939). Minister Hill was adamant, however, that ‘Australia did not interrogate prisoners’ and that he had no prior knowledge of the abuses. Given the immense and predictable impact the images concerned had in the Islamic world, and the fact that from the first the ICRC was concerned with violations of the Geneva Conventions, Defence and government management of intelligence regarding the crucial situation in occupied Iraq was at best extremely poor. Moreover, the incremental way in which this story emerged largely through Senate Committee hearings (which Major O’Kane was forbidden to attend) suggested that more had been known about this vital issue than was revealed.

Even Hill’s claim that ‘Australia’ had not engaged in interrogations was contested by Rod Barton, who had been a senior member of the Iraq Survey Group until he had resigned as a result of his conviction that its work was tainted by direction from Washington. As part of the work of the Group on locating Saddam Hussein’s WMD, Barton had participated in the questioning of an inmate of Camp Cropper in Baghdad, which held ‘high value’ prisoners, including former weapons technologists and bureaucrats. According to Barton’s account, when he returned from Iraq he expressed concerns about the treatment of prisoners at Camp Cropper. Following his completion of a questionnaire regarding his Iraq service, he was interviewed by a senior Defence official on 9 June 2004. He then outlined his experiences, including his observations of signs of possible abuse of particular prisoners, including one who had died in custody. He was then surprised to learn of the details of Hill’s denial that Australia was involved in interrogations in Iraq or that Australia had had any information indicating prisoner abuse (ABC 2005). The government subsequently maintained that he had been involved in attending ‘debriefs’ rather than the ‘interrogation’ of prisoners, though his information about his experiences was regarded as sufficiently serious to be conveyed directly to the US Ambassador, Tom Schieffer (SFADTLC 2005, pp. 84–5).

Barton's revelations exposed the fact that another weapons expert, Dr John Gee, had left the Iraq Survey Group in March 2004, again because he had formed the view that it was not being allowed to conduct its work free of political interference. Upon his return from Iraq, Gee briefed Minister Downer on the ISG and its failure to find WMD, yet the Minister continued to refer to the evidence it had discovered as supporting elements of the government's original justification for joining the intervention (Allard 2005). In a further contribution to the Iraq debate, Barton later disclosed that as late as March 2004 attempts were still being made to avoid the obvious in the work of the ISG. In a direct personal intervention, John Scarlett (head of the UK Joint Intelligence Committee) sought to insert in the interim report being drafted by the ISG unfounded suggestions that Saddam's regime had been working on various weapons programs that could then be cited in justification of the invasion (Barnett 2005). Scarlett was subsequently promoted to the position of head of MI6.

Meanwhile, the impact of the occupation regime on the domestic dynamics of Iraq was considerable, motivating some Iraqis to mount what was usually described by the government as an 'insurgency'. It also had ramifications well beyond Iraq to the global 'war on terrorism'. In these circumstances it might have been expected that internal developments in Iraq would be monitored closely, since the fate of that country and also perhaps of the wider conflict was at stake. Yet it emerged, again as a result of Senate Committee hearings, that ONA could form no estimate of Iraqi casualties during the occupation, did 'not have access to any sources of information that would shed any particular light' on this question and was taking no steps to remedy this lack of such crucial information (SF&PALC 2005a, p. 143). The context for this question was a widely publicised estimate that 100 000 civilian casualties had been the result of the conflict; a later UN estimate published in May 2005 put the number at around 24 000. At a subsequent hearing the ONA Director-General, Peter Varghese, demonstrated a greater familiarity with these estimates, but as he frankly observed, 'Just as I cannot offer you a reliable number on the overall size of the insurgency, I cannot offer you a reliable number on the foreign fighter component of the insurgency' (SF&PALC 2005b, p. 106).

In short, Australian personnel were clearly participants in many aspects of the occupation process, and information was available from those personnel – had it been effectively gathered, analysed, and collated with information from other sources – to form a good estimate of the situation in Iraq. Yet this opportunity had been strangely

neglected, and the overall character and consequences of the occupation was not the subject of that comprehensive analysis that might have been expected. Thus was the state of the management of intelligence on Iraq when the government announced that troops would return to that theatre.

The Bali bombing

Closer to home, the uncovering of the activities of *Jemaah Islamiyah* (JI) in Indonesia brought the threat of terrorism to Australia's immediate region and touched directly the lives and interests of Australian citizens. Immediately following the Bali terrorist bombing of 12 October 2002 that claimed eighty-eight Australian lives (discussed elsewhere in this book), media reports appeared suggesting that prior intelligence of such an attack had been received but no specific warnings had been given. Accordingly, the government instructed the Inspector General of Intelligence and Security (IGIS) to review all intelligence records to examine this claim. Bill Blick concluded that no such specific intelligence existed, though he also found that some intelligence reports did list Bali as a possible target at some point for a terrorist attack (IGIS 2002). The fact that, in the light of this intelligence, DFAT apparently did not alert Australians sufficiently to the dangers of visiting Bali remained a matter of public concern. As a response, the Senate Foreign Affairs, Defence and Trade References Committee initiated hearings on the performance of DFAT and other agencies regarding the assessment of threats to the security of Australians in Southeast Asia. The Committee's report was eventually published in August 2004 (Senate Foreign Affairs, Defence and Trade References Committee 2004).

