



Te Pā Whakamarumarū
New Zealand Security
Intelligence Service

TE PŪRONGO Ā-TAU 2022 **ANNUAL REPORT 2022**

Keeping New Zealand and New Zealanders safe and secure.

Te tiaki i a Aotearoa me ngā tāngata o Aotearoa kia haumaru ai.

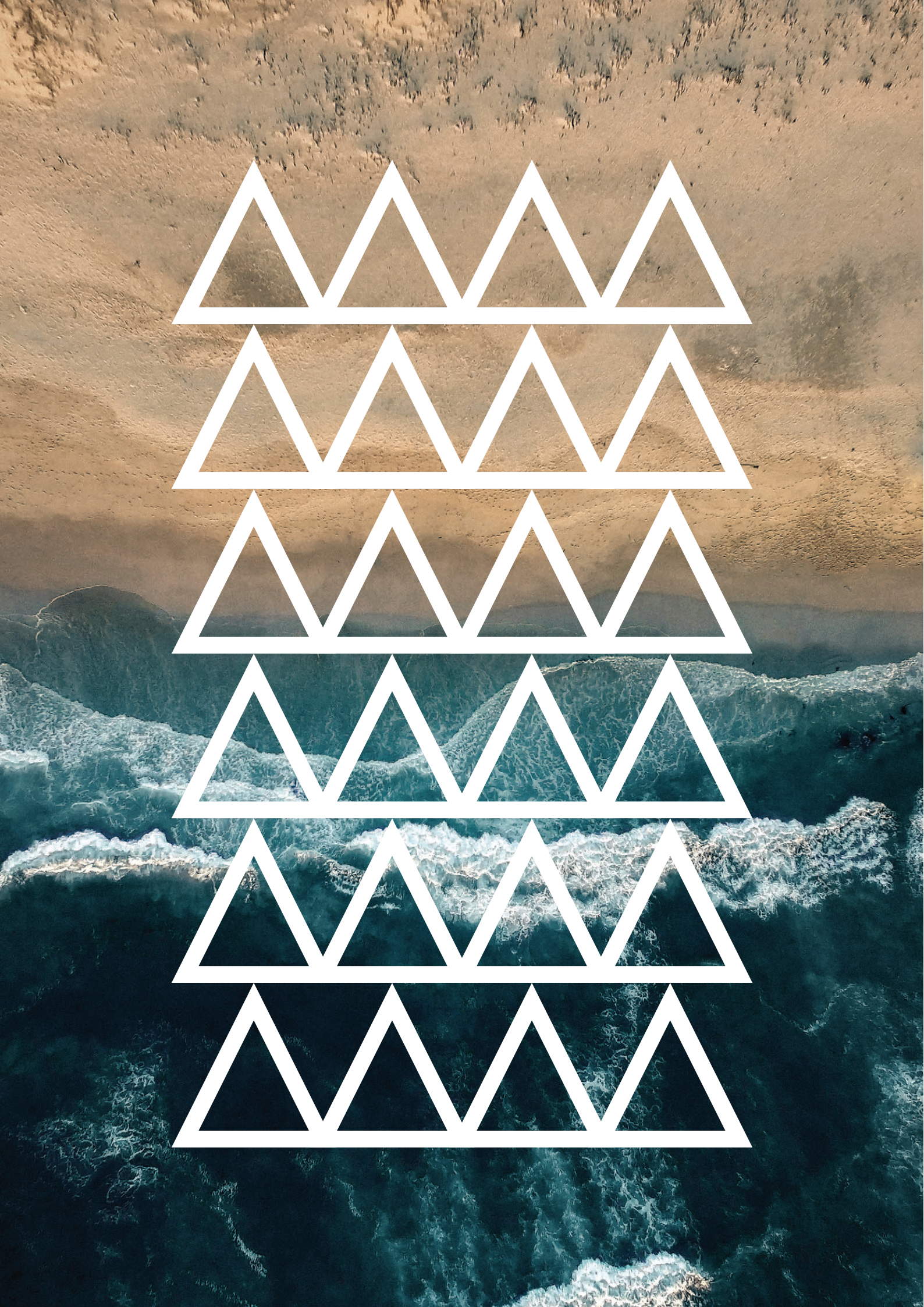
PREFACE

This is the Annual Report of the New Zealand Security Intelligence Service (NZSIS) for the year ended 30 June 2022, presented for consideration and scrutiny to the Intelligence and Security Committee (ISC).

Presented to the House of Representatives pursuant to section 221(4) of the Intelligence and Security Act 2017.

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Overview

Te Tirohanga Whānui



Director-General's foreword

Te Tiro Whānui a te Tumuaki Ahurei

The past year has been characterised by the increasingly complex threat environment in which we operate. The threat environment is changing at a rapid pace – a trend that has accelerated during my eight years as Director-General of Security.

The way our people have responded to this challenge has been exemplary, especially in the context of COVID-19. I want to acknowledge the way the people of the Service have respected the need for health protection measures such as vaccines and masks. These measures have made the effect of the pandemic manageable for the Service and have allowed us to cover essential work and to continue to deliver our important mission.

This year's annual report provides further evidence of the difference NZSIS staff make every day to help to keep New Zealand safe and secure.

We have challenged ourselves again this year to provide more information about the important work we do. We have backed that up by including real case studies, at the unclassified level, to demonstrate our impact.

It matters to us that New Zealanders know we are their Security Intelligence Service. Being more transparent is just one way we can show our value to the public. We need to continue explaining and demystifying the work of the NZSIS. After all, we want to recruit staff from every community in Aotearoa New Zealand. We want to raise awareness of national security threats. And we want all

New Zealanders to understand that they can help us to detect and counter those threats – to help us with our mission.

The counter-terrorism mission has become more difficult. New Zealanders were shocked by the terror attack at an Auckland supermarket in September 2021 where seven people were injured (although – thankfully – not fatally) by a known violent extremist.

There has also been a concerning increase in violent anti-authority rhetoric. Like other countries we have identified a small number of violent extremists who have reacted against COVID-19 health measures and other related government policies. While the need for the health measures will likely reduce over time, we assess that anti-authority extremism is likely to remain on the threat landscape.

NZSIS defines violent extremism of this type as Politically-Motivated Violent Extremism. This means that our counter-terrorism effort is now spread across three ideologies: Identity-Motivated Violent Extremism, Faith-Motivated Violent Extremism and Politically-Motivated – with some overlap between the three. We continue to prioritise our investigative efforts based on the level of threat posed.



Detecting violent extremist threats is not work we can do alone. To help the public to help us, the Service has developed NZSIS's first guide to identifying signs of violent extremism. *Kia mataara ki ngā tohu – Know the signs* identifies the behaviours and activities that indicate a person might be heading down the path of violent extremism, and encourages the public to tell us if they see those behaviours and activities. This resource will help to inform a more mature conversation about our national security – something called for by the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain, and by the Hon Andrew Little in his national security speech at the end of 2021.

Countering foreign interference and espionage activity in New Zealand is no less challenging. Attempts by some states to interfere in our democracy, economy and civil society are persistent. Our intelligence has been used across government and at-risk sectors to raise awareness to the threat of foreign interference. And our advice has helped those who are at risk to make themselves harder targets. For example, a guide published in the past year – *Due Diligence Assessments – For Espionage and Foreign Interference Threats* – equips

organisations with practical tools to manage risk, and is another useful contribution to the range of resources supplied by our Protective Security Requirements team.

I am proud of other successes too: security clearance vetting in particular. The number of applications open at any one time has reduced by 84% in the past year. This result reflects a sustained and comprehensive business improvement effort, with real world impacts. It means that in a tight job market, government employers can offer assurance to successful job applicants that their clearances will be dealt with promptly but without compromising on our security clearance standards.

Against the backdrop of a busy year with ongoing COVID-19-related disruptions, our workforce has continued to evolve. Consistent with our Discover strategy, we are recruiting and training more staff to work with data and data analytics. And a strong focus for me personally, and for the Intelligence Community as a whole, is ensuring we have a workforce that reflects the community we serve. We are committed to creating a workplace that is diverse, and that truly values the different perspectives that comes with this diversity.

With the Government Communications Security Bureau, we have appointed our first Chief Advisor Māori, and our Māori cultural capability plan is set out in this Annual Report for the first time. We are all looking forward to going on this journey.

