



# **LEADER OF THE OPPOSITION THE HON KIM C BEAZLEY MP**

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**ADDRESS TO THE  
SYDNEY INSTITUTE  
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## **A NATION UNPREPARED: AUSTRALIA IN THE FOURTH YEAR OF A LONG WAR**

Thank you for the invitation to speak this evening.

There is a matter of the most serious national concern I wish to address. An issue I will pursue relentlessly as Leader of the Opposition until we are in power to correct it. That issue is the security of our people from the threat of terrorism.

To combat terrorism we must make Australia a safe haven. It's in 'prevention' that the primary investment must be made – we must concentrate our efforts on intelligence gathering, surveillance, investigation and detection.

Target hardening our mass transit systems and iconic building and other sites must of course also be relentlessly pursued. We must ensure these important services and locations are simply unattractive, too difficult, for would-be terrorists. The realities of modern life in large cities certainly make this challenging.

Finding the terrorists before they enter the train stations, bus stops and airports – indeed before they enter Australia at all must be at the core of Australia's counter terrorism strategy.

For threats within Australia we must endlessly detect and surveil. To do that ASIO and the Australian Federal Police must have the resources and powers they need.

And the Government must do all it can. Further, the Prime Minister must assure all Australians he is doing all he can to prevent an attack.

Yet, we read today, almost four years since the attack in New York, that the Federal Police are still seeking additional powers. We do not have uniform police powers across Australia and security scandals at our airports are a weekly and sometimes daily occurrence.

I choose my words very very carefully when I put to you and to the country: Four years into the war on terror Australia is not as prepared as we should or can be to prevent terrorism.

Compounding this, the Government's failure to work with the United States to relentlessly hunt down terror cells in Afghanistan has been a critical error of judgement. An error made worse by bogging Australia down in the Iraqi quagmire. Together, the failure to finish the job in Afghanistan - which is "terror central" - and bogging us down in Iraq constitute a dangerous mismanagement of Australia's security priorities.

These poor decisions mean our National Government has missed key opportunities for **'preventing'** terrorist attacks.

Iraq is now a billion dollar war with no end in sight.

That billion dollars or part thereof could have been used to hunt terrorists including Osama Bin Laden and the Al Qaeda leadership in Afghanistan. That billion dollars or part thereof could have funded hundreds of additional agents for ASIO and police for the Australian federal police. It could have funded hundreds of joint intelligence gathering operations internationally and nationally.

The billion dollars spent in Iraq or part thereof could have provided ASIO and law enforcement agencies in Australia with the very latest surveillance technology, equipment and personnel needed to track, harass and ultimately arrest terrorists.

I make these points because there is one defining job requirement for an Australian Prime Minister. And that is to act in the name of Australia's national interest.

Hunting terrorists with the United States in Afghanistan is in Australia's national interest. Being bogged down in an Iraqi quagmire is not.

Resourcing our intelligence agencies and the Federal Police to conduct as many joint international operations as necessary is in Australia's national interest. Being bogged down in an Iraqi quagmire is not.

Making Australia a safe haven against terrorism is absolutely in Australia's national interest. Being bogged down in an Iraqi quagmire is not.

Press conferences and spin cannot protect Australia. Counter terrorism preparations must not be based on hope and luck but on sweat and serious preparation.

Our law enforcement agencies must be as active, prepared and vigilant as any in the world. That requires Governments making the right decisions - spending our people's resources wisely. That means an exit strategy for Iraq. And that means strong investments in ASIO and the Australian Federal Police.

Allow me now to address each of the points I've made in turn.

## **Firstly, Intelligence**

The most alarming part of the recent attacks in London is that it seems no one saw them coming. In the War on Terror, nothing is more important than intelligence. Clearly there is much more to be done.

Yet while there has been some progress with increased powers and resources for our intelligence community, the Government's own incompetence and mismanagement threatens to damage the agencies and leads to persistent questions about whether they are positioned to do their job.

In the area of intelligence, I have to strike a difficult balance between holding the Government to account, arguing for Labor's alternative, and protecting the effectiveness of the agencies by allowing them to operate with the secrecy so necessary to their success. So you will understand that I am not going to offer extended remarks on the operations or capabilities of our intelligence community here.