These Committee hearings helped establish also something of the picture of the intelligence available to the government and how it was used. Before 11 September, DIO was already aware of the risk of Islamic extremism in Indonesia. In September 2001, ONA referred to the possibility of an attack on a Bali hotel as a 'symbolic' target. In June 2002 ONA briefed Minister Downer and some of his senior staff on the threat posed by JI in the region, a briefing assessed by a member of the ONA team as an 'eye-opener' for DFAT. At this meeting Downer raised the issue of amending the travel advisory for Australian citizens going to Indonesia. ASIO was especially aware of such threats, and in October 2002 went as far as to suggest that an attack on Australians in Indonesia might be 'imminent'. Throughout this period

ASIO's threat assessment for Indonesia was 'High'. As the Committee's report notes of this assessment:

[T]he raising of the level to HIGH came *before* other important factors began to further elevate Australia's profile as a terrorist target, notably the announcement of Australia's deployment of troops to Afghanistan, and the speech by Osama bin Laden which referred to 'crusader Australian forces.' It also came *before* the revelations about JI's transformation into a terrorist organisation, and *before* information extracted from the custodial examination of al-Qaeda operative Umar Faruq that confirmed al-Qaeda's substantial and long-standing links with JI (Senate Foreign Affairs, Defence and Trade References Committee 2004, p. 28, emphasis in the original)

It was these and other factors that led the Inspector General to find that there had been no specific 'intelligence failure' in the period before the Bali attack.

Nevertheless, the parliamentary inquiry did hear the view that there was insufficient co-ordination between the process of threat assessment and the preparation of travel advisories. It also revealed shortcomings in the procedures for cooperation between DFAT and ONA. While members of the latter attending the inquiry insisted, for example, that there had been a follow-up meeting dealing with specific questions raised by Downer's staff as a result of their June briefing on JI, DFAT officers insisted that this meeting was never held. Blick was inclined – though on what specific grounds was not clear – to accept the DFAT account. The fact that there could be such a difference was itself far from reassuring, and suggested a less than whole-of-government approach to the problem. Overall, the inquiry expressed both a general criticism of the inadequate way in which DFAT travel advisories reflected current threat assessments, and also a specific criticism of statements about Bali. Rather than emphasise the fact that threats that existed at that location were no less than those that existed in Indonesia generally, references were made to tourist services there operating 'normally'. Further, this statement, or variations on it, appeared in every advisory in the period in question and was the only context in which Bali was specifically mentioned. Australians thus too easily formed the impression that Bali was 'a place apart', with disastrous consequences.

Partisan uses of intelligence

By this time, claims and counter-claims regarding intelligence and its justification for the government's position on the 'war on terrorism' had entered the mainstream of partisan political exchange. Following Wilkie's much publicised resignation, his character and expertise came under sustained assault. In a newspaper article in June 2003, Andrew Bolt held up to ridicule an analysis that Wilkie had written for ONA on the possible adverse humanitarian impact of a conflict (Bolt 2003). As Opposition foreign affairs spokesperson, Kevin Rudd, pointed out in Parliament, the leaking of a document classified AUSTEO (Australian Eyes Only) was a serious offence, a point reinforced by the revelation that ONA had especially released a copy of the report in June and that Senator Sandy MacDonald appeared also to have knowledge of the document during his questioning of Wilkie before a Senate Committee (CAPD 2003b; Robertson 2004). However, an AFP investigation of the incident did not lead to prosecutions.

The government became even more ruthless in dealing with any hint of dissent. In an interview on the *Sunday* program on 14 March 2004 the Federal Police Commissioner, Mick Keelty, suggested that if Islamic terrorists were responsible for the Madrid bombing (which claimed 191 lives three days earlier and was a factor in the adverse electoral opinion that ousted the government of José María Aznar) it would be 'more likely to be linked to the position that Spain and other allies took on issues such as Iraq'. He went on to observe that 'there's a level of honesty that has to exist here in terms of what the problems are here, not only in Australia but in our region' (*Sunday* 2004). According to press reports, Keelty was immediately contacted by a member of the Prime Minister's staff who voiced displeasure at this opinion and instructed him to publish a correction. Meanwhile, in an extensive interview, the Foreign Minister expressed the doubly dismissive opinion, first, that as against ASIO 'the police ... aren't an analytical organisation', and second, that in taking such a position Keelty was 'expressing a view which reflects a lot of the propaganda we're getting from al Qa'eda' (Downer 2004c). Downer reiterated the view that 'Australia is a country that is threatened by al Qa'eda, because of what Australia stands for' rather than as a response to policies taken by the government, including in connection with Iraq. In the event, Keelty published a 'clarification' of his statement, though many security specialists considered that he had merely been stating the obvious.

Once again in response to the Keelty incident the Prime Minister used an appeal to the intelligence agencies. It was ASIO rather than the AFP who had the role of assessing the level of threat to Australia and in the period following the invasion of Iraq there was no change in that level, therefore – on the Prime Minister’s reasoning – participation in the US campaign in Iraq did not expose Australians to any further risk of terrorist action. This was the position taken by the Prime Minister in his response to a question from Mark Latham, the Leader of the Opposition, on Keelty’s remarks (CAPD 2004a, p. 26757). Latham’s riposte was to move a censure motion alleging political interference in the work of the AFP. Predictably, this was defeated along party lines (CAPD 2004a, pp. 26771 ff), though in the exchange Latham was able to point out that, amongst others, Paul Wolfowitz, the Deputy-Secretary of the US Department of Defense, seemed to agree with Keelty’s opinion. In his contribution the Prime Minister reiterated his argument regarding the primary role of ASIO in threat assessments and regarding the advice he had received from that body, adding that ‘Nobody in the intelligence or security community dissented from that advice. ASIS did not dissent. ONA did not dissent’ (CAPD 2004a, p. 26778).