While we continue our diversity journey, staff recruitment and retention remain a constant challenge. The time and effort involved in recruiting, security clearing and training our highly skilled professionals is much greater than most employers face. Our workforce have skills that are extremely sought-after in a very competitive market. To maximise our staff retention we have implemented a range of initiatives to address the issues that matter most to our staff and ensure we remain a highly attractive workplace.

The past year has presented us with some unique challenges, but the people of the NZSIS have shown incredible professionalism in rising to meet them. I am proud to lead a team that exhibits such dedication every day to fulfil its mission to keep New Zealand and New Zealanders safe and secure.



Rebecca Kitteridge

Te Tumu Whakarae mō Te Pā Whakamarumarū
Director-General of Security

New Zealand Security Intelligence Service
July 2022

The Strategic Environment

New Zealand – and New Zealanders – are now facing significant challenges to our security in a complicated and changing world.

Our strategic environment has been highly dynamic over the past year. Changes around the world set the stage for a harder and less certain security environment for New Zealand. Threats range from espionage and foreign interference, to terrorism and violent extremism, and increased geopolitical competition in the Pacific.

Key factors have had impacts on the threats we face. These factors include increased geopolitical competition in our region, the Russian invasion of Ukraine, challenges to democratic norms, the emergence of anti-authority extreme ideologies, disinformation, and the changing ways New Zealanders engage with transnational technologies. These trends alter the nature of security threats – and the methods the NZSIS uses to protect New Zealanders.

Disinformation and anti-authority sentiment

In the past year, traditional and non-traditional security threats have merged in ways that complicate our operating environment. COVID-19 and its consequences (including perceived unfairness in social and economic impacts) have exacerbated these trends and deepened social fissures around the world, including an uptick in anti-government rhetoric.

Some identity-motivated and politically-motivated violent extremist groups have incorporated anti-authority themes into their narratives, blurring the lines between extremists and conspiracy theorists.

Individuals' feelings of grievance may be inflamed by ready access to violent or extremist content online, something particularly acute for our youth.

We have not observed foreign state-linked actors directly targeting New Zealand with bespoke disinformation campaigns. But disinformation relating to COVID-19 and vaccines – followed shortly after by disinformation and misinformation relating to the Russian invasion of Ukraine – has been consumed by New Zealanders. The rise of conspiracy theory groups peddling disinformation in New Zealand has demonstrated a way for foreign adversaries to leverage our social dynamics against our own security and interests. Disinformation and interference actors gain traction when the public has lower levels of trust in the information environment and in the government. This is why social conflict is one of the first targets for disinformation actors.

Transnational technologies enable security threats

Technology and the way we use it has meant that the companies that shape New Zealanders' access to services and information, and our right to privacy, operate outside of New Zealand's regulatory and legal environment.

Encrypted communications and digital currencies are just two trends that make it more challenging to identify and understand security threats.

In the context of terrorism and violent extremism, the internet creates ready access to a wide range of extremist content. The internet is an important conduit for radicalisation in New Zealand, connecting New Zealanders to global trends in extremism.

At the same time, technology – including social media platforms – has increased the ability of state adversaries to commit espionage in countries like New Zealand by reducing costs and barriers. Adversary states use cyber means and online personas alongside traditional intelligence techniques to target New Zealanders in order to gain to access sensitive information.

Geopolitical competition is impacting our region

Geopolitical competition, including in the Pacific, and the Russian invasion of Ukraine have reshaped the global security dynamics and context of our region.

New Zealand cannot take the regional security of the Pacific for granted. The Pacific region has become an important theatre of geopolitical competition.

As a result of New Zealand's role in the Pacific and its historic security relationships, foreign states will almost certainly continue to target New Zealand for intelligence and interference purposes. New Zealand will also experience the collateral impacts of intelligence activities with a global reach, including disinformation and disruptive cyber activities.

The Year in Review

The NZSIS experienced a range of milestones, opportunities and challenges during the reporting period.

Royal Commission of Inquiry into the Christchurch Terrorist Attack

The report of the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019 (RCOI) continues to influence the work of the NZSIS. The 51 shuhada killed in the attack, their loved ones, those injured and traumatised, and the wider community have remained front of mind as the NZSIS plays its role in responding to the report's findings and recommendations.

The NZSIS was already going through a significant transformation at the time of the attack. That transformation has continued, and will go even further with the insights provided by the Royal Commission.

Here are some of the RCOI-related initiatives NZSIS has progressed in the past year:

Indicators Framework

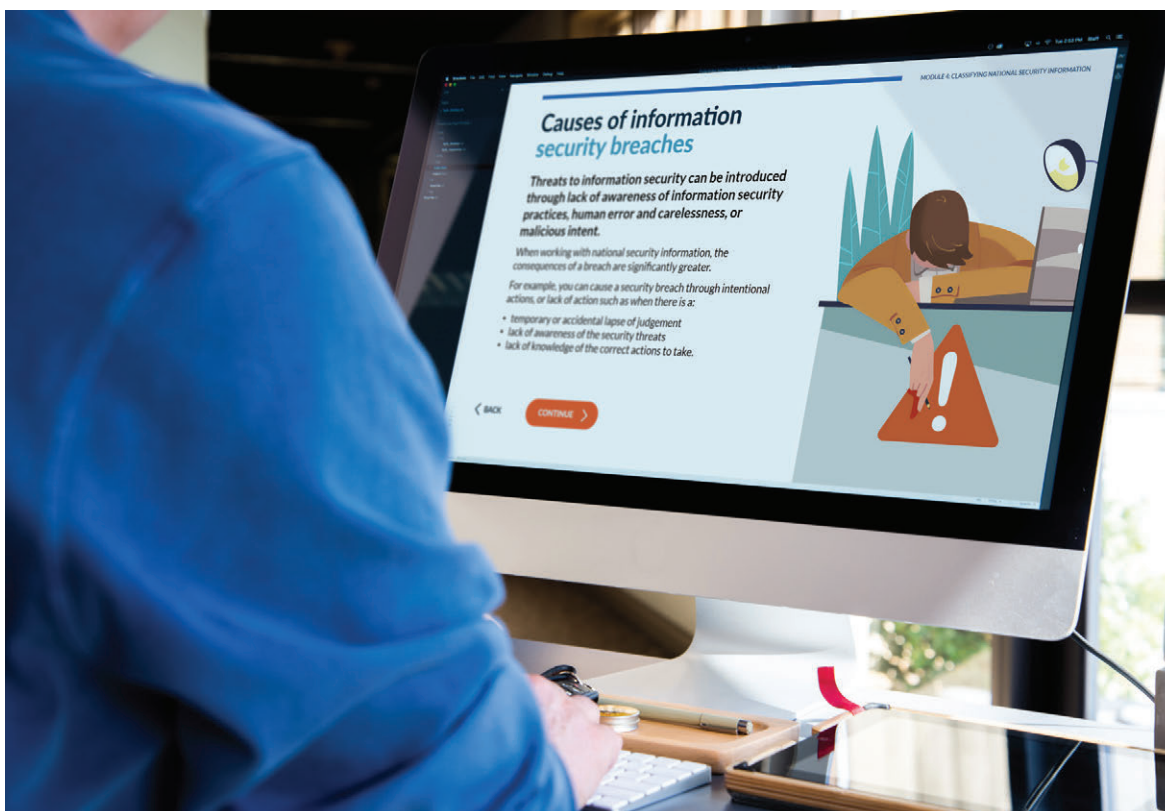
Over the last few years, the NZSIS has been researching the common behaviours and activities displayed by violent extremists who mobilise to violence. This research drew on case studies from New Zealand, and around the world, of violent extremists that were motivated by a variety of ideologies. The research has led to the development of the NZSIS Terrorism Indicator Framework, which then evolved into the NZSIS's first-ever guide to help members of the New Zealand public to identify behavioural signs of violent extremism: *Kia mataara ki ngā tohu – Know the signs: a guide for identifying signs of violent extremism*. The NZSIS will use the guide as an engagement tool to work with stakeholders and communities on how to identify the signs and report behaviour of concern.

Interagency Collaboration

The NZSIS has deepened its level of collaboration with domestic partners – most notably the New Zealand Police – to detect and investigate threats that pose a risk to the New Zealand public. We continue to seek out ways to strengthen our information-sharing practices with the New Zealand Police to keep improving how we share and manage lead information, so that we can more effectively respond to threats under our respective remits.