What I will say is this. Based on all my personal and professional knowledge and experience of the Australian intelligence community, private and public, I draw two firm conclusions.

First, there has never been a time when the intelligence agencies' work was more important to keep Australia safe than it is today. And second, there has never been a time when the intelligence agencies have had to serve a more incompetent and out-of-touch Government than they do today.

Perhaps the most worrying fact of Australia's security environment today is that the Minister who was responsible for the collapse of Australia's immigration system, Philip Ruddock, is now responsible for Australia's domestic intelligence system.

Clearly that is a problem which can only be solved with the election of a Labor Government. But there is much that even the Howard Government could do to improve Australia's intelligence.

Abroad, we must have a more effective regional intelligence effort. At the last election Kevin Rudd, the Shadow Minister for Foreign Affairs and International Security, proposed important measures to do this, based on ministerial-level discussions in Singapore, Malaysia and Indonesia following the Jakarta bombings. These included:

- Negotiating intelligence sharing protocols across the region to facilitate better flows of intelligence on regional terrorist organisations and individuals. While in response to the arguments we advanced last September the Government has initiated discussions in the region, much, much more needs to be done.
- Developing an enhanced 'open source' database on regional terrorist organisations to help regional governments track and understand the evolving regional terrorist threat, which could be based on the existing database being developed by the Institute of Defence and Strategic Studies (IDSS) in Singapore.

- Developing an appropriate region-wide intelligence database on terrorism to provide Australia and our regional partners with a more accurate, contemporaneous understanding of current terrorist operations.

At home, while the powers of our intelligence agencies have been strengthened over the past four years, there is still a patchwork of agencies and responsibilities at the State level which can only really be brought together by national leadership.

Let me point to just one example. On the weekend, the Government announced that it would bring forward the redeployment to Sydney of the Australian Army's Blackhawk helicopters to support counter-terrorism operations by the Sydney-based Special Forces units.

It is a welcome move, although the Defence Minister's remarks that Australia's geography doesn't make counter-terrorism easier do point to the reality that the first responders to terrorist incidents will typically be state law enforcement on the scene. We need to look at how the Federal Government can work to build up that counter-terrorist capability and not only the centralised counter-terrorist capability of the ADF.

But what the Government has not done is to make the work of those Special Forces easier and more effective by leading the way to harmonise the powers of the police and law enforcement agencies they have to work with and who they would rely on for the operational intelligence to support their work.

If those soldiers had to fly in those Blackhawks to respond to a terrorist incident or the threat of a terrorist incident tonight, the powers of the state police they co-operate with would be different depending on whether they were flying north to Brisbane, south to Melbourne, or east to Sydney's CBD – four years on, how can that be good enough.

The state police would be operating under different powers to stop, search and seize. They would have different powers to use non-lethal force such as Tazers and capsicum spray. The role of sniffer dogs would be different.

The states are working to address these issues, but there is a clear lack of national leadership. It is time Australia had model national uniform laws for police powers to fight terrorism.

In practice, what is required is agreement in principle between the Prime Minister and the Premiers and Chief Ministers. Then the Federal Attorney-General would need to work with his state counterparts to develop model legislation, drawing on best practice in all the jurisdictions, for the states to implement.

The Attorney-General would also need to keep the powers under review over time. This could ensure that the States were encouraged to meet national benchmarks, improving our protection and keeping ahead of the evolving terrorist threat. This could also allow powers to be updated and revised to ensure that new inconsistencies and anomalies do not creep in over time.

If John Howard takes up the suggestion of a number of state Premiers for a national summit on counter-terrorism, this is precisely the sort of issue that could be dealt with there.

This is another case where the national Government needs to lead – John Howard needs to act – I note with concern that its three weeks since the London Bombing and still no national summit.

## **Target hardening and infrastructure**

Just as better intelligence can prevent many terrorist attacks before they even occur, so effective target hardening and better infrastructure protection can stop them even once they have begun.

Yet consider the following problems that have come to light over the last few months alone. And ask yourselves this question – are we really prepared.