In this atmosphere, the Prime Minister appeared determined to drive home the assertion that his position on national security was based upon the advice of the intelligence bureaucracies. First, in seeking to undermine Latham’s claim that the basis for his policy of withdrawing Australian troops from Iraq by the end of the year included briefings on the issue by officials, the Prime Minister stated to the House of Representatives that ‘I have in my hand a letter dated today, written by the Deputy Secretary of the Department of Foreign Affairs and Trade’ that records no such briefing as having been held (CAPD 2004b, p. 27550). In response, Latham cited two meetings with ‘Foreign and Defence officials’ on 5 January and 11 February during which ‘lengthy discussions’ were conducted (CAPD 2004b, p. 27576). Howard responded by taking the unusual step of discussing the briefings the Leader of the Opposition had received from the Deputy Director of the Defence Department on the work of DSD as well as from a senior official on the operations of ASIS. Regarding the latter he quoted a letter stating that, according to the recollection of the official involved, ‘there was no substantive discussion on the role of the ADF in Iraq’ (CAPD 2004b, p. 27613). This letter, from ASIS Director General David Irvine, was subsequently tabled. In reply, Latham contested this interpretation of these briefings, revealing further details of these meetings in the process.

These claims and counter-claims set the stage for a full-scale debate on Latham's veracity. The Opposition was able to expose to ridicule the Prime Minister's erroneous view of past Labor resolutions on Iraq policy. Far from Latham inventing on the run a Labor commitment to troop withdrawal, he was able to show that this had been shadow cabinet and caucus policy for twelve months, a fact that had even been reported in some newspapers. On the substance of the briefings, the Prime Minister referred again to the letter from Irvine. He had also secured a letter from Ron Bonighton, Deputy Secretary Intelligence and Security in the Defence Department, which gave his account of the meeting with Latham. Bonighton wrote that 'there was no discussion of policy or strategic matters relating to the deployment of ADF forces in Iraq' though examples were mentioned of 'the role of intelligence in providing operational support to the ADF in Iraq' (CAPD 2004c, p. 27735). Further, he then tabled a letter from the Defence Secretary which stated the following:

I am advised that neither the Chief of the Defence Force, the Vice Chief of the Defence Force, the Chief of Navy, the Chief of Army, the Chief of Air Force, the Deputy Secretary Intelligence and Security, the Deputy Secretary Strategy nor the heads of strategic operations or international policy divisions have provided any briefing to Mr Latham on the subject of Iraq (CAPD 2004c, p. 27736).

Latham's counter-motion sought, in part, to censure the Prime Minister for 'revealing details of confidential briefings on national security given to the Leader of the Opposition by Australian security and intelligence agencies', and 'undermining the political independence and integrity of our intelligence agencies by asking them to provide information with the specific intent of undermining the Opposition' (CAPD 2004c, pp. 27736-7). The outcome of the motions in question was of course determined along party lines, but in the process the government exhibited an emphatic reliance upon documentary evidence obtained from officials, a tactic the Opposition was able to pillory in the light of the way in which the AFP Commissioner had been instructed to issue a correction to the views he had expressed in his interview of 14 March. In his diary, published in 2005, Latham observed that in the parliamentary debate, Downer, 'in effect ... outed ASIS as operating inside Iraq', adding 'I can't believe he didn't cop major political flak for such a reckless, politically desperate

move' (Latham 2005, p. 278). Throughout this sorry episode, the partisan use of transactions with officials did little to contribute to the entrenching of the principle of bureaucratic neutrality and expertise. There was some irony here given the Prime Minister's standard retort to questions regarding the Iraq commitment which was to repeat that he had been acting 'upon advice'.

The Collins affair and intelligence management

Following the appearance of the report of the Parliamentary Committee, but while Flood's work had yet to be completed, the Australian intelligence community was convulsed by allegations regarding agency bias and personal vendettas made public by Lt Col Lance Collins, who had served as C2 (head of intelligence) with INTERFET (International Force East Timor). Though the origins of this affair lay in events during the East Timor intervention (1999–2000) its denouement was revealing of the management of intelligence in the period considered in this paper. Collins had originally complained to the then Defence Minister, John Moore, in December 2000 of the pro-Indonesian bias of some Defence personnel and especially members of DIO. His complaints had been assessed by the IGIS, Bill Blick, who in a report to the Minister in May 2003 had found them without substance. Collins had by then submitted a Redress of Grievance to the Army raising these issues as well as complaints about career and professional reverses he had suffered since making his original submission to Minister Moore. Unsatisfied with the outcome of the latter process, Collins wrote to the Prime Minister on 18 March 2004 maintaining that a string of intelligence failures, including in relation to the existence of WMD in Iraq, warning of the Bali bombing, the Sandline affair in Papua New Guinea (PNG), the independence of East Timor and the breakdown of order in the Solomon Islands was indicative of a 'failure of institutional controls over the Australian intelligence system' (ABC 2004). As to Blick's report, Collins suggested it was manifestly deficient. He also complained that he had not been informed of the outcome of his Redress of Grievance even though an ADF legal officer had completed an assessment of his case and forwarded it to the Army on 7 September 2003.

