7 December 2015

The Hon Malcolm Turnbull MP  
Prime Minister  
Parliament House  
CANBERRA ACT 2600

Dear Prime Minister

Please find attached my annual report for the period 1 July 2014 to 30 June 2015 (in particular, the period from my appointment as acting Independent National Security Legislation Monitor on 11 December 2014 to 30 June 2015). I respectfully draw your attention to the Recommendation on page 7.

This report is unclassified and is suitable to be presented to each House of the Parliament in accordance with section 29 of the Independent National Security Legislation Monitor Act 2010.

Yours sincerely

Roger Gyles AO QC
Independent National Security Legislation Monitor
Introduction

This is my first annual report to the Prime Minister as the Independent National Security Legislation Monitor (INSLM).

On 11 December 2014 the then Prime Minister appointed me as the acting INSLM, under section 20 of the Independent National Security Legislation Monitor Act 2010 (INSLM Act) (see also section 33A of the Acts Interpretation Act 1901). There was a vacancy in the office of the INSLM. The first INSLM, Bret Walker SC, held the office from his appointment on 21 April 2011 for a period of 3 years. I acknowledge the significant contribution made by my predecessor, Bret Walker SC, as INSLM to the counter-terrorism and national security aspect of public policy in Australia.

There was no person performing the functions of the INSLM following the expiration of the term of appointment of Bret Walker SC in April 2014 until my appointment as the acting INSLM. On 19 March 2014, the Government introduced into the Parliament (the House of Representatives) the Independent National Security Legislation Monitor Repeal Bill 2014, which was designed to repeal the INSLM Act and abolish the office of INSLM. The Government ultimately decided against pursuing that Bill. On 17 July 2014 the Independent National Security Legislation Monitor Repeal Bill 2014 was withdrawn from the House of Representatives Notice Paper. The Bill had been referred to the Senate Legal and Constitutional Affairs Legislation Committee for inquiry and report, but that became unnecessary when the Bill was withdrawn (although the Committee did receive publicly-available submissions on the subject).

My initial appointment was on an acting basis due to the requirement for security clearance prior to a substantive appointment. Security clearance was obtained on 24 April 2015. On 20 August 2015 I was appointed to be the part-time INSLM for a period of two years by the Governor-General, acting on the advice of the Federal Executive Council, under section 11(1) of the INSLM Act. That period is less than the three-year term of the first INSLM and expires prior to the time limit imposed by section 6(1B) of the INSLM Act (discussed further below). I was not consulted about the term of the appointment before it took place.

This annual report relates to the period of acting appointment between 11 December 2014 and 30 June 2015.

Annual report requirements

Section 29 of the INSLM Act provides that the INSLM must prepare and give to the Prime Minister a report (an annual report)

- relating to the performance of the functions set out in sections 6(1)(a) and (b) of the INSLM Act and
- containing such details relating to the performance of the function set out in section 6(1)(c) of the INSLM Act as the INSLM considers appropriate.

Sections 6(1)(a)-(c) of the INSLM Act provide as follows.

(1) The Independent National Security Legislation Monitor has the following functions:
   (a) to review, on his or her own initiative, the operation, effectiveness and implications of:
   (i) Australia’s counter-terrorism and national security legislation; and
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(ii) any other law of the Commonwealth to the extent that it relates to Australia’s counter-terrorism and national security legislation;

(b) to consider, on his or her own initiative, whether any legislation mentioned in paragraph (a):
   (i) contains appropriate safeguards for protecting the rights of individuals; and
   (ii) remains proportionate to any threat of terrorism or threat to national security, or both; and
   (iii) remains necessary;

(c) if a matter relating to counter-terrorism or national security is referred to the Monitor by the Prime Minister—to report on the reference;

Section 4 of the INSLM Act defines the term ‘counter-terrorism and national security legislation’ as follows.

counter-terrorism and national security legislation means the following provisions of Commonwealth law:

(aa) sections 33AA, 35 and 35A of the Australian Citizenship Act 2007 and any other provision of that Act as far as it relates to those sections;

(a) Division 3 of Part III of the Australian Security Intelligence Organisation Act 1979 and any other provision of that Act as far as it relates to that Division;