Community engagement

Throughout the 2021/22 year, the NZSIS had engagements with a wide range of New Zealand communities to discuss current and emerging national security issues. By building and maintaining strong relationships, the NZSIS seeks to better understand how the national security environment affects different communities in New Zealand. Such networks also help to identify emerging issues both domestically and overseas which may impact their security as well as to promote familiarity with and understanding of the NZSIS.



Security Classification System Policy review

The NZSIS led a review of the New Zealand Government Classification System Policy in response to Recommendations 9a and 9b of the RCOI. The review focused on addressing inconsistent use of the New Zealand Government Security Classification System which had resulted in ineffective information sharing.

The project delivered a range of tools, guidance, and training materials to New Zealand government agencies to support improved adoption and correct usage of the Classification System, better awareness and capability to balance 'need-to-know' and 'need-to-share', and more regular and systematic declassification and release of information for public use.

Intelligence and Security Act review

The periodic statutory review of the Intelligence and Security Act 2017 (ISA) got underway on 2 March 2022. The purpose of the review is to understand what improvements could be made to the ISA to ensure it continues to be clear, effective and fit for purpose, as well as considering the issues and recommendations related to the ISA that were raised in the Royal Commission report. The NZSIS and GCSB are engaging fully with the review, which is scheduled to be concluded no later than 20 December 2022.

Due diligence guidance

In May, the NZSIS's Protective Security Requirements (PSR) team launched guidance on *Due Diligence Assessments for Espionage and Foreign Interference Threats*. This advice builds on the previous *Trusted Research – Guidance for Institutions and Researchers* and is intended for use by a wide group of New Zealand organisations and individuals. The Due Diligence guide complements the PSR framework and has been used to support broader foreign interference awareness and capability building with government and non-government stakeholders.

Continued improvements in security vetting

The NZSIS continued to improve our performance in vetting people for national security clearances. The 2021/22 year saw:

- a reduction of 84% in the total number of security clearance applications held over the past two years;
- improved timeliness across all clearance levels;
- a reduction of 57% from the previous year for the time taken to complete a Top Secret application; and
- an 89% reduction in the age of the oldest unassigned Top Secret application.

These business improvements have a direct and positive impact for government employers, by reducing delays in the recruitment pathway in a competitive market but without compromising on our clearance standards.

Continued investment

In Budget 22 the NZSIS received \$22.561 million of new funding over four years to maintain and enhance counter-terrorism services. The funding will be used to provide greater capacity to existing counter-terrorism functions, which will enable us to navigate the changing threatscape and continue to discover previously unknown violent extremist threats.

The NZSIS also received \$3.498 million of funding over four years, which provides us with greater capacity to address foreign interference threats.

Building challenges

In February 2022 the NZSIS and GCSB received the findings of a detailed seismic assessment undertaken ahead of the lease for our headquarters, Pipitea House, coming due for renewal. The detailed seismic assessment found one element of Pipitea House was problematic and meant the building overall was at seismic risk.

The NZSIS and GCSB sought further advice on specific risks related to continued use of the building. On the basis of that advice, we cordoned off certain areas of Pipitea House which has necessitated reducing staff numbers in the building to comply with fire regulations.

The response to the detailed seismic assessment has been shared with the property owner and an agreed plan is in place to have the work completed in the first half of 2023.

Alongside COVID-19 related impacts, the detailed seismic assessment required the NZSIS and GCSB to find ways to manage impacts to the agencies' outputs. Managing these impacts has been a key priority for the agencies, and has also been undertaken in cooperation with the wider national security sector.



Our Work in Detail

He Tirohanga Hōmiromiro
ki ā mātau Mahi



New Zealand's Intelligence Community

The NZSIS, the Government Communications Security Bureau (GCSB), and the National Assessments Bureau within the Department of the Prime Minister and Cabinet (DPMC) form the core national intelligence, assessment and protective security functions within the New Zealand Intelligence Community (NZIC).

These agencies work with the specialist intelligence functions of other agencies such as the New Zealand Police, the New Zealand Customs Service, the New Zealand Defence Force, and Immigration New Zealand. The NZIC exists to protect New Zealand as a free, open, and democratic society. The intelligence-based insights and advice provided by the NZIC contribute to decisions that sustain and enhance New Zealand's security and wellbeing.

The work of the NZIC is a key contributor to the national security of New Zealand, and by extension, to the current and future

wellbeing of New Zealand and New Zealanders. The NZIC has a crucial role to play in understanding the threats New Zealand faces and how to guard against those threats.

The NZIC contributes to building a safer and more prosperous New Zealand. The NZIC agencies work to ensure that New Zealand is protected from harm and that New Zealand policy makers have intelligence to support good decision making. The NZIC strives to advance New Zealand's international reputation and interests.

Agencies

The core NZIC agencies are:



Te Pā Whakamarumarū New Zealand Security Intelligence Service

The NZSIS identifies, investigates, assesses and mitigates threats to New Zealand's national security, and provides a range of protective security advice and services to the New Zealand Government. The NZSIS also provides cooperation and assistance to other New Zealand government agencies.



Te Tira Tiaki Government Communications Security Bureau

The GCSB collects intelligence, in accordance with New Zealand's national security priorities, and provides that intelligence to relevant parties to support informed decision making. The GCSB also ensures the integrity and confidentiality of government information, provides cyber security services to organisations of national significance, and assists other New Zealand government agencies to discharge their legislative mandate.



DEPARTMENT OF THE PRIME MINISTER AND CABINET TE TARI O TE PIRIMIA ME TE KOMITI MATUA

National Assessments Bureau

The National Assessments Bureau helps inform government decision making by providing intelligence assessments on events and developments that are relevant to New Zealand's interests. The National Assessments Bureau is also responsible for promoting excellence in intelligence analysis across the New Zealand Government.

National Security Intelligence Priorities

The Government's National Security Intelligence Priorities (NSIPs) – *Whakaarotau Marumaru Aotearoa* – outline key areas of interest and define where intelligence can support government to make informed decisions about national security.

The thirteen priorities cover a large range of actual and potential threats and risks to New Zealand's national security. The NSIPs support intelligence and assessment agencies, including the NZSIS, to prioritise effort and add value to decision making.

The current priorities were approved in December 2021. They are listed below in alphabetical order – more information can be found about each NSIP on DPMC's website:

01. Biosecurity and human health	02. Climate change and environmental issues	03. Emerging, critical and sensitive technology	04. Foreign interference and espionage
05. Global economic security	06. Global governance and strategic competition	07. Malicious cyber activity	08. Maritime, border security and Antarctica
09. New Zealand's strategic interests in the Asia region	10. New Zealand's strategic interests in the Pacific region	11. Terrorism and violent extremism	12. Threats to New Zealanders overseas
13. Transnational serious and organised crime			

An Introduction to the NZSIS

The NZSIS is New Zealand's domestic security intelligence agency and lead organisation for human intelligence (HUMINT), with a mission to keep New Zealand and New Zealanders safe and secure. We do this by identifying, investigating and working to mitigate threats to national security. The NZSIS also has a foreign intelligence collection role.

The NZSIS's head office is based in Pipitea House on Pipitea Street in Wellington. The NZSIS has regional offices in Auckland, Christchurch, and overseas liaison offices. As of 30 June 2022, the NZSIS had 384.9 full-time equivalent staff.

The Māori name for the NZSIS, Te Pā Whakamarumaru, translates as The Sheltering Citadel.

The NZSIS undertakes a range of functions relevant to New Zealand's security. These include:

- identifying, investigating, assessing and mitigating threats through its security intelligence role.
- collecting, analysing and reporting on intelligence relevant to New Zealand's security through its foreign intelligence function.
- providing protective security services, including advice about personnel security, information security, physical security, and national security risks.
- cooperating with a variety of other government agencies in the performance of their functions.

Working with others

The NZSIS works closely with domestic agencies, in particular the GCSB and the New Zealand Police. Over the past few years, as threats have evolved and awareness of these threats grown, the NZSIS has worked to build effective working relationships with a large number of New Zealand agencies in addition to traditional law enforcement, border and defence agencies.

The NZSIS assists and advises these agencies in matters relating to national security and the protection of New Zealanders overseas. Our work contributes to relevant cross-agency Cabinet decisions.

We conduct joint operational work, protective security and threat mitigation. We share specialist capabilities to ensure other agencies can perform their roles and functions, and undertake joint operational training initiatives.

Contributing to international security

The NZSIS's international relationships enable the New Zealand Government to have far greater visibility of risks to New Zealand's own national security interests, through access to high-quality partner intelligence.