In his reply which was made public the following month, the Prime Minister offered a dead bat. On Australia's Iraq intelligence, he ignored the absence of WMD, instead remarking that 'some key judgements made by Australian intelligence

agencies before the war have since been confirmed by the Iraq Survey Group.’ Even at the time, this statement was at the extreme limits of accuracy. On Bali and Iraq the government’s position was repeated. On East Timor, where Collins’ claims were specifically investigated by the IGIS in 2003, the Prime Minister approvingly cited Blick as having had the definitive view that they were without foundation. And on perhaps the most serious of Collins’ concerns – that at a crucial period in December 1999 DIO had deliberately withdrawn access by INTERFET to the secret intelligence database TOPIC –Howard referred to the joint view of the Chief of the Defence Force (CDF) and the Defence Secretary (expressed in a letter to the *Australian*) that such an action had not taken place. As Peter Cosgrove and Ric Smith said in their statement, ‘Any suggestion that [‘the Defence intelligence agencies’] ... would place in jeopardy the safety of our troops is repugnant’ (DOD 2004a).

In his letter, Collins described Flood as an ‘insider’ and his inquiry as therefore necessarily ‘limited’. When Flood’s report appeared, the text seemed to validate this characterization. He spent several pages on Collins:

The inquiry looked at all assessments on Indonesia produced by DIO (and by ONA) from 1998 to May 2004. The Inquiry found no evidence of pro-Jakarta or pro-Indonesian assessments.

The present situation in ONA and DIO is that there is no evidence of any pressure on either organization, or pressure within either organization to produce pro-Indonesian assessments or to tone down any criticism of Indonesia. ...

[T]he ...Inquiry ...found no evidence whatsoever that the current Director of DIO, Mr Frank Lewincamp, has exerted pressure of any kind on his analysts to reach particular conclusions or that he expected analysts to report what the government might be presumed to have wanted to hear. ...

Lieutenant Colonel Collins has alleged that a DIO senior officer or senior officers deliberately withheld, for a short period in December 1999, access by Australian forces in East Timor, as part of INTERFET, to a classified intelligence database. The then Inspector-General of Intelligence and Security, Mr Blick, investigated this matter and concluded in May 2003 that there was no policy decision to withdraw such access (Flood 2004, pp. 48–9).

Flood proceeded to discuss an Intelligence Estimate on East Timor produced by Collins at Headquarters Australian Theatre on 8 July 1998. While the analysis of East Timor in the document was described as competent, its usefulness to Defence was apparently undermined by the inclusion of comments on extraneous matters even including domestic Australian politics. Flood recorded that DIO and the Defence Department accordingly complained to the Headquarters regarding this aspect of the estimate. Collins later claimed that his prediction of military-instigated militia violence had been deemed unacceptable to the intelligence establishment.

The seriousness of Collins' allegations should not be underestimated. His view that DIO and other bureaucratic organs of government were dominated by individuals favourable to Indonesia – and therefore inclined to discount evidence of military violence or malevolence – was one that had often been made (ABC 2004; c/f Fernandes 2004, pp. 4–25) though Collins was especially in a position to cite chapter and verse. His claim that his career had been blighted by the Director of DIO and other senior officials when he raised this matter was perhaps of greater moment. His name had appeared in September 2000 on an AFP warrant to investigate the leakage of sensitive intelligence material, though no evidence was ever found to suggest he had been involved in such activities. According to his testimony, in relation to the pursuit of a possible foreign spy within the ADF, he had been threatened in the context of an official interview with the kind of pressure that 'could even force people to commit suicide', an apparent reference to the death of DIO liaison officer Mervyn Jenkins in Washington in 1999 (Toohey 2003). When the full record of the interviews undertaken to assess his Redress of Grievance became available to the press, it became evident that the issue was much larger than the role of one outspoken and possibly difficult intelligence officer (Lyons 2004).

The Collins case refused to go away. Defence handling of the Redress of Grievance process further muddied the waters. In April 2004 Defence issued a release on the case stating that the original review of the Redress of Grievance had been judged to have miscarried (Hill 2004a). It emerged, however, that when the original findings, by Captain Martin Toohey, suggested that Collins' main claims were vindicated, Defence had sought not one but two legal opinions before they finally found one that overturned Toohey's determination. In December 2004 there was a remarkable development. Senator Hill released a media statement indicating that the new IGIS, Ian Carnell, had further considered the issues involved, on the direction of

the Minister (Hill 2004b). In advice to the Minister he had concluded that in one particular his predecessor's investigation had been 'comprehensive' but 'not exhaustive' (Carnell 2004). Following interviews and other forensic work he had been able to conclude, regarding Collins' claim of an intelligence black-out, that 'access to the intelligence database had been deliberately turned off'. During Estimates hearings Carnell explained that three individuals involved at the time of the incident had not been interviewed by Blick, and it was also necessary to run checks to determine if the problem had been of a technical nature (SF&PALC 2005a, pp. 135–8). Though the Minister promised the speedy release of a public version of Carnell's report, it did not appear for many months. When it was released on 25 August in a heavily censored form the precise responsibility for the intelligence denial was still unclear, though Carnell was of the view that the Director's assertion that he had not given a direction to that effect was credible (IGIS 2005). What was apparent from the fragmentary text was that statements had been made to the previous inquiry that had misled Blick, though the issue of whether these were the exclusive cause of the former Inspector General's erroneous findings was not addressed. Meanwhile, Collins had resigned from the ADF, given public interviews and co-authored a book intended to argue the case that the Australian intelligence agencies were seriously compromised by politicised management (Collins and Reed 2005).