(b) Part 4 of the Charter of the United Nations Act 1945 and any other provision of that Act as far as it relates to that Part;

(c) the following provisions of the Crimes Act 1914:
   (i) Division 3A of Part IAA and any other provision of that Act as far as it relates to that Division;
   (ii) sections 15AA and 19AG and any other provision of that Act as far as it relates to those sections;
   (iii) Part IC, to the extent that the provisions of that Part relate to the investigation of terrorism offences (within the meaning of that Act), and any other provision of that Act as far as it relates to that Part;

(d) Chapter 5 of the Criminal Code and any other provision of that Act as far as it relates to that Chapter;

(e) Part IIIAAA of the Defence Act 1903 and any other provision of that Act as far as it relates to that Part;


The annual report must be given to the Prime Minister as soon as practicable after 30 June in each financial year and, in any event, by the following 31 December. By implication, the relevant reporting period for each annual report is the relevant financial year (ending on 30 June).

A declassified annual report must also be given to the Prime Minister, where appropriate. The Prime Minister must cause a copy of each annual report (or of the declassified annual report, where there is one) to be presented to each House of the Parliament within 15 sitting days of that House after the day on which the Prime Minister receives the report. This is the mechanism by which annual reports are required to be made public.

Significant developments

Significant developments relating to national security that occurred during the period from April 2014 to 30 June 2015 included
• the National Terrorism Public Alert System terrorism threat level was raised from ‘medium’ to ‘high’ (12 September 2014)
• large-scale counter-terrorism raids by Australian authorities (18 September 2014 and 19 April 2015)
• a politically-motivated attack against police in Melbourne, in which police were injured and the attacker was killed (23 September 2014) and
• the Martin Place siege (15–16 December 2014).

The Director-General of Security said on 1 September 2015 that

Since the Australian Government increased the Terrorism Public Alert Level from Medium to High on September 12 last year, we have seen two terrorist attacks in Australia and six terrorist plots disrupted.

...

The heightened level of threat we face today is clearly demonstrated by the fact that two thirds of the counter terrorism incidents and plots in Australia since 9/11 (11 September 2001) have occurred in the last year.

At present, ASIO is conducting over 400 high priority counter-terrorism investigations, a 100% increase in cases since last year. The increase is related to the conflict in Syria/Iraq – specifically, Australians fighting with or supporting Islamic extremist groups – be it recruiting, fundraising or seeking to join these groups. We know there will be others, at home and abroad, whose activities, despite our best efforts, have not yet been detected.

To give you an idea of the scale of the threat, ASIO is currently investigating:

• 120 Australians offshore fighting with or supporting Islamic extremist groups in Iraq or Syria.
• Around 170 people here in Australia who are supporting Syria and Iraq extremist groups.
• At least 32 Australians have been killed in Iraq/Syria as a result of their involvement in the conflict.

In addition:

• Since 2012 ASIO has recommended the cancellation of 135 passports of individuals linked to Syria/Iraq extremists. ¹

The Director-General went on to note the concerns of ASIO in relation to

• returning fighters (based on prior experience of the activities of such persons following their return to Australia)
• frustrated individuals prevented by passport cancellation or other measures from travelling to the conflict and
• the trend involving the young age of individuals involved with or interested in joining terrorist groups.

¹ Director-General’s speech: Australia’s current security and intelligence operating environment, address to the Security in Government Conference 2015. Since this speech was given, there has been a third terrorist attack in Australia in the period described by the Director-General, the murder of a police worker at Parramatta on 2 October 2015.
More recently, the Prime Minister said in his National Security Statement in Parliament on 24 November 2015

In September last year, the alert level was raised to HIGH, and it has remained there ever since. We have subsequently seen the terror attacks against police officers in Melbourne, the Sydney siege and the murder of a police worker in Parramatta by a radicalised young man.