In our turn, we provide trusted partners with our own unique and valuable contribution to the common picture of regional and global security trends.

The NZSIS's relationships with the Five Eyes network of partners are vital to our ongoing ability to deliver positive security and intelligence outcomes for New Zealand.

Strong relationships outside of the Five Eyes are also important. Our relationships with a range of security and intelligence partners in the Pacific, Europe, Scandinavia and Asia are increasingly significant to the NZSIS and New Zealand, and will continue to grow in importance.

During the 2021/22 year, COVID-19 affected our ability to engage with overseas partners physically as international travel was extremely limited. The NZSIS maintained our international relationships despite this challenge, primarily through secure video conferencing technology.

International Liaison

The NZSIS has a small network of Security Liaison Officers (SLOs) who are posted overseas to engage with key international partner governments and agencies. SLOs represent the interests of the NZSIS and are a conduit for information sharing, joint training, and other forms of cooperation.

The NZSIS SLOs work closely with other New Zealand Government staff in their respective countries, particularly staff with national security and intelligence responsibilities. The SLO network assists the NZSIS to develop and maintain strong relationships with international partners, which in turn are instrumental in helping New Zealand protect its borders and support the safety and wellbeing of New Zealanders at home and overseas.

NZSIS Strategy: Discover

Implemented in July 2020, the NZSIS Discover Strategy focusses the NZSIS on delivering its outcomes of keeping New Zealanders safe, protecting New Zealand institutions and promoting New Zealand's national advantage.

The Discover Strategy is about improving the way the NZSIS accesses and analyses information to gain a better understanding of known adversaries, increasing opportunities to find emerging or unknown threats and supporting decision making to help mitigate those threats. It is also about connecting and optimising internal systems to ensure staff time is focussed on value-adding activity. Specifically, the Discover Strategy is about:

- finding the right information at the right time;
- knowing adversaries and understanding where threats, risks, and vulnerabilities may appear;
- generating enriched security intelligence insights for customers at pace;
- strengthening foundations, leveraging trusted information and knowledge for decision making;
- understanding the skills and experience staff need and the factors to attract and retain our workforce; and
- being open and exploring different ways to do our business.

Some examples of key initiatives delivered over the 2021/22 year include:

- the development of the NZSIS Terrorism Indicator Framework, including an unclassified version for public use;
- improving the pace, breadth and coordination of our domestic external engagements, to increase transparency and build trusted relationships;
- with the appropriate legal authority, improving our use of data and data analytics in support of security investigations;
- internally reviewing drivers of staff engagement to ensure wellbeing and retention initiatives are focussed in the right areas;

The Discover Strategy is regularly reviewed to ensure it remains fit for purpose and relevant into the future. In late 2021, the NZSIS reviewed the significant progress against the strategy. It was agreed the direction and intent of Discover remained current. The strategy needed to be refreshed, however, to take account of the rapidly increasing digital environment in which the NZSIS is operating. This work is explained further in the Organisational Capability section.



National Security Investigations and Assessment

Ngā Whakatewhatewhanga me
te Aromatawai i ngā Āhuatanga
Whakahaumaru ā-Motu

The NZSIS works to protect New Zealanders by detecting, investigating and mitigating threats, including through providing advice about threats to their wellbeing. We provide advice to government, other agencies and our international partners to enable them to make informed decisions.



Countering Violent Extremism

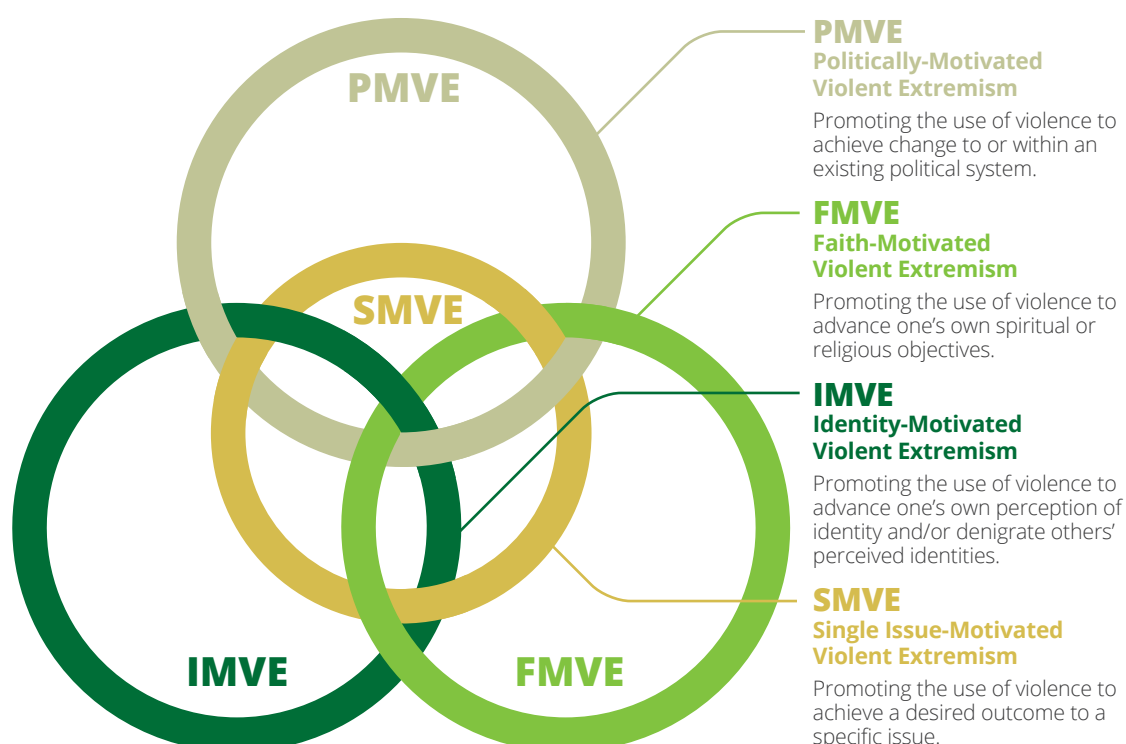
The NZSIS investigates violent extremism threats against New Zealand interests and works with other agencies to prevent these threats from escalating into acts of terrorism.

The NZSIS looks at global and domestic events and developments relating to violent extremism in order to understand the possible impact on violent extremist activity in New Zealand. The NZSIS assesses whether existing threats are increasing or diminishing, and works to detect and understand new or emerging threats.

We provide the Government and government agencies with intelligence, threat assessments, and advice to inform their response to specific terrorist threats and to broader trends in violent extremism.

Extremism Terminology

The NZSIS uses the following terminology when referring to extremist ideologies.



Investigating Violent Extremism Threats

Our Focus

The NZSIS draws a distinction between extremism and violent extremism. Non-violent forms of extremism may include religious, social or political ideologies that exist outside of more broadly accepted belief systems. Non-violent ideologies, however objectionable, lie outside the NZSIS's area of focus, which is to identify attack planning, or activity that either facilitates an attack or radicalises an individual to conduct an attack.

The NZSIS investigates threats to the public's safety posed by violent extremists at home and abroad. We detect and investigate individuals that support violent extremist organisations, or promote violent extremist ideologies, or may be planning to undertake a terrorist attack. We investigate threats to both New Zealand and New Zealanders.

Investigating Terrorist Threats in 2021/22

Violent extremist ideologies

The NZSIS is aware of a small proportion of New Zealanders who adhere to Identity-Motivated Violent Extremist and Faith-Motivated Violent Extremist ideologies. Both ideologies continue to be made up of disparate individuals and small online groups.

The 2021/22 period saw an increase in the number of people involved in anti-authority or conspiracy-driven violent extremist ideologies, which we classify as Politically-Motivated Violent Extremism. This includes individuals who reacted, or incited others to act, with violent intent in opposition to COVID-19 prevention programmes, public health measures, and the wider New Zealand Government.

Faith-motivated, identity-motivated and politically-motivated violent extremism were evenly reflected in the investigations the NZSIS opened in the 2021/2022 period.

Violent extremists appear less motivated by specific ideologies than they previously were. Increasingly, we are seeing violent extremists coalesce around core ideas, such as global

conspiracies and anti-authority, rather than specific ideologies or groups. This trend is likely influenced by the online environment, which continues to spread a range of violent extremist narratives.