Since July last year there have been at least 15 publicly reported breaches of airport security including three young men who entered a secure airport zone and boarded an unattended Qantas A330 at Perth Airport.

Through the first half of this year, there has been a steady flow of disturbing news about airport security in this country.

- The alleged involvement of Sydney Airport baggage handlers in an international drug trafficking syndicate. The Australian Federal Police claims baggage handlers were key players in a conspiracy to smuggle cocaine worth \$15 million into Australia.
- The so-called “camel suit” incident where baggage handlers opened a passenger’s luggage and removed his belongings.
- In the wake of the “camel suit” incident the admission by QANTAS CEO Geoff Dixon that the airline receives 35 complaints each month about alleged baggage tampering.
- Constant warnings from the Transport Workers’ Union, that the Federal government had been aware of potential security breaches at Australian airports for at least four years and the TWU’s call for improved security checks of short term employees and the immediate x-ray screening of all baggage and freight.

Then, following all that, the emergence of the extraordinary classified Customs report which was completed in September 2004 but only made public when it was leaked to a newspaper earlier this year. It revealed shocking security breaches at Sydney’s Kingsford Smith Airport.

The report identified dangerous holes such as:

- passengers’ baggage containing large amounts of narcotics being diverted to domestic carousels to avoid Customs inspections;
- 39 security screeners out of 500 employed at the airport have serious criminal convictions, with a further 39 convicted of minor matters;
- theft by airport employees from baggage and aircraft duty free trolleys;
- engineers with unauthorised duplicate keys; and
- black spots not under surveillance in the airport’s basement corridors that are used as drug drop off points.

The report also found that despite evidence that they were “an extremely high risk”, Customs checks on aircrew are rarely carried out. It found that there is intelligence from other sources that some Qantas crew, recruited overseas, may be involved in the importation of narcotics.

These dangers are not limited to the airports in our major cities.

Labor has been calling for improved passenger screening at regional airports for years. It is disturbing this still hasn't been done. Instead the Government has come up with so-called “Rapid Regional Deployment Teams” to respond to security problems at regional airports. Never mind that these teams are to respond to a security breach, not prevent one; consider that the Government plans that in the event of a security breach at a regional airport these city-based teams will travel ... by scheduled commercial airline flights.

If in the wake of an emergency airline flights are stood down, the rapid regional deployment teams would be left grounded with the rest of us. There is still a lack of effective co-ordination between the agencies responsible and even at the level of the Cabinet confusion over the responsibilities for airport security of the Attorney-General, the Minister for Justice and Customs and the Minister for Transport.

Beyond airport security, look at our ports. Nine out of ten of the containers that come into Australia are not x-rayed. Too many ships are being allowed to dock and unload containers before they report their cargo – which is supposed to be against the law. There is still no effective system of security identification to control access to Australia's ports.

Then, there has been significant abuse of the system for allowing foreign ships to operate in Australia's coastal waters. Essentially, this originates in the Howard Government's efforts to reduce the industrial influence of maritime unions by allowing non-union foreign crews to work a greater number of routes. The Government must now put aside that ancient prejudice and put Australia's national security first.

I am especially concerned about this because of the risk posed by carriage of very dangerous substances such as ammonium nitrate, which is principally used as an agricultural fertiliser.

This is material which has already been used by terrorists, in the 1993 bombing of the World Trade Centre and in attacks on US embassies in Africa in the 1990s.

In Parliament at the end of last year, I spoke about the horrific consequences of a terrorist attack on a ship loaded with ammonium nitrate in an Australian port.

In one historical case, sixty years ago, an accidental explosion on a ship called the *Grandcamp* carrying just 2,300 tonnes of ammonium nitrate in a United States port killed hundreds of people, caused a fifteen-foot tidal wave which swept barges hundreds of feet inland and threw a mushroom cloud 2000 feet into the air, knocking light planes out of the sky.

Around the coast of Australia today it is possible for foreign-crewed ships operating under flags of convenience to carry as much as 10,000 tonnes of ammonium nitrate. The amount of ammonium nitrate moving through Australia's ports has tripled over the last five years.