The tempo of our domestic counter terrorism efforts has increased and our capabilities have been tested. Since September 2014, 26 people have been charged as a result of 10 counter terrorism operations around Australia. That’s more than one-third of all terrorism related charges since 2001. Counter Terrorism Units at our airports are also stopping people leaving for, and returning from, the conflict zone.\(^2\)

Some significant Bills dealing with national security issues and affecting legislation required to be reviewed by the INSLM were dealt with as follows

- the National Security Legislation Amendment Bill (No 1) 2014 was on 16 July 2014 introduced into the Senate and referred to the Parliamentary Joint Committee on Intelligence and Security (PJCIS), which reported on 17 September 2014
  - the Bill, which became the National Security Legislation Amendment Act (No 1) 2014 (No 108 of 2014), was passed on 1 October 2014
- the Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014 was on 24 September 2014 introduced into the Senate and referred to the PJCIS, which reported on 17 October 2014 and on 25 September 2014 was referred also to the Senate Legal and Constitutional Affairs Legislation Committee, which reported on 17 October 2014
  - the Bill, which became the Counter-Terrorism Legislation Amendment (Foreign Fighters) Act 2014 (No 116 of 2014), was passed on 30 October 2014
- the Counter-Terrorism Legislation Amendment Bill (No 1) 2014 was on 29 October 2014 introduced into the Senate and on 30 October 2014 referred to the PJCIS, which reported on 20 November 2014
  - the Bill, which became the Counter-Terrorism Legislation Amendment Act (No 1) 2014 (No 134 of 2014), was passed on 2 December 2014
- the Telecommunications (Interception and Access) Legislation Amendment (Data Retention) Bill 2015 was on 30 October 2014 introduced into the House of Representatives and on 21 November 2014 referred to the PJCIS, which reported on 27 February 2015
  - the Bill, which became the Telecommunications (Interception and Access) Legislation Amendment (Data Retention) Act 2015 (No 39 of 2015), was passed on 26 March 2015
  - the Act, among other things
    - provides for mandatory retention for two years by telecommunications service providers of certain data associated with the use of relevant services, including for national security purposes, and

\(^2\) The Prime Minister foreshadowed the adoption within the week of a new National Terrorism Threat Advisory System. The current threat level in Australia according to the new system is ‘probable’, in the middle of a spectrum of threat levels ranging from ‘not expected’ through ‘possible’, ‘probable’ and ‘expected’ to ‘certain’.  

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makes special provision in this context for access to data relating to journalists’ sources
these provisions of the Act recently came into operation

- the Australian Citizenship Amendment (Allegiance to Australia) Bill 2015 was on 24 June 2015 introduced into the House of Representatives and referred to the PJCIS, which reported on 4 September 2015
  - the Bill, which became the Australian Citizenship Amendment (Allegiance to Australia) Act 2015, was passed on 3 December 2015
  - this Act enables the revocation of the Australian citizenship, in some circumstances, of persons involved in conflicts abroad.3

Review and reporting priorities

The then Prime Minister referred to me, in conjunction with my appointment as acting INSLM and in accordance with section 7 of the INSLM Act, the following three matters, in order of priority, for inquiry and report

- any impact on journalists in the operation of section 35P of the Australian Security Intelligence Organisation Act 1979 concerning offences for the disclosure of information relating to a ‘special intelligence operation’, as inserted by the National Security legislation Amendment Act (No 1) 2014
- whether the additional safeguards recommended in the 2013 Council of Australian Governments Review of Counter-Terrorism Legislation in relation to the control order regime should be introduced, with particular consideration given to the advisability of introducing a system of ‘Special Advocates’ into the regime, as recommended in the advisory report on the Counter-Terrorism Legislation Amendment Bill (No 1) 2014 by the Parliamentary Joint Committee on Intelligence and Security (PJCIS) – (tabled on 20 November 2014) and
- matters raised in a letter by the Minister for Immigration and Border Protection, regarding the expected impact on his agencies of amendments to the Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014 made as a result of the PJCIS report on that Bill.

Under section 30 of the INSLM Act, the INSLM is required to report to the Prime Minister on a reference made under section 7 (section 30 also provides for reports to be made public in a similar manner as for annual reports, described above). It is worth noting here that such a reference need only relate to ‘counter-terrorism or national security’, not to Australia’s ‘counter-terrorism and national security legislation’ (emphasis added).

The emphasis of the review function is on the practical operation of legislation (see in particular section 9 of the INSLM Act).