Terrorism: the official version

It has already been shown that the government was firmly of the view that Al Qaeda and its allies and surrogates had targeted Australia not because of the nation's actual policies but rather for its values and character. This position was made very clear in the aftermath to Keelty's remarks on the Madrid bombing, and was further underlined as government policy with the release of *Transnational Terrorism: The Threat to Australia*. In explaining the decision to prepare an intelligence-based White Paper on this topic, the Foreign Minister argued on 13 April 2004 that this step was necessary in order for the public to comprehend the threat that terrorism posed to Australia and how it might be overcome. He was insistent on the view that the central element in the conflict with terrorism would be a 'battle of ideas' (Downer 2004a). Expanding on this position in July, following the release of the document, he was emphatic that 'it's

not what we've done but what we are which inflames the terrorists' unassuageable sense of grievance' (Downer 2004b). The White Paper expanded on this theme:

Australia is a target for complex reasons. But we can distil all the invective and rhetoric to a basic premise. These terrorists feel threatened by us, and by our example as a conspicuously successful modern society. We are in their way...

The core values we hold and which are intrinsic to our success as a liberal democratic culture are anathema to these extremists. For them, our beliefs in democratic process, racial and gender equality, religious tolerance and equality of opportunity are mere human inventions at odds with God's law. These values impede their political goals. They are confronted by the reality that it is not only people of the West who value such freedoms.

And we advance our values through an active foreign policy... But the essence of their objections is not our actions. Rather, it is our example as a people and as a society, and the values we stand for (DFAT 2004b, p. 67).

The government thereby not only entered the complex debate on the character of terrorism but adopted a firm – and highly contentious – position in that debate. By the time the White Paper appeared a considerable volume of ink had been spilt on this question, and there were many specialist commentators who held a contrary view. As Gilles Kepel (the author of probably the most comprehensive academic study of the concept of *jihād*) argued in his extremely influential book, *The War for Muslim Minds*, there was 'nothing irrational' in the 9/11 attack. It was not an act of blind hatred, but based upon a calculated strategy of shifting the struggle of radical Islamists from that with the 'nearby enemy' (to use the terminology of Ayman al-Zawahiri) of apostate Arab regimes to 'an immediate, merciless war against the "faraway enemy"', thereby overcoming 'their inability [heretofore] to mobilize popular support to overthrow established regimes and replace them with an Islamic state' (Kepel 2004, p. 72).

There was one battle of ideas, however, that the Minister was not keen to enter and that was the impact of the Iraq intervention on local and global terrorism. While conceding in the April speech that 'the terrorists have made Iraq the frontline in their unholy war' he did not want to analyse the reasons for this being the case. Australia should be proud of the intervention to topple Saddam and get on with the

reconstruction of the country, rather than choosing to ‘cut and run’. In these circumstances it is perhaps unsurprising that the final chapter of the government’s White Paper is entitled ‘An Enduring Campaign’. As it notes: ‘The notion of “root causes” is misleading. It implies there is something we can offer or correct to mitigate the threat. But Bin Laden and his ilk are not seeking remedy or compromise, only subjugation to their views’ (DFAT 2004b, p. 105).

On 22 February 2005 the Prime Minister announced that a contingent of 450 troops would be dispatched to Southern Iraq to serve as protection for Japan’s contingent of peacekeepers. For the force to be appropriately briefed, that neglect of the analysis of the situation in Iraq noted earlier was presumably corrected in order to provide the force commanders with the protection afforded by the comprehensive deployment of intelligence resources. The task of DIO and the other members of the AIC was, however, unenviable since their Iraq specialists were aware that the contingent was under instructions to deal with an insurgency a principal cause of which was denied, against much of the evidence, by the government. Once again the parallels with Australia’s Vietnam task were uncomfortable.

The AWB oil-for-wheat scandal

In November 2005, Terence Cole QC was appointed to convene a commission of inquiry to determine whether any Australian company (in practice, the Australian Wheat Board (AWB)), had breached any Australian laws in business dealings with Iraq in contravention of UN Security Council Resolution 661. The Cole Commission followed the findings (published in October 2005) of the Volcker Report – the *Manipulation of the Oil-for-Food Programme by the Iraqi Regime* – that named the AWB as having had the major role in abuses of the arrangements whereby the UN permitted Iraq to use a proportion of its oil revenues held in escrow account to be used for the purchase of food and other humanitarian supplies. Volcker found that from 2000, some 41 contracts negotiated by the AWB for the supply of wheat to Iraq included surcharge payments of around \$300 million (US\$221 million) that had found their way to the Saddam regime (Independent Inquiry Committee 2005). Although Cole did not convene formal hearings until January 2006, the behaviour of the AWB had been an issue in the United States for some time. In October 2003 members of Congress (including Senate minority leader Tom Daschle) had complained to

President Bush that a contract concluded between the AWB and the Saddam regime in December 2002 had incorporated an unusually high price for wheat supplied to Iraq, and that this matter should be investigated prior to the conclusion of the FTA with Australia. Treasury officials seconded to the Iraq administration following the invasion had warned in October 2003 that corrupt revenues derived from the oil-for-food program had been used to fund the Iraqi regime's weapons programs (Wilkinson 2006). In this atmosphere, a personal intervention of Ambassador Thawley in October 2004 had dissuaded Senator Norm Coleman, chair of the Senate permanent subcommittee on investigations, to pursue the AWB transactions identified by Volcker (Gawends and Wilkinson 2006).