The Parliament passed legislation last year to provide for better exchange of information between state and Federal agencies on users of ammonium nitrate. But the Howard Government has done nothing to prevent the carriage of ammonium nitrate by foreign flagged ships, crewed by unidentified seafarers of all nationalities with all the possibilities of terrorist infiltration and attack that this allows.

The Government just should not allow this. It is as simple as that.

Further out at sea, our maritime borders are not protected. In the 15 months to March last year there were 1,500 sightings of suspected illegal fishing boats – only 168 were caught.

Rail security has also been completely neglected by the Howard Government, a year after the Madrid bombings and despite the attacks in London. The same Prime Minister who is setting up technical colleges directly operated by the Federal Government and who is risking High Court challenge to his take over of state industrial relations systems baldly states that rail security is a matter for the States.

And watching over all these problems has been the vacant position of the Inspector of Transport Security. For months now Australia's security has operated without the independent expert which the Government deemed essential to monitor systemic transport weaknesses, including apparent flaws in airline baggage handling systems.

So how do we achieve the improvements we need?

When the Prime Minister returned to Australia from his most recent overseas trip, I called for police flying squads on trains and a massive boost in the number of sniffer dogs across the country to protect Australian rail commuters.

I called for John Howard to act and act now:

- First, he should implement Labor's policy of a \$30 million funding pool for rail security. This would include funding for more sniffer dogs and for joint Australian Federal Police and State Police flying squads on trains. Other initiatives could include improved infrastructure security, such as security screens and fencing; and extra surveillance devices
- Second, he should take more responsibility for maritime security. We do not have effective identity and background security checks on the crews of flag of convenience ships in Australian waters. Only the Federal Government can fix this.
- Third, in aviation security, it is time to step in and fix passenger screening at regional airports. Even the Prime Minister's former Departmental Secretary, Max Moore-Wilton, has been critical of Australia's airport security.

The Government should also deliver on its election commitments: they promised more closed circuit television at regional airports and these have not been delivered in full. And the lack of screening of checked baggage, carried in aircraft holds, is a major gap in our defences which should be addressed.

These are important and necessary measures in rail, maritime and aviation security and they should be put in place. But I am increasingly concerned by the Howard Government's reactive approach to counter-terrorism policy. It is as if they believe

that a threat is not real, and need not be addressed, until it has materialised in an attack somewhere in the world.

So what small and slow progress has been made is concentrated in areas, like aviation security, where high-profile attacks have already occurred.

Yet we need to be preventing the next attack, not the last one.

So I have asked Arch Bevis, Labor's Shadow Minister for Homeland Security, to develop new policies and strategies to deal with what I consider to be the next big area where Australia must improve our preparedness – protection for, and redundancy of, critical energy and communications infrastructure.

We are yet to see a major terrorist attack on power generation and transmission or on key communications facilities. Which is exactly why I fear that the Howard Government will not be prepared for such an attack. Until news of such an attack turns up in the Prime Minister's morning media brief, I fear it is unlikely anything will be done.

That is not good enough, so Labor will be having much more to say about this in the coming months and in the lead up to the next election.

## **Institutions**

If Australia is to achieve these improvements in intelligence and infrastructure that are so necessary, then we must get the institutions of national Government right as well.

I have been arguing for a Department of Homeland Security with a minister solely devoted to protecting Australians against terrorist attack ever since September 11. Currently this responsibility is spread across a range of agencies and departments, contributing to many of the problems I have identified tonight.

When confronted with one of the most demanding, international security challenges in our history – the 2000 Sydney Olympics – Australia established a single command and control structure that coordinated as many as 11,500 police, defence personnel and volunteers each day.

This should not just be a remarkable success to look back to. It should remain a lesson to learn from.

Australia must have a Department of Homeland Security to co-ordinate and control the key agencies involved in information and intelligence gathering, border protection, coastal waters, transport security and incident response.

Under Labor's plan, a Department of Homeland Security would be organised around its two core responsibilities: border protection, and protecting against terrorist attack within the border.