The INSLM Act was amended by the Counter-Terrorism Legislation Amendment (Foreign Fighters) Act 2014 to add the function set out in section 6(1B), namely

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3 In addition to the specific referrals mentioned, parliamentary committees which review and report on aspects of the counter-terrorism and national security legislation as part of their standing functions include the Parliamentary Joint Committee on Human Rights and the Senate Standing Committee for the Scrutiny of Bills.
(1B) The Independent National Security Legislation Monitor must complete the review under paragraph (1)(a) of the following counter-terrorism and national security legislation by 7 September 2017:

(a) Division 3 of Part III of the *Australian Security Intelligence Organisation Act 1979* and any other provision of that Act as far as it relates to that Division;

(b) Division 3A of Part IAA of the *Crimes Act 1914* and any other provision of that Act as far as it relates to that Division;

(c) Divisions 104 and 105 of the *Criminal Code* and any other provision of the *Criminal Code Act 1995* as far as it relates to those Divisions;

(d) sections 119.2 and 119.3 of the *Criminal Code* and any other provision of the *Criminal Code Act 1995* as far as it relates to those sections.

That function relates to provisions of Australia’s counter-terrorism and national security legislation which are due to expire on 7 September 2018. Those provisions comprise a substantial part of the counter-terrorism and national security legislation.

I note that the PJCIS is required, under section 29 of the *Intelligence Services Act 2001*, to review by 7 March 2018 the same legislation (that is, the legislation, set out above, which is due to expire on 7 September 2018).

Presumably, the review required to be conducted by the INSLM is intended to inform the review required to be conducted by the PJCIS and the consideration by the Parliament of the question whether the provisions should cease or continue. On that basis, it may be presumed further that I should report on my review in a manner designed to assist the Parliament. As previously noted, my term of appointment is for a period of two years from 20 August 2015. It is apparent that, as a practical matter, I will have to aim to complete the review required by section 6(1B) of the INSLM Act well before 20 August 2017 (ahead of the statutory deadline of 7 September 2017), so that reporting to assist the Parliament can be completed whilst I am still in office. An annual report is hardly the only place for timely reporting on the review contemplated by section 6(1B).

The power of the PJCIS to refer a relevant matter to the INSLM in accordance with section 7A of the INSLM Act arguably envisages that the INSLM be able to report on the matter referred otherwise than through an annual report. The same may be said of the ordinary reviews to be undertaken on the initiative of the INSLM. A subject of review may well be chosen for reasons that demand an urgent report if the review is to be fully effective. The field of anti-terrorism and national security is dynamic.

The INSLM Act makes express provision for reporting in section 29 (annual report) and section 30 (report on a reference by the Prime Minister). The INSLM Act does not prohibit other reporting by the INSLM but neither does it make provision for how such reporting would be done and to whom it would be provided. It is arguable that the INSLM Act impliedly limits the INSLM to reporting through the means for which express provision is made. That appears to have been the view of the first INSLM, who recommended that the INSLM Act be amended to allow for other reports to be made.

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*Further, the *Australian Citizenship Amendment (Allegiance to Australia) Act 2015* has amended the INSLM Act to include provisions of this new law within the INSLM’s remit. It is understood that the Prime Minister may refer to the INSLM the matter of reviewing the revocation of citizenship provisions by 1 December 2018, as recommended by the PJCIS.*
I am not convinced that ad hoc reports are prohibited. The effect of sections 6(1B) and 7A of the INSLM Act and what I have said about ordinary reviews point in the opposite direction. An ad hoc report should be able to be provided to the Parliament by an appropriate mechanism.

Nonetheless, I agree with the following comment made by Bret Walker SC in the 2014 Annual Report (page 2) and recommend accordingly:

... there should be an express power for the INSLM to report on a matter or matters within the statutory mandate but more urgently or particularly than by the annual report.

The reporting period (11 December 2014-30 June 2015)

Activities during the reporting year, in summary, were as follows.

Establishment and general activities

Establishing and maintaining the administrative and legal support arrangements for the office, in consultation with relevant officers from the Department of the Prime Minister and Cabinet was my first task. Commencing in the middle of December was not ideal for getting things done promptly.