We are also aware of the existence of individuals whose support for violent extremist ideologies is driven by a fixation on violence rather than real commitment to an ideological cause or movement. In these cases, the NZSIS works closely with the New Zealand Police to determine whether the case should be managed as a threat to public safety or a violent extremist threat.

Violent extremist content online

The prevalence of violent extremist content online continues to present a challenge to the NZSIS as we work to assess and differentiate between what an individual says online and their true intent. While a majority of individuals sharing violent extremist content online probably have low intent to commit real world violence, it is the job of the NZSIS to identify the small subset that has real intent and capability to conduct an attack.

An individual exercising their right to freedom of speech is not a basis for the NZSIS to conduct activities against that person. The NZSIS will, however, investigate if an individual is also displaying indicators that suggest they are mobilising to an act of violence in support of an extremist ideology.

The NZSIS saw an increase in violent extremist content online during the February/March 2022 protests at Parliament. This content included explicit condoning of violence, veiled threats and the use of threatening and inflammatory language. Despite this increase, the NZSIS assesses the vast majority of protestors did not adhere to a violent extremist ideology. There remains concern that the volume and normalisation of violent rhetoric online could radicalise individuals who were not previously on the violent extremist spectrum.

Trends – lone actors and young people

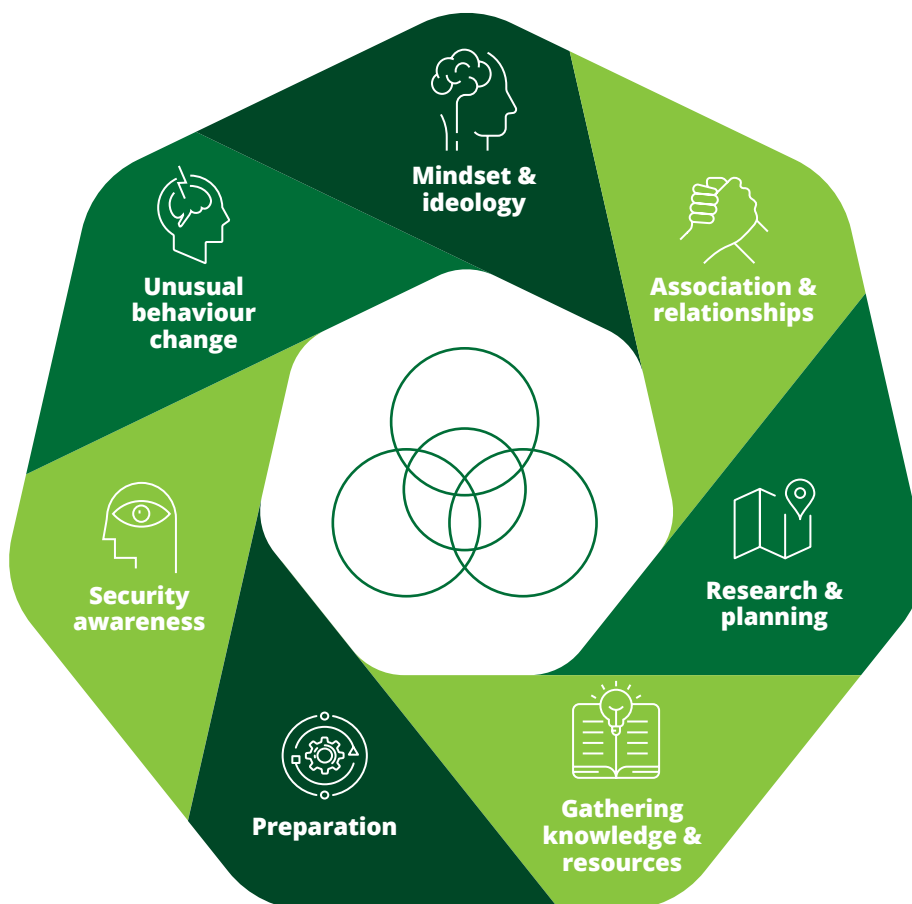
Terrorist violence in New Zealand is most likely to come from a lone actor, recruited or inspired online and conducted using an easily obtainable weapon such as a car, knife or gun. These individuals may mobilise to violence rapidly, with little or no warning.

The NZSIS is aware of an increasing number of young people in New Zealand who are consuming violent extremist material, mostly online. Young people may be involved in discussions around committing attacks on target groups, often using dark humour to gain social credit. Some young people have gone on to express support for violent extremism.

New Zealand government agencies share the goal to encourage young people to disengage from violent extremism. The NZSIS continues to play a role in the multi-agency working group, He Aranga Ake, which aims to deliver intervention plans for at-risk individuals to support them in disengaging from violent extremism.

NZSIS Role in Relation to Parliamentary Protest

- The Intelligence and Security Act 2017 is clear in limiting the role of the intelligence agencies when it comes to protest action. The NZSIS will only investigate a protester or protest group if there is information suggesting the individual or group is of national security concern, for example if there is a link to violent extremism or foreign interference.
- Between 8 February and 2 March 2022, hundreds of protesters occupied the vicinity of the Parliament Buildings in Wellington. Partially inspired by similar “Freedom Convoy” protests in Canada, the protesters were broadly opposed to COVID-19 mitigation programmes, although a wide variety of agendas were represented.
- The New Zealand Police had a clear law enforcement and public safety lead in relation to the protest.
- The Combined Threat Assessment Group assessed the protests featured threatening rhetoric using anti-authority and politically-motivated themes. However, there were no specific or credible threats connected to the protest, or its violent conclusion, that indicated plans to undertake an act of violent extremism.
- The NZSIS identified a small number of individuals with violent extremist ideology who sought to engage with the protest.



Public Awareness

The NZSIS does not work in isolation to identify threats that pose a risk to New Zealanders. Public awareness and reporting of suspicious and extreme ideological behaviour or violent rhetoric continues to be an important and valuable source of information. In the 2021/22 period, approximately 23% of counter-terrorism leads originated from public information.

The NZSIS is committed to helping the public recognise signs of violent extremism and provide education and resources on how to report behaviour of concern. This includes the development of *Kia mataara ki ngā tohu – Know the signs: a guide for identifying signs of violent extremism*. This is the NZSIS's first ever guide to help members of the public identify behavioural signs of violent extremism. This guide includes a list of almost 50 indicators that could suggest that someone is on a pathway to carry out an act of extremist violence, and encourages reporting to the New Zealand Police or the NZSIS when these indicators are observed.

Case Studies

Politically motivated

In 2021, the NZSIS investigated a New Zealand-based individual who had expressed intent to undertake a politically motivated attack in New Zealand. He was almost certainly driven by a frustration with the Government due to its implementation of COVID-19 mitigation measures. The NZSIS continues to closely monitor this individual for indications he is mobilising to violence.

Online activity

In early 2022, the NZSIS identified an online account expressing views consistent with a white identity-motivated violent extremist ideology. The user made comments indicating he was located in New Zealand. As such, the NZSIS acted quickly to investigate and assess the threat. The NZSIS identified the user and determined he was not located in New Zealand, subsequently assessing the individual did not pose a threat to New Zealand.

Expressing online support

During 2021, the NZSIS investigated a New Zealand-based individual who was expressing support for ISIL online and had stated a desire to undertake a violent extremist attack. The NZSIS worked closely with other government agencies to disrupt the potential threat posed by this person.

New Lynn attack

On 3 September 2021 an individual conducted a terror attack at New Lynn Countdown. The perpetrator was known to the NZSIS and had been a subject of investigation for a number of years.

During the reporting period, the incident was the subject of an inquiry by the Inspector-General of Intelligence and Security as part of the Government-directed Coordinated Review of the actions of New Zealand Police, Department of Corrections and NZSIS in relation to the attack. The findings of the Review were published on 14 December 2022.

The Combined Threat Assessment Group

The NZSIS works to understand domestic and global trends relating to violent extremism. A wide range of intelligence is examined – drawn from our own investigations, other New Zealand government agencies, and international counterparts – to provide an assessment of the impact of violent extremism on New Zealand’s strategic environment.

The Combined Threat Assessment Group

The Combined Threat Assessment Group (CTAG) is an interagency group hosted and led by the NZSIS that provides independent assessments to inform the National Security System and wider government agencies of the physical threat posed by terrorism to New Zealanders and New Zealand interests domestically and overseas.