This issue was one involving government oversight at many stages of the process. All AWB contracts were submitted to DFAT and then conveyed to the UN by way of Australia's representative in New York. It was also the responsibility of the Wheat Export Authority to scrutinise AWB contracts. As US trade negotiators had observed of the AWB, though it was a listed company its monopoly role and the fact that the Australian government was quick to defend it left the impression that its connection with government was unlike that of a private trading entity. To what extent, then, could the government be charged with responsibility for complicity in helping sustain a regime which, simultaneously, it was insistent had to be displaced as a matter of supreme national security? If officials in DFAT and in the intelligence agencies had been insufficiently vigilant of Australia's responsibilities regarding the Saddam regime – perhaps an unlikely circumstance, given the post September 11 concern with Iraq – the head of Australia's UN Mission could have been expected to be familiar with the terms of UN Security Council Resolution 661. It should be recalled that Iraq's systematic violations of UN SC resolutions constituted the official legitimisation for Australia's participation in the overthrow of the Saddam regime. At the very least this episode reflected very poorly upon government claims that 'contestability' was an enduring feature of its management of the organs of policy. Significantly, the Prime Minister was to claim that according to 'the advice' he received from ONA 'there was no intelligence reporting, that AWB had paid bribes to Saddam Hussein', thus attributing the source for any inaction on the government's part to the lack of information from the intelligence agencies (Howard 2006). As Richard Mulgan has observed, in the current climate 'A cynical public when offered a

statement such as “my department assures me” or “our intelligence sources tell us” will simply treat it [as] yet more government spin.’ (Mulgan 2006, p.23)

Conclusion

While the notion that intelligence is vital for successful military operations is at least as old as Sun Zi, in the era of ‘the revolution in military affairs’ and the doctrine of pre-emption it has become the focus of a greater effort than arms themselves or those that wield them. While the standard argument in favour of the Australian alliance with the US of the ‘great and powerful friends’ genre still applies, the advantages that accrue from access to the peerless intelligence resources (and technologies) possessed by the US are now more often emphasised by the alliance’s advocates. In the period under consideration, however, the domestic management of the intelligence connection with the United States generated as many advantages as liabilities. With ADF personnel embedded in CENTCOM (US Central Command) and privy to the earliest plans for war in Iraq, an administration in Washington determined from the outset (for reasons still unclear) to remove Saddam Hussein, and no influential political leader prepared or able to dispute the intelligence basis of this policy, Australia became a direct and uncritical participant in the invasion coalition. That Iraq subsequently became, as the government conceded, the focus of global terrorism was a development that might have been anticipated, though the same government strained public credulity to insist that the dynamics at this focus were not having a major impact on terrorist recruitment and activities elsewhere. What Australia gained from US efforts to constrain terrorism in Southeast Asia, it lost by being intimately associated with the war in and occupation of Iraq. To a significant degree, this failure stemmed from poor intelligence management. As has been argued in this paper, this management failure was partly a product of unsatisfactory systems, partly a consequence of the disinclination to interrogate intelligence when the policy it might have seemed to recommend ran contrary to alliance dynamics.

REFERENCES

- ABC 2004, 'Intelligence wars', *Background Briefing*, 30 May
<<http://www.abc.net.au/rn/talks/bbing/specials/defencedocs/documents.htm>>.
- ABC 2005, 'Secrets and lies', *4 Corners*, 14 February
<<http://www.abc.net.au/4corners/content/2005/s1300705.htm>>.
- Allard, Tom 2004, 'Iraq abuses: army knew months ago', *Sydney Morning Herald*, 27 May, p. 1.
- Allard, Tom 2005, 'Downer met weapons expert in private', *Sydney Morning Herald*, 31 March.
- Anonymous 2004, *Imperial Hubris: Why the West is Losing the War on Terror*, Brassey's, Washington, DC.
- Arkin, William M. 2005, *Code Names: Deciphering US Military Plans, Programs and Operations in the 9/11 World*, Steerforth Press, Hanover, NH.
- Bamford, James 2004, *A Pretext for War: 9/11, Iraq and the Abuse of America's Intelligence Agencies*, Doubleday, New York.
- Barker, Geoffrey 2003, *Sexing it up: Iraq, Intelligence and Australia*, UNSW Press, Sydney.
- Barnett, Anthony 2005, 'Secret emails, missing weapons', *Observer*, 15 May, p. 16.
- Bolt, Andrew 2003, *Herald Sun*, 23 June.
- Bush, George W. 2002, 'President's remarks at the United Nations General Assembly', 12 September
<<http://www.whitehouse.gov/news/releases/2002/09/20020912-1.html>>.
- Butler, The Rt Hon The Lord 2004, *Review of Intelligence on Weapons of Mass Destruction: Report of a Committee of Privy Counsellors*, The Stationery Office, London, 14 July.
- Carnell, Ian 2004. Letter to Minister, 3 May.
- Clarke, Richard A. 2004, *Against All Enemies: Inside America's War on Terror*, Free Press, New York.
- Collins, Lance & Warren Reed 2005, *Plunging Point: Intelligence Failures, Cover-Ups and Consequences*, HarperCollins, Pymble.