The border protection role would include responsibility for authorising entry and monitoring the passage of persons and goods through our ports. Protecting against terrorism within the border would bring together responsibilities such as infrastructure protection, counter-terrorism science and technology, crime prevention, emergency management, and protective security coordination.

The Minister for Homeland Security would also be responsible for a number of law enforcement and security agencies, such as ASIO and AFP, Austrac, Crimtrac and the Australian Crime Commission.

Of course, drawing on the lessons of the United States experiences, strong central policy and budgetary functions within the Department would be necessary. This has always been part of Labor's approach.

In order to fight terrorism and win, we must have a more cohesive and unified command structure, greater information sharing on a day-to-day operational level and the better communications platforms.

Take the Customs report I referred to earlier. It was an alarming report and one which any responsible authority would have taken action on immediately. But that's not what happened. Customs officials appeared to take no action to pass this report up the chain. Even the NSW Police Force, with key responsibilities at Sydney Airport, was not informed.

This is a textbook example of the kind of problems that are caused by the lack of a Department of Homeland Security to be the lead agency in domestic counter-terrorism, driving a national approach.

There's no denying the link between baggage handling systems at Australia's airports and aviation security. If you can put drugs in a bag, you can put a bomb in a bag. It is that simple.

So here was the equivalent of an FBI field agent in Florida reporting that there are Arab men training to fly planes who don't want to know how to land. And yet our agencies are still not sharing vital information to build up the picture of the threats to our security. Four years into the war on terror Australia just cannot afford this sort of incompetence and mismanagement any longer.

A key part of a Homeland Security portfolio must be an Australian Coastguard. Labor's specific plans for a Coastguard have evolved as the security environment has evolved as well as reflecting the realities of the Government's budgetary position and its progress in major capital acquisitions. We will present a detailed Coastguard policy for the public to consider before the next election.

But what I can guarantee now is that under Labor maritime security won't be split between eight government departments, administering eleven separate pieces of legislation. And under Labor you won't have the crazy situation where Customs and fisheries vessels have the power to fire on fleeing, suspected illegal vessels in Australian waters but despite Government announcements still largely don't have any weapons to do it with, while our naval vessels do have the weaponry but are prevented from firing under their rules of engagement.

One Department will have to remain outside the Homeland Security portfolio, because of the breadth of the functions it performs. That is the Immigration Department. Its role in border security is absolutely critical. Immigration is a mess.

The public rightly fears that the Government is more interested in spin than it is in outcomes. One junior Howard minister has gone so far as to describe the bungles in the Immigration Department as "the ramifications of ... a very strong border protection policy".

Deporting Vivian Solon, detaining Cornelia Rau, stripping Harry Seidler of his passport, and kidnapping the Hwang children from their school, weren't ramifications of strong border protection policy; they were results of mismanagement and incompetence.

The Immigration Department is one of a handful of Departments on the front line of national security. It determines who is allowed in to this country and monitors which countries Australians visit. The London bombings have shown how important this monitoring role is.

In that context, we need the Department of Immigration to be one of the smartest and sharpest of all Government agencies. Instead, it is among our dumbest and our dullest.

In border security, incompetence is weakness.

And if they can't work out who's an Australian, what chance do they have of monitoring where Australians travel or indeed of establishing who is a threat to our country.

We must have a Royal Commission into the functioning of Immigration. This is necessary, not only to get to the bottom of the problems of the past several years, it is necessary for us to get Immigration right in the future. Only a Royal Commission can compel witnesses to appear; can provide immunity for whistle-blowers; can subpoena documents; and can conduct public cross-examination. None of the existing inquiries into Immigration have been able to do this.

Royal Commissions used to be a way serious Governments could get to grips with political and policy problems that were beyond simple Departmental investigations. Under this Government they have become intensely political tools.

The Howard Government spent millions on a Royal Commission into the building industry that replicated the results of previous building industry inquiries, and on a second Royal Commission into Centenary House that replicated the results of the first, because it suited its political interests. How about having a Royal Commission that suits the national interest?

### **A comprehensive regional counter-terrorism strategy**

Charity may start at home, but for Australia, smashing terrorism starts abroad. A comprehensive regional counter-terrorism strategy, developed in partnership with south-east Asian governments, is absolutely necessary to ensure Australia's security.