Alongside NZSIS staff, CTAG includes representatives from the Government Communications Security Bureau, New Zealand Defence Force, New Zealand Police, Department of Corrections, the Civil Aviation Authority and the National Assessments Bureau, with funding contributions from the Ministry of Foreign Affairs and Trade and the New Zealand Customs Service.

CTAG brings together insight from across government agencies to ensure that the Director-General of Security has the best advice to set the national terrorism threat level appropriately. The national terrorism threat level informs national security risk management and decision making processes. CTAG also prepares threat assessments on a wide range of domestic and global terrorism threat issues.

The National Terrorism Threat Level

CTAG uses a five-tier framework to determine the threat of terrorist activity, which ranges from ‘Very Low’ to ‘Extreme’. The national terrorism threat level is used by government agencies to ensure they consistently manage risks associated with terrorism. A formal review of New Zealand’s terrorism threat environment and threat level takes place annually, but does not prevent a change in threat level at any time in response to emerging threats.

The routine annual review of the domestic threat level was conducted in December 2021. For the duration of the reporting period the national terrorism threat level was set at ‘Medium’, which means a terrorist attack is assessed as feasible and could well occur. The current national terrorism threat level can be found online at www.nzsis.govt.nz.

NEW ZEALAND TERRORISM THREAT LEVEL DEFINITIONS

<i>Likelihood Assessment</i>	<i>Threat Level</i>
Expected	EXTREME
Highly likely	HIGH
Feasible and could well occur	MEDIUM
Realistic possibility	LOW
Unlikely	VERY LOW

Espionage and Foreign Interference

The NZSIS investigates and seeks to mitigate possible espionage and foreign interference threats taking place in or against New Zealand. We seek to understand and assess the threats and provide timely advice and intelligence reporting to help counter these activities.

The NZSIS investigates specific instances of espionage and foreign interference activity, as well as working to monitor and understand the overall threat posed by different states to New Zealand. We provide analysis on emerging threats and evolving patterns in espionage and foreign interference. A particular focus is on identifying and understanding the covert activities of foreign state actors operating in, or seeking to influence, New Zealand democratic institutions, decision making, and processes.

Our work enables us to provide comprehensive advice to government agencies about the threats to New Zealand's interests in the dynamic geopolitical environment. We work closely with our government partners to provide advice and assistance to a wide range of individuals and entities both inside and outside government.

We also work with our international intelligence partners to share information and understand emerging international threats.

Espionage

Espionage poses an enduring threat to New Zealand's interests. Espionage refers to the clandestine activities that states undertake to collect sensitive or protected information, materials, or capability for the purpose of obtaining an advantage over others.

Espionage threats to New Zealand's interests are also present offshore, and target our official and commercial presence in certain countries.

Foreign Interference

Interference by foreign states poses a threat to New Zealand's interests, including our sovereignty, democratic integrity, and social cohesion. Interference refers to acts by a state or its proxies that are intended to influence, disrupt, or subvert a New Zealand interest by covert, corruptive, deceptive, or threatening means. Normal diplomatic activity, lobbying, and other genuine, overt efforts to gain influence are not interference.

A small number of states engage in interference activities against New Zealand's national interests. Foreign interference targets our political, academic, media and business sectors, and several of our ethnic communities.

Investigating Espionage and Foreign Interference

The NZSIS works to detect, investigate and mitigate foreign state adversaries from undertaking intelligence and interference activities targeting New Zealand and New Zealand's interests.

Our work includes understanding, investigating and assessing the espionage and interference activities of foreign states, and the people working on their behalf, at home and abroad. We investigate and analyse what particular actors are doing and provide intelligence about those actors to decision makers who can take action against the threat.

The NZSIS reports to New Zealand government agencies and at-risk entities on the threats of espionage and foreign interference to inform decision making and counter threats posed by foreign states.

Over the past twelve months, the NZSIS has investigated New Zealand-based individuals cultivating New Zealanders for intelligence purposes, collecting intelligence against the New Zealand Government, targeting New Zealanders with access to sensitive information, and interfering in New Zealand's politics, private sector, and civil society. For some states, these activities are enduring and persistent.

Investigations are informed by a wide variety of sources, including strategic analysis of emerging trends, NZSIS intelligence collection, international and domestic partner reporting, and leads from the New Zealand public.

Intelligence actors pose an enduring threat to New Zealand

Over the past year, the NZSIS prioritised investigations into individuals conducting potential and assessed intelligence activity associated with a small number of foreign states. We identified increasingly aggressive activity from some of those individuals.

These individuals pose an enduring threat to New Zealand's national security.

The NZSIS's efforts to counter the intelligence threat to New Zealand have benefited in the last year from increased levels of information sharing with domestic and international partners. Information sharing enabled our ability to identify previously unknown individuals of security concern, as well as to increase our confidence in the assessments we provide to the New Zealand Government.

The NZSIS also works with domestic and international partners to share information and harden the global operating environment for foreign intelligence services.

We work to harden the environment against interference from foreign states

The NZSIS continues to identify foreign states seeking to interfere in our politics and society. We work with New Zealand government partners and other stakeholders to make it harder for foreign interference actors to operate in New Zealand. Our aim is to reduce or block their ability to interfere in our democracy, the academic and commercial sectors, and in New Zealand's communities.

Interference activities sometimes include foreign intelligence targeting of communities and individuals with access to sensitive information.

Some foreign states monitor individuals considered to be dissidents, and prevent community members from expressing views deemed subversive by the foreign state. Foreign state interference activities cause some members of New Zealand's communities to feel less safe, secure, and free, thereby impacting their ability to exercise basic human rights, such as their freedom of speech and freedom of association.

We continue to be concerned with foreign interference in New Zealand society, but we assess that greater awareness of the issue in New Zealand has made the environment more challenging for foreign states to conduct interference activity.

The NZSIS continues to identify and mitigate foreign states seeking to interfere in our politics and society.



Case studies

Targeting of New Zealand person

NZSIS investigations identified a New Zealand person likely being targeted by a foreign intelligence service due to their political views. Due to the potential risks posed to the individual by the foreign state, the NZSIS engaged directly with the person to further understand the issue and provide advice around their safety and welfare. This activity contributed to a wider objective seeking to raise awareness within communities at risk of foreign interference. Increased awareness within communities will contribute towards reducing the risk and potential impact of foreign interference within New Zealand.

Intelligence officers in New Zealand

The NZSIS has continued a long-running espionage and interference investigation into a number of individuals connected to a foreign state. We assess these individuals are intelligence officers who are undertaking intelligence activity in New Zealand.

The NZSIS has identified increasingly concerning activity from these individuals over the reporting period, including the cultivation of a range of relationships of significant concern. The NZSIS shared these insights with relevant New Zealand government agencies to help inform a specific decision that involved those individuals and their associates. Government officials were able to use the advice to take action to limit the harm and prevent future national security threats to New Zealand.

New efforts to identify intelligence officers

The NZSIS has been undertaking discovery projects to improve our ability to identify intelligence activity in New Zealand. We have benefited from working closely with international and domestic partners to share and compile relevant datasets that can be used to help identify intelligence officers.

This project identified previously unknown individuals associated with a foreign intelligence service. Our assessments derived from the project have improved the confidence with which the NZSIS provides advice to New Zealand government agencies to manage and, where appropriate, mitigate the threat posed by foreign intelligence services.



Protective Security Services

Ngā Ratonga Tautiaki

Whakahaumaru

The NZSIS delivers a full range of protective security functions to the New Zealand Intelligence Community (NZIC) and New Zealand. We are focussed on ensuring that New Zealand's institutions have the tools they need to manage their security and address any threats they may encounter.

Protective security is an organised risk management system of defensive measures used to counter security threats, one of which is insider threat.

Effective protective security is achieved through effective security clearance management across the public sector, the provision of shared security services for the NZIC, the administration of the Protective Security Requirements (PSR) programme and counter-intelligence activities.



Protecting People, Information, and Assets

Given the NZSIS's Protective Security Requirements and Government Protective Security Lead responsibilities, we strive to be protective security exemplars. Alongside the Government Communications Security Bureau (GCSB), we seek to continuously improve our protective security practices and ensure they remain relevant. These efforts ensure New Zealand's most sensitive information, facilities and assets are protected.

The NZSIS hosts the NZIC's Security Services Group (SSG), which provides protective security services to the NZSIS, the GCSB, and the National Security Group and National Assessments Bureau in the Department of the Prime Minister and Cabinet. The SSG's work includes undertaking internal security investigations, providing personnel, IT security and physical security advice across the NZIC. The SSG also hosts some critical security advice and support functions to enable operational and corporate business activity.