Commonwealth of Australia Parliamentary Debates 2002, House of Representatives,
Official Hansard, No. 12, 17 September
<<http://www.aph.gov.au/hansard/reps/dailys/dr170902.pdf>>.

Commonwealth of Australia Parliamentary Debates 2003a, House of Representatives,
Official Hansard, No. 4, 18 March
<<http://www.aph.gov.au/hansard/reps/dailys/dr180303.pdf>>.

Commonwealth of Australia Parliamentary Debates 2003b, House of Representatives,
Official Hansard, No. 16, 14 October
<<http://www.aph.gov.au/hansard/reps/dailys/dr141003.pdf>>.

Commonwealth of Australia Parliamentary Debates 2004a, House of Representatives,
Official Hansard, No. 5, 22 March
<<http://www.aph.gov.au/hansard/reps/dailys/dr220304.pdf>>.

Commonwealth of Australia Parliamentary Debates 2004b, House of Representatives,
Official Hansard, No. 6, 30 March
<<http://www.aph.gov.au/hansard/reps/dailys/dr300304.pdf>>.

Commonwealth of Australia Parliamentary Debates 2004c, House of Representatives,
Official Hansard, No. 6, 31 March
<<http://www.aph.gov.au/hansard/reps/dailys/dr310304.pdf>>.

Commonwealth of Australia Parliamentary Debates 2004d, House of Representatives,
Official Hansard, No. 8, 27 May
<<http://www.aph.gov.au/hansard/reps/dailys/dr270504.pdf>>.

Commonwealth of Australia Parliamentary Debates 2004e, Senate, Official Hansard,
No. 7, 16 June <<http://www.aph.gov.au/hansard/senate/dailys/ds160604.pdf>>.

CAPD. See Commonwealth of Australia Parliamentary Debates.

Danner, Mark 2005, 'The secret way to war', *New York Review of Books*, vol. 52, no.
10,
9 June, pp. 70–4.

Department of Defence 2004a, media release SEC 243/04, CDF 344/04.

Department of Defence 2004b, *The War in Iraq: ADF Operations in the Middle East
in 2003*, Department of Defence, Canberra.

Department of Foreign Affairs and Trade 2004a, *Iraq: The Path Ahead*,
Commonwealth of Australia, Canberra.

Department of Foreign Affairs and Trade 2004b, *Transnational Terrorism: The
Threat to Australia*, Commonwealth of Australia, Canberra.

DFAT. See Department of Foreign Affairs and Trade.

DOD. See Department of Defence.

Downer, Alexander 2003, 'The spread of nuclear, chemical and biological weapons: tackling the greatest threat to global security – The sum of all our fears', speech given to The Sydney Institute, 17 February <http://www.foreignminister.gov.au/speeches/2003/030217_sydinst.html>.

Downer, Alexander 2004a, 'Australia and the threat of global terrorism – A test of resolve', speech to the National Press Club, Canberra, 13 April <http://www.foreignminister.gov.au/speeches/2004/040413_global_terrorism.html>.

Downer, Alexander 2004b, 'Transnational terrorism: The threat to Australia', speech to the National Press Club, Canberra, 15 July <http://www.foreignminister.gov.au/speeches/2004/040715_tt.html>.

Downer, Alexander 2004c, 'Doorstep interview, Parliament House', 16 March <http://www.foreignminister.gov.au/transcripts/2004/040316_doorstop_parl_house.html>.

Fernandes, Clinton 2004, *Reluctant Saviour: Australia, Indonesia and the Independence of East Timor*, Scribe, Melbourne.

Flood, Philip 2004, *Report of the Inquiry into Australian Intelligence Agencies*, Department of the Prime Minister and Cabinet, Canberra, 22 July 2004.

Garran, Robert 2004, *True Believer: John Howard, George Bush and the American Alliance*, Allen & Unwin, Sydney.

Grant, Bruce 2004, *Fatal Attraction: Reflections on the Alliance with the United States*, Black Inc., Melbourne.

Gawenda, Michael and Marian Wilkinson 2006, 'Revealed: ambassador tired to kill US hunt for AWB bribes', *Sydney Morning Herald*, 1 February

Hill, Robert 2004a 'Lieutenant Colonel Lance Collins', media release, MIN72/04, 14 April <<http://www.minister.defence.gov.au/Hilltpl.cfm?CurrentId=3742>>.

Hill, Robert 2004b, 'Inquiry by Inspector General Intelligence and Security', media release, MIN 231/04, 9 December <<http://www.minister.defence.gov.au/Hilltpl.cfm?CurrentId=4431>>.

Hersh, Seymour M. 2004, *Chain of Command: The Road from 9/11 to Abu Ghraib*, HarperCollins, New York.

Howard, John 2001, 'Transcript of the Prime Minister the Hon John Howard MP Interview with Catherine McGrath AM Programme', 8 November <<http://www.pm.gov.au/news/interviews/2001/interview1454.htm>>.