The first issue was arranging office accommodation and administrative support. It was decided to continue the Canberra arrangements of the previous INSLM, who also resided in Sydney, by accepting accommodation provided by the Department of the Prime Minister and Cabinet in the Canberra offices for myself and the adviser and having administrative support from officers of the Department. A separate establishment for such a small part-time office is not viable. A secure office in Sydney was located for use when required. Non-secure communication with the adviser can be maintained by computer and telephone at all times.

The second issue was recruiting an adviser. It was not an easy task to locate someone with availability, knowledge of anti-terrorism and security laws, an appropriate level of security clearance and necessary experience and aptitude without being too close to an agency to be monitored or too involved in the drafting of relevant legislation. Such a person was ultimately identified and commenced duties on 16 March 2015.

Other general activities which occupied me during the reporting period included:

- learning about the role of the INSLM and the subject of national security and counter-terrorism generally, including the contents of the counter-terrorism and national security legislation and the reports of the first INSLM
- monitoring proposals for changes to the counter-terrorism and national security legislation
- monitoring events that impinge upon the counter-terrorism and national security legislation
- meeting, liaising with and receiving briefings from interested people and groups inside and outside government, separately from any particular inquiry (particularly the responsible agencies and those having oversight of them) (see Appendix A)
- preparing for and attending Senate Estimates hearings, on 23 February 2015 and 25 May 2015.\(^5\)

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\(^5\) I also attended a Senate Estimates hearing on 19 October 2015, outside the reporting period.
Section 35P inquiry

My first inquiry involved the reference from the Prime Minister concerning the impact on journalists of section 35P of the Australian Security and Intelligence Organisation Act 1979 (ASIO Act). There had been significant controversy over this provision in the course of parliamentary consideration of the Bill. It was a hot potato. It was unlikely that any report would please all and possible that it would not please any.

Submissions were invited by communication to potentially-interested parties sent on 27 March 2015, by public advertisement on 10 April 2015 and by a notice on the INSLM webpage. Submissions were received from 41 persons or organisations.

Public hearings were conducted in Canberra on 27 and 28 April 2015. Private hearings and consultations were conducted in Canberra, the last occurring on 22 June 2015. A record was made of all hearings and consultations.

My adviser departed on 25 May 2015. The only practical solution that presented itself to fill the gap in a timely fashion was the secondment of a solicitor from the Australian Government Solicitor with the necessary qualifications and experience to act as adviser to assist with the preparation of the report on the inquiry. That person commenced on 12 June 2015. He then had to read his way into the issues, the submissions and the record of hearings and consultations. He was so engaged when the reporting period ended.6

The task ahead

The mandatory requirements for review of legislation in force at the time of my appointment and actual and potential references by the Prime Minister and the PJCIS would have been a challenge with the available resources. The appointment is on a part time basis and the remuneration is based on a notional commitment of 60 days per annum. There is a full time adviser, now at the Executive Level 2 level, with part-time administrative support from officers of the Department of the Prime Minister and Cabinet. A legally-qualified graduate assistant commenced duties in December 2015.

The task which lies ahead has been made more challenging recently by events which have occurred and by legislation and legislative instruments which have come into force or are proposed.

On 2 October 2015 at Parramatta in New South Wales a civilian police employee was shot and killed by a young Muslim extremist who was himself killed in the incident. On 31 October 2015 a Russian airliner crashed in the Middle East with large loss of life. ‘Islamic State’ (a terrorist organisation specified as such under the Criminal Code, also known as ‘IS’, ‘ISIL’, or ‘Daesh’) claimed responsibility and published reports indicate that this is likely to be correct. On 12 November 2015, two suicide bombers detonated explosives in Beirut, Lebanon, causing mass casualties. On 13 November 2015 the disastrous co-ordinated attacks in Paris took place, with Islamic State again claiming responsibility. On 20 November 2015, Islamist gunmen stormed the Radisson Bly Hotel, in Bamako, Mali, seizing many hostages and leaving a number dead. An African jihadist group affiliated with...

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6 This report was given to the Prime Minister on 21 October 2015. The report must be presented to each House of the Parliament within 15 sitting days of that House from receipt, in accordance with section 30 of the INSLM Act.
al-Qaeda claimed responsibility for the attack. A further attack occurred on 2 December 2015 in San Bernardino, California. Fourteen people were killed and twenty-one injured. The FBI is treating the attack as an act of terrorism. Then on 5 December 2015, a man stabbed three people in London. Authorities are again, treating this as a terrorist incident.