Our economic weight and military capabilities in the region enables us to make the greatest difference here.

In south-east Asia, permanent Australian interests demand permanent Australian engagement. Why fight terrorism in the region? Because we must; because we can; and because in the end, nobody else will do it for us. In the region our fate is in our own hands.

Building on the policy put forward by Kevin Rudd at the 2004 election, such a strategy should have five key elements:

- prevention;

- protection;
- emergency response management;
- capacity building, and
- a hearts and minds strategy.

Preventing terrorism in the region demands in particular enhanced co-operation on maritime security.

Australia is a maritime nation in a maritime region; the world's largest island, next to the world's largest archipelago. Increasingly, the problem of terrorism in south-east Asia is a maritime problem. From Jemaah Islamiyah's bases in the southern Philippines, to the growing menace of piracy in the Malacca Straits, and through the traditional smuggling and piracy routes throughout the region, the threat is growing.

It is largely unknown that the world's insurers have now increased the risk rating for parts of the region to be on a par with the waters around Iraq. This is a huge problem for Australia, not only for our national security, but for our export industries as well.

The *Australian* newspaper recently reported the concerns of Singapore's Prime Minister Lee that JI poses "real and urgent" threats to shipping. And it also reported the interest from Malaysia's Deputy Prime Minister Najib Razak in Australia making a greater contribution to aircraft surveillance in the Straits, a very positive development, given Malaysia's past scepticism about Australian involvement.

I understand the Government is starting to move in this area, with reports that recent Five Powers Defence Arrangements exercises included some maritime security and piracy scenarios. But much more can be done.

Australia's Navy, including the new Armidale Patrol Boats, and the Air Force's P-3C Orion aircraft, provide a natural capability to support regional patrolling and surveillance operations. And under a Labor Government I lead, an Australian Coastguard could play a significant role in supporting this work in the region as well.

Beyond maritime security, enhanced policing co-operation, building on the work done by the Australian Federal Police in recent years, will also be needed. Australia should also be working with regional governments to improve passport security and border controls, to cut off the sources of terrorist financing, and to strengthen the legal frameworks against terrorist organisations in the region.

The Government should be constantly reviewing the physical protection of Australian embassies and other diplomatic buildings, as well as the security of transport arrangements for Australian Government staff. The system of travel advisories was found considerably wanting following the Bali bombings in 2002 and must be improved. And consideration should be given to support for security of Australian social, economic and cultural institutions in the region.

As the Tsunami recovery effort, which the Government did well, showed only too dramatically, emergency response is increasingly a regional responsibility. The Howard Government should take the lead in the region in identifying objectives for improving emergency response, and concrete steps governments can take together to achieve them.

This should include measures such as improved communication between national emergency response organisations, better information sharing and combined

planning and training. Over time, key regional partners might develop shared information on command and control arrangements in the event of major terrorist attacks, interoperability and a more combined counter-terrorist training.

Australia should also be working with key regional governments to build counter-terrorism capability and better coordinate the work of regional training centres in addressing the gaps. Support to developing the Indonesian National Police should be a particular focus of this work.

Supporting mainstream Islamic education should be a major priority within Australia's overseas aid program, particularly in Indonesia, improving teaching standards and assisting in curriculum development. Radio Australia and public television broadcasting into the region should be re-examined as an urgent priority.

## **Conclusion**

Above all else Australians want an assurance from their Government that everything that is being done can be done.

I have attempted to take a cold, clear-eyed look at these major challenges tonight. I don't claim a monopoly of wisdom.

But the beginning of wisdom in this area is for the Government to accept that every element of the struggle is a national responsibility, whatever the Constitution may appear to dictate in normal times, and for the Government to accept that it is the Commonwealth's duty to ensure that all states and other agencies involved are properly empowered and resourced to do the job.

In a Labor Government I lead, the buck will stop with one man – the Prime Minister of Australia.

As an Opposition Leader my responsibility is to sensibly push the Government to do all it can.

In that vein, I will do all that I can.