

BALI INQUIRY REPORT

Scope and method of inquiry

1. Shortly after the attack the intelligence and security agencies searched their records to ascertain whether there was any information that warned of the attack. The Director-General of ONA, who coordinated the search, reported to the Prime Minister that no material that specifically warned of the attack was identified.
2. The Australian Federal Police (AFP) conducted a similar search, with the same negative result.
3. Following media suggestions that there had been such intelligence, on 23 October 2002 the Prime Minister wrote asking me to:
 - review all relevant intelligence available to Australian intelligence and security agencies, and associated intelligence assessment processes, to establish whether there was any information that warned of the bomb attack in Bali on 12 October 2002; and
 - propose relevant recommendations in the light of my findings.
4. The intelligence and security agencies are not normally taken to include the AFP. In view of the possibility that the AFP might have been in a position to receive relevant intelligence I sought and obtained clarification from the Secretary of the Department of the Prime Minister and Cabinet that I should include the AFP in the inquiry.
5. The agencies all maintain detailed, searchable electronic records of the great bulk of the intelligence they receive. There are also, in some agencies, some hard copy records that are not converted to electronic form.
6. The inquiry identified approximately 170 search terms one or more of which would be likely to be contained in intelligence that could have warned of the attack. They ranged from broad, obvious terms like “terrorism” and “Bali” to relatively obscure ones, such as aliases of possible perpetrators (the full list of terms is at Annex 1 to this report).
7. They included the terms that the agencies had used previously (see paragraph 1), as well as terms identified since the attack, such as names of suspects. More names were added, and fresh searches done, as investigations into the attack continued.
8. A team established for the purpose in each agency searched the agency’s electronic records back to 11 September 2001 using all these terms.
9. The inquiry supervised these searches and, where necessary, authorised modifications to take account of the agencies’ different information technology systems.
10. Each team identified and examined possibly relevant records listed as a result of the searches. The inquiry did likewise. Thousands of records were examined in this way.
11. Much intelligence is shared between the intelligence and security agencies. In the unlikely event, therefore, of one agency’s records not revealing the existence of a particular item of

intelligence, this methodology would be likely to identify the item in the records of other agencies.

12. The inquiry also had direct access, from a computer terminal located in our office, to ASIS and DSD intelligence reports and conducted separate searches of those records as necessary.

13. The inquiry also examined each agency's hard copy holdings. For this purpose it accessed subject indexes maintained by the agencies and perused files that appeared likely to contain intelligence warning of the attack if such intelligence existed.

14. It was possible that, notwithstanding the breadth of the searches, someone in an agency might recall seeing relevant intelligence. Each of the intelligence and security agencies, at my request, circularised staff asking that anyone who had seen or heard of, or who believed they may have seen or heard of, such intelligence, bring it to the notice of the agency or this inquiry. The AFP had previously taken similar action, without result, so I did not repeat the request there.

15. At the time of the searches referred to in paragraph 1, the agencies contacted cooperating overseas agencies that would have been likely to provide relevant intelligence. Each searched its records and confirmed that it did not have such intelligence and could not, therefore, have passed it to Australia.

16. The inquiry concluded that there was nothing to be gained by repeating the requests to overseas agencies, noting also that in the United States, the United Kingdom and New Zealand there had been official statements to the effect that no such intelligence was collected.

17. The Defence Imagery and Geospatial Organisation does not collect intelligence of the kind that would have forewarned of the Bali attack. At the start of the inquiry I confirmed with the Director that it had no such intelligence and that its collection activities would not have provided any. It was not necessary to do searches of the kind undertaken in the other agencies.

18. One agency has a number of electronic records of foreign language intelligence, collected shortly before the attack, that was not reported on because it did not meet the criteria for high interest intelligence at the time.

19. Under normal circumstances this material would have been discarded but the agency head decided, before the inquiry was announced, to retain the records in case they contain something significant. It is unlikely that they do, but to exclude the possibility the records will be examined in detail.

20. Rather than wait for that process to be completed, which will take some time, I have decided to report the results of the inquiry to date. A second and final report will be produced as soon as possible.

Results

21. The electronic searches resulted in thousands of "hits" on the various terms used. The nature of the searches, however, caused many records to appear multiple times on the lists generated.

22. A small proportion of these appeared, on the basis of the record summaries, to be possibly relevant. Nevertheless, the majority of the records were individually examined.

23. In the months before the attack there were numerous intelligence indications of possible terrorist activity, including activity in Indonesia, with foreign interests or foreigners as likely targets.

24. Annex 3 contains samples of intelligence records and assessments identified by the inquiry as indicative of the kind of intelligence related to the terrorist threat available in the months before the attack.

25. One intelligence report, obtained from foreign liaison sources, mentioned various places, including Bali, as possible loci of terrorist activity should certain specified circumstances eventuate. Those circumstances did not eventuate in the time between receipt of the intelligence and the attack. I am advised that it is clear from the Bali investigation that these circumstances were not relevant to the attack.

26. No other intelligence was received that specified Bali as a likely or possible location for a terrorist attack.

27. Furthermore, even with the benefit of hindsight and knowledge of possible and likely perpetrators, the inquiry could not construe any intelligence, even intelligence not mentioning Bali, as possibly providing warning of the attack.

28. ASIO's threat assessments during the period covered by the inquiry appropriately reflected the risks suggested by the available intelligence. Assessments by other agencies also contained realistic appreciations of the risks to Australian interests from action by extremists.

29. One person came forward as a result of the invitation to members of the agencies referred to at paragraph 14. This person did not, however, have any information about intelligence warning of the attack but wished to offer views on intelligence collection and analysis.

30. The inquiry noted, and where necessary followed up, instances of public allegations that warnings had been issued before the attack. None of these proved to have any substance.

31. The inquiry's conclusion, therefore (subject to the further work mentioned in paragraphs 19 20), is that there was no intelligence warning of the attack.

Agency functions

32. It was apparent from media reporting in the period after the attack that there is much ignorance and confusion about the respective functions and responsibilities of the agencies in relation to terrorism.

33. The inquiry therefore prepared, on the basis of information provided by the agencies, a summary of these functions and responsibilities. It is Annex 2 to this report

34. It is also evident that there is a perception in some quarters that the Inspector-General of Intelligence and Security is not sufficiently independent, or lacks sufficient powers, to conduct an inquiry of this kind. This is incorrect.

35. The Inspector-General is an independent office created under the *Inspector-General of Intelligence and Security Act 1986*. The Inspector-General is appointed by the Governor General in Council for a fixed term. Although a minister can ask the Inspector-General to undertake an inquiry, the conduct of inquiries is entirely at the Inspector-General's discretion and cannot be directed by anyone.

36. In conducting inquiries the Inspector-General has powers equivalent to those of a royal commission, provided by the Inspector-General of Intelligence and Security Act. These include the power to compel production of information and documents and to take evidence on oath. The Inspector-General has full and unfettered access to the premises, personnel and records of the intelligence and security agencies.

37. All the agencies provided complete cooperation and assistance during this inquiry. They each provided substantial dedicated resources to conduct the various search tasks that the inquiry required and they complied energetically and enthusiastically with all the inquiry's requests.

Recommendations

38. The Prime Minister asked me (see paragraph 1) to propose relevant recommendations in light of my findings. I do not believe any recommendations are necessary.

Inspector-General of Intelligence and Security

December 2002

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