The anti-terrorist and security stakes have been raised considerably here and abroad in recent times. There is bound to be a backlash against terrorism, which may lead to more zealous enforcement of existing powers and pressure for extended powers for intelligence and law enforcement purposes.

There has been significant recent action on the legislative front that was in the pipeline before these current events.

- The Government proposed substantial amendments to the Australian Citizenship Amendment (Allegiance to Australia) Bill 2015 following a report by the PJCIS and legal advice, after which, as noted above, the Bill was passed by the Parliament. The Australian Citizenship Amendment (Allegiance to Australia) Act 2015 will remain controversial.
- The Telecommunications (Interception and Access)(Obligation to Keep Records) Instrument 2015 came into force on 9 October 2015. This brings into operation part of the contentious new legislation governing data retention (also known as the metadata laws).
- Another substantial range of measures was introduced into Parliament on 12 November, as the Counter-Terrorism Legislation Amendment Bill (No 1) 2015. These measures in part affect the second matter referred to me by the Prime Minister, relating to control orders. The Bill has been referred to the PJCIS for report by 15 February 2016. The Parliamentary Joint Committee on Human Rights (PJCHR) has also sought a response from the Government in relation to aspects of the compatibility of the Bill with human rights.⁸

I am developing a work plan to complete what will need to be done by way of review and report during the remainder of my term.

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⁷ These measures in part affect the second matter referred to me by the Prime Minister, relating to control orders.
Appendix A

People and groups with whom the INSLM met during the reporting year

The INSLM met with the following people and groups after being appointed acting INSLM, in approximate chronological order (and some on more than one occasion)

- Bret Walker SC, the previous INSLM
- Simeon Gilding, Adviser, Prime Minister’s Office
- Justin Bassi, National Security Adviser, Attorney-General’s Office
- Dr Margot McCarthy, Associate Secretary National Security and International Policy Group, Department of the Prime Minister and Cabinet
- Teneille Elliott, Adviser to Bret Walker SC
- Colin Neave, Commonwealth Ombudsman
- Dr Vivienne Thom, Inspector-General of Intelligence and Security
- Katherine Jones, Deputy Secretary, National Security and Criminal Justice Group, Attorney-General’s Department
- Michael Pezzullo, Secretary, Department of Immigration and Border Protection
- Amanda Gorely, Acting Senior Legal Adviser, Department of Foreign Affairs and Trade
- Richard Sadleir, First Assistant Secretary, National Security Division, Department of the Prime Minister and Cabinet
- Australian Federal Police
  - Commissioner Andrew Colvin
  - Deputy Commissioner Michael Phelan
  - Acting Deputy Commissioner Neil Gaughan
- Annette Willing, National Security Legal Adviser, Attorney-General’s Department
- Scott Bruckard, Director, Organised Crime and Counter-Terrorism, Commonwealth Director of Public Prosecutions
- Nick Warner, Director-General, Australian Secret Intelligence Service
- Dr Paul Taloni, Director, Australian Signals Directorate
- Australian Security Intelligence Organisation
  - Duncan Lewis AO, Director-General of Security
  - Deputy Directors-General
  - First Assistant Director-General, Legal
  - First Assistant Directors-General and other staff
- Michael Griffin, Integrity Commissioner, Australian Commission for Law Enforcement Integrity
- Chris Dawson, CEO, Australian Crime Commission
- Paul Baxter, Deputy Secretary, Strategy, Department of Defence
- Professor Clive Walker (by correspondence)
- Department of Communications
  - Drew Clarke, Secretary
  - Ian Robinson, Deputy Secretary, Infrastructure
- Australian Privacy Commission
  - Tim Pilgrim, Australian Privacy Commissioner
Angelene Faulk, Assistant Privacy Commissioner
• Paul O’Sullivan, Chief of Staff, Attorney-General’s Office
• David Anderson QC, Independent Reviewer of Terrorism Legislation (UK)
• Tim Wilson, Human Rights Commissioner