Assurance Functions

The SSG offers proactive advice and guidance on maintaining the best balance between operational requirements, and the effective security of physical sites and IT systems. Through the proactive monitoring and analysis of subscribing agency networks, the SSG also offers assurance on the use of highly sensitive information assets and system access.

Addressing the Risk of Insider Threats

The SSG has a specific responsibility to lead on countering insider threats and personnel security functions across government.

An insider threat, or insider, is any person who exploits, or intends to exploit, their legitimate access to an agency's assets to harm the security of their agency or New Zealand, either wittingly or unwittingly, through espionage, terrorism, unauthorised disclosure of information, or loss or degradation of a resource or capability.

Our work in this area includes establishing best practice for identifying and mitigating insider threats, and working with government agencies to prevent, mitigate, and respond to actual or potential insider threats.



Enabling Operational Activity

The SSG supports the NZIC's collection activity through the support of cover facilities and operational advice (OA). The Cover and OA teams work closely across a large part of the NZIC to provide functional support platforms, and offer key advice on how both corporate and collection activity can be safely and effectively managed.

Working under both legislative and internal policy guidance, the Cover team works across the NZIC to source, manage and maintain Assumed Identities to protect NZIC staff through their operational (and corporate) activities.

The OA team works closely with all covert collection teams to provide advice and guidance on operational activity. The advice provided is independent, but is a formal part of the operational authorisation chain. The OA team also offers independent advice on the security of NZIC's corporate activity.

NZIC Psychology Services

The SSG also includes the NZIC Psychology Services team. This function was established to support the wellbeing of NZIC employees, and to ensure that those joining the intelligence community can manage the particular challenges of working in this unique environment.

The NZIC Psychology Services team also works to support the NZIC to help identify, manage the risks associated with, and achieve better outcomes for people whose actions indicate they may be or could become an insider threat to the NZIC.

The NZIC Psychology Services team has a multi-disciplinary approach. The team provides NZIC agencies with access to expert advice, in-house psychometric screening, psychological interviews, wellbeing support services and psychological health risk assessment capabilities. Holding this range of expertise "in-house" ensures the NZIC leads in using psychological expertise to both support staff and to protect New Zealand's national security.

Protective Security Requirements

The Protective Security Requirements (PSR) is the New Zealand Government's best practice security policy framework. It provides advice and guidance to support organisations to build their security capability across the four pillars of security governance, personnel security, information security, and physical security.

It outlines 20 mandatory requirements, which provide a foundation for strong security practice, as well as a capability model and information to support organisations to develop a security system that is scalable and fit for their individual environments. The PSR framework and support mechanisms are continually reviewed and updated to ensure they remain best practice.

Since the PSR programme began in 2014, there has been a measurable increase in the mandated agencies' capabilities, and a positive shift in their risk understanding and security culture. The PSR framework continues to be adopted by agencies in the wider state sector as well as the private sector. It is a business enabler in an environment where there are increased needs for improved protective security practices.

In the coming year, the PSR Unit will review and evolve its structure and engagement model to ensure it continues to deliver policy, advice and tools that meet customer and stakeholder needs.

Improving New Zealand's Foreign Interference Awareness

NZSIS investigations have directly informed public outreach with a variety of sectors about the threat of foreign interference and espionage. This has included continued engagement with political parties, members of Parliament, and some mayors and local government officials as we increase public awareness of the threat posed by hostile foreign states targeting New Zealand's democracy.

In May, the PSR Unit launched guidance on *Due Diligence Assessments – For Espionage and Foreign Interference Threats*. This advice builds on the previous *Trusted Research – Guidance for Institutions and Researchers* and is suitable for a wider group of users, including from government, business, research, innovation and science sectors. The guidance aims to support New Zealand organisations and

individuals to get the most out of their international partnerships while making informed decisions about potential risks, including protecting their intellectual property, sensitive research, commercial interests and personal information.

The *Due Diligence* guide was developed in collaboration with Science New Zealand, Universities New Zealand, NZ Growth Capital Partners, Callaghan Innovation, New Zealand Trade & Enterprise, Business New Zealand and the Centre for the Protection of National Infrastructure in the UK. It complements the PSR framework and has been used to support broader foreign interference awareness and capability building with government and non-government stakeholders.



innovation base that increases
advantages over other countries
on suppressing internal
regime
against its own people to
expertise to g
reducing the
of other state or



02

Due Diligence and Protective Security

New Zealand has an open economy, and conducts business and collaborates with individuals, businesses, organisations, universities, and researchers within New Zealand and internationally.

7

Security Classification System Policy review

Over the past year, the PSR Unit has led a review of the New Zealand Government Classification System Policy in response to Recommendations 9a and 9b of the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain. The focus of the review was overcoming the barrier to effective information sharing caused by inconsistent use of the New Zealand Government Security Classification System.

The project has delivered a range of tools, guidance, and training materials to New Zealand government agencies to achieve the following objectives:

- improve adoption and correct usage of the New Zealand Government Security Classification System;
- increase awareness of how classification leads to secure behaviours, better sharing of information, and transparency which in turn leads to improved outcomes for New Zealand;
- improve security culture through better education and communication and introduction of improved classification principles and practices;

- increase awareness and capability to balance 'need-to-know' and 'need-to-share' to improve the sharing of information;
- have more information regularly and systematically declassified and released for public use; and
- measure and report on the function and performance of the System at the organisation level and across the System. This information will be used for continual improvement of ongoing education, communication and function of the System.

Government agencies can now begin to adopt and implement the revised New Zealand Government Security Classification System policy, which came into effect from 1 July 2022. Agencies mandated to follow the PSR will be required to report back on their implementation programmes in March 2023. They will also be required to assess themselves against the new performance indicators and report back in March 2024 as part of their PSR assurance reporting.

National Security Clearances

The NZSIS has a statutory responsibility for administering the national security clearance vetting process. This role enables the NZSIS to support effective security across the public sector, by ensuring only those people who are suitable for handling classified information are in a position to do so.

The NZSIS provides advice on whether or not a person is suitable for the clearance, or whether any risks need to be managed in order for them to hold a national security clearance. The process can include a deep look into a candidate's background, lifestyle, and any other relevant information. The chief executive of the requesting agency makes the final determination about granting a staff member a national security clearance.

Total inventory levels of security clearance

Over the past two years, considerable business improvement measures have been put into place to overhaul the way all clearance levels are processed. These activities have resulted in an 84% reduction in the total number of security clearance applications, or 'inventory', held by the NZSIS. The benefits of these improvement activities have a direct impact on easing the recruitment pathway for government employers in a competitive hiring market. These employers now have greater certainty and can on-board new staff sooner.

TABLE 1: TOTAL INVENTORY OF NATIONAL SECURITY CLEARANCE APPLICATIONS

	2019/20	2020/21	2021/22
Total Inventory	3264	1030	488
Confidential	394	102	123
Secret	1605	115	100
Top Secret	955	665	217
Top Secret Special	310	148	48

¹ Total inventory is the total number of security clearance applications held by the NZSIS. This number includes cases currently being worked on, as well as applications waiting to be worked on.

Total application time²

In 2021/2022, all 'standard'³ Confidential and Secret applications were received, processed and completed within two weeks. This is a considerable reduction compared to 2019/2020 where a Confidential application would take up to 2 months and Secret application up to 10 months to complete.

The total application time for both standard Top Secret and Top Secret Special applications has significantly reduced during the year. Top Secret applications now take up to 44 working days to receive, process and complete; which is within the 50 days working target. This is a reduction of 57% from the previous year where it would take over 5 months. The total application time for Top Secret Special clearances has reduced by 27% from the previous year.

TABLE 2: TOTAL MEDIAN APPLICATION TIME

	2019/20	2020/21	2021/22	% REDUCTION	TARGET TOTAL APPLICATION TIME
Confidential	41	10	10	0%	15 working days
Secret	201	22	12	45%	15 working days
Top Secret	102	102	44	57%	50 working days
Top Secret Special	64	52	38	27%	60 working days

² Total Application Time is the total time taken to complete an application from when it is received to when a recommendation is issued. This includes the time a case is unassigned and the processing time. This is measured in the median number of working days.