- Howard, John 2003, 'Transcript of the Prime Minister the Hon John Howard MP, address to the National Press Club, the Great Hall, Parliament House', 14 March <<http://www.pm.gov.au/news/speeches/speech74.html>>.
- Howard, John 2006, interview *Sunday* 12 February: <Sunday.ninemsn.com.au/Sunday/political_transcripts/article_1929.asp>
- Hutton, Marg 2003, 'SIEV-X and the DFAT cable', *Sydney Morning Herald*, 24 May.
- Independent Inquiry Committee 2005, Independent Inquiry Committee into the United Nations Oil-for-Food Programme 2005, [Paul Volcker Report], *Manipulation of the Oil-for-Food Programme by the Iraqi Regime*: <www.iic-offp.org>
- IGIS. See Inspector General of Intelligence and Security.
- Inspector General of Intelligence and Security 2002, 'Bali terrorist attack of 12 October 2002' <http://www.igis.gov.au/bali_statement.cfm>.
- IGIS 2005, 'Report of inquiry into the loss of access by Dili users to an intelligence database in December 1999', abridged version <http://www.defence.gov.au/publications/report_of_inquiry_into_loss_of_access_to_intelligence_database_december_1999.pdf>.
- Kepel, Gilles 2004, *The War for Muslim Minds. Islam and the West*, Belknap Press, Cambridge.
- Kevin, Tony 2004, *A Certain Maritime Incident*, Scribe, Carlton North.
- Latham, Mark 2005, *The Latham Diaries*, Melbourne University Press, Melbourne.
- Lyons, John 2004, 'Threats, spies and audiotape', *Bulletin*, 11 May, pp. 18–27.
- Marr, David and Marian Wilkinson 2004, *Dark Victory*, 2nd edn, Allen & Unwin, Crows Nest, NSW.
- Mulgan, Richard 2006, *Truth in government and the politicisation of public service advice*, APSEG Discussion Paper 06-02, Australian National University
- Parliamentary Joint Committee on ASIO, ASIS and DSD 2004, *Inquiry into Intelligence on Iraq's Weapons of Mass Destruction*, Commonwealth of Australia, Canberra.
- PJCAAD. See Parliamentary Joint Committee on ASIO, ASIS and DSD.
- Robertson, Jack 2004, 'Wilkie, Bolt and ONA at odds over top secret report', *Sydney Morning Herald*, 5 May.

Senate Finance and Public Administration Legislation Committee 2002, Consideration of Additional Estimates, 18 February <<http://www.aph.gov.au/hansard/senate/commtee/s5360.pdf>>.

Senate Finance and Public Administration Legislation Committee 2005a, Estimates, 14 February <<http://www.aph.gov.au/hansard/senate/commtee/S8079.pdf>>.

Senate Finance and Public Administration Legislation Committee 2005b, Estimates, 24 May <<http://www.aph.gov.au/hansard/senate/commtee/S8318.pdf>>.

Senate Foreign Affairs, Defence and Trade Legislation Committee 2005, Estimates, 16 February <<http://www.aph.gov.au/hansard/senate/commtee/S8091.pdf>>.

Senate Foreign Affairs, Defence and Trade References Committee 2004, *Bali 2002: Security Threats to Australians in South East Asia*, Commonwealth of Australia, Canberra.

Senate Select Committee on a Certain Maritime Incident 2002, *Report on a Certain Maritime Incident*, Commonwealth of Australia, Canberra.

Senate Select Committee on the Scrafton Evidence 2004, Report, December, <http://www.aph.gov.au/Senate/committee/scrafton_ctte/report/report.pdf>.

SF&PALC. See Senate Finance & Public Administration Legislation Committee.

SFADTLC. See Senate Foreign Affairs, Defence and Trade Legislation Committee.

Short, Clare 2004, *An Honourable Deception? New Labour, Iraq, and the Misuse of Power*, Free Press, London.

Smith, Hugh 2002, 'A certain maritime incident and political–military relations', *Quadrant*, vol. 46, no. 5, pp. 38–43.

Sunday 2004, 14 March <www.pbl.com.au/media/pdf/2004/Television.pdf>.

Toohy, Capt Martin John 2003, 'Transcript in confidence', taped record of interview with Lt Col Lance Collins, 14 May <[http://bulletin.ninemsn.com.au/bulletin/eddesk.nsf/6f41c1d13a3b1f07ca256c2700808185/d65cf0278763c3d8ca256e890001d71a/\\$FILE/Transcript-HTC-Army%20Collins.pdf](http://bulletin.ninemsn.com.au/bulletin/eddesk.nsf/6f41c1d13a3b1f07ca256c2700808185/d65cf0278763c3d8ca256e890001d71a/$FILE/Transcript-HTC-Army%20Collins.pdf)>.

US Senate 2004, *Report on the US Intelligence Community's Prewar Intelligence Assessments on Iraq*, US Senate, Washington, DC, 7 July.

Weller, Patrick 2002, *Don't Tell the Prime Minister*, Scribe, Melbourne.

Wilkie, Andrew 2004, *Axis of Deceit*, Black Inc., Melbourne.

Wilkinson, Marian 2006, 'Treasury raised the alarm on kickbacks', *Sydney Morning Herald*, 13 February

Woodard, Garry 2004, *Asian Alternatives*, Melbourne University Press, Melbourne.

Woodward, Bob 2002, *Bush at War*, Simon & Schuster, New York.

Woodward, Bob 2004, *Plan of Attack*, Simon & Schuster, New York.

Wright, Tony 2003, 'The road to war', *Bulletin*, 2 April.