³ 'Standard' applications make up between 85-90% of all confidential and secret applications received. The remaining 10-15% of applications is escalated for more in-depth enquiries and therefore falls outside of the Government KPI, which only measures the 'standard' applications processed.

Key Performance Indicator (KPI) Timeliness

TABLE 3: TIMELINESS TARGETS

TIMELINESS KPI TARGETS	
Confidential	80% of applications completed in 15 working days
Secret	80% of applications completed in 15 working days
Top Secret	80% of applications completed in 50 working days
Top Secret Special	80% of applications completed in 60 working days

The median timeliness target (see Table 3) across the full performance year was achieved for 1 of the 4 clearance levels (see Table 4). External influences such as COVID-19 and accommodation issues occurred throughout the course of the performance year, directly impacting on our ability to achieve these targets.

The Top Secret Special timeliness target was close to being achieved and there is a strong indication that this will be met in the first half of 2022/23. All other targets have made substantial progress over the last three performance years (see Table 4).

GRAPH: COMPARISON OF TIMELINESS KPI RESULTS

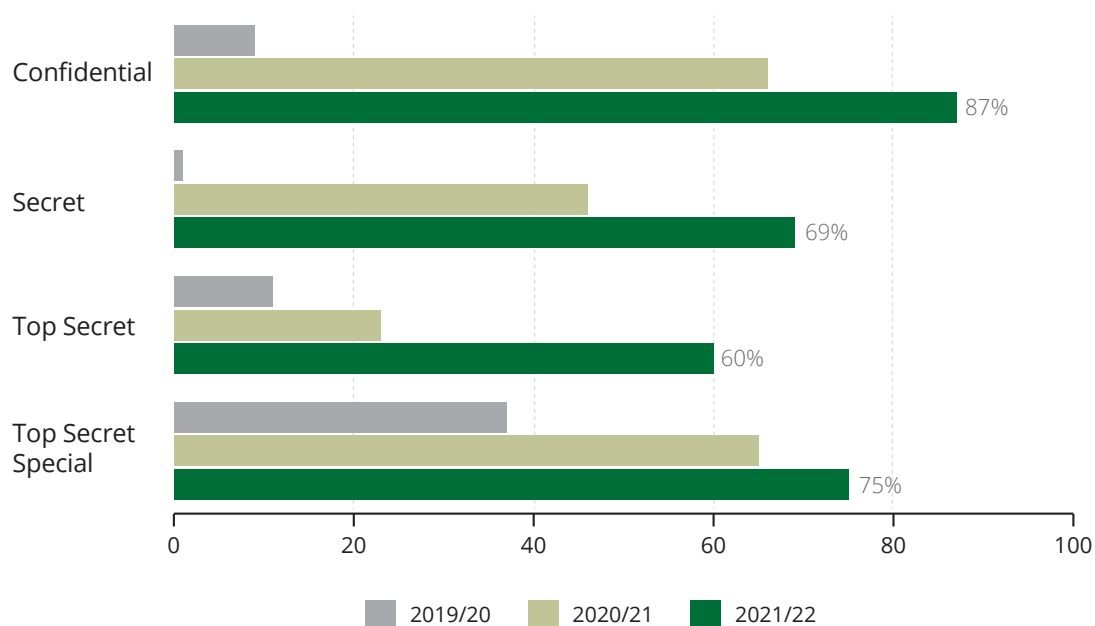


TABLE 4: TIMELINESS RESULTS FOR ALL CLEARANCE APPLICATION LEVELS OVER 2021/2022

MONTH	CONFIDENTIAL	SECRET	TOP SECRET	TOP SECRET SPECIAL
Jul 21	100%	100%	100%	100%
Aug 21	99%	97%	100%	100%
Sep 21	66%	44%	57%	97%
Oct 21	100%	100%	53%	84%
Nov 21	100%	99%	59%	77%
Dec 21	99%	100%	37%	61%
Jan 22	30%	93%	49%	59%
Feb 22	82%	39%	47%	59%
Mar 22	76%	20%	51%	51%
Apr 22	97%	52%	69%	79%
May 22	97%	51%	79%	87%
Jun 22	99%	100%	81%	89%

Table 5 shows the progress over the past 12 months for the timeliness targets across all four clearance levels. The table shows the positive achievement across the Confidential clearance level, and also demonstrates a strong pattern of increased performance for all other clearance levels from March 2022.

September 2021 saw the timeliness KPI start to drop following the impact from the COVID-19 nationwide Level 4 lockdown beginning 17 August 2021. Business continuity plans allowed Confidential and Secret clearance applications to make a swift recovery. However the impact on Top Secret and Top Secret Special clearances was felt over a four to five-month period from September 2021 through to January 2022.

Between December 2021 and March 2022, the NZSIS Vetting team was impacted by accommodation issues, with a reduced number of staff able to work in the office, further decreasing the percentage of applications that met the KPI targets.

Key Performance Indicator (KPI) Unassigned application queue

The 'unassigned application queue' target measures the number of applications waiting to be processed. For this KPI to be successful the numbers of applications need to be at or below the target.

In 2021/22 the NZSIS achieved the unassigned queue targets for all four clearance levels. The number of unassigned applications across all levels is dramatically lower than the KPI targets (see Table 6) which means we have fewer applications sitting in the queue than we anticipated.

TABLE 5: COMPARISON OF UNASSIGNED TARGETS TO ACTUAL NUMBER⁴

	UNASSIGNED APPLICATIONS	UNASSIGNED APPLICATIONS	DIFFERENCE
	TARGET – JUNE 2022	ACTUAL – JUNE 2022	
Confidential	150	79	71
Secret	350	66	284
Top Secret	250	73	177
Top Secret Special	110	13	97

⁴ Actual unassigned applications number must be at or below the target.

Age of the oldest unassigned case

The age of applications in the unassigned queue⁵ has significantly reduced over the past year. Throughout 2021/22, the age of the oldest unassigned Confidential and Secret applications remained within 10 working days. Between the same time periods, the age of the oldest Top Secret and Top Secret Special applications in the unassigned queue reduced significantly.

In July 2021, the age of the oldest unassigned Top Secret and Top Secret Special application was over 100 working days (this equals more than 5 months). By comparison, in June 2022 the age of the oldest unassigned application for Top Secret was 16 working days (reduced by 89%) and for Top Secret Special 27 working days (reduced by 77%).

TABLE 6: AGE OF UNASSIGNED CASES

	JULY 2020	JULY 2021	JUNE 2022	% REDUCTION
Top Secret	270	144	16	89%
Top Secret Special	246	119	27	77%

Tiaki – the new Security Vetting system

Over the last 3 years, work has been underway to design and develop a new Security Vetting Management system – Tiaki. The new system is designed for customers to use when applying for a national security clearance and for agencies to manage their security clearance holders. More than 20,000 individual customers and referees, and more than 50 government agencies will use the new system.

The system will ensure that accurate, necessary and relevant information is provided to the NZSIS to assess a person's suitability to hold a New Zealand national security clearance.

The system will both modernise the information the NZSIS receives and significantly improve the experience for those applying for a clearance by providing a more straightforward and intuitive process.

Tiaki was rolled out to our largest customer, the New Zealand Defence Force, in August 2022. It was rolled out to another 48 Government agencies in October and November 2022.

⁵ A security clearance application waiting to be processed has been received by the NZSIS but no work has started on the application. It is sitting in the queue waiting to be assigned to a staff member.



National Security Assessments

Ngā Tohutohu Tūraru
Whakahaumaru ā-Motu

The NZSIS provides National Security assessments to New Zealand government agencies in order to inform their decision making.



Individuals seeking access to sensitive information or assets, or a location where these assets may be secured, and individuals seeking physical entry to New Zealand are assessed to understand their relevance to national security. The NZSIS assesses these individuals against a range of national security harms including terrorism, espionage, and foreign interference. Although visa-related security assessments reduced over the past year due to COVID-19 border restrictions, the NZSIS continues to provide a broad range of security advice to New Zealand government agencies.

Border and Security Assessments

The NZSIS has a key role in helping to protect New Zealand's border. We work closely with border security agencies to identify and mitigate threats that may arise at New Zealand's border.

Every year, the NZSIS carries out national security checks and assessments for thousands of individuals who are interacting with the New Zealand border, either through travel or visa applications. We provide advice and guidance to New Zealand border agencies on any potential border-related threats, and threats from individuals who are seeking long and short-term visa options in New Zealand.

Through national security checks and border monitoring, the NZSIS seeks to identify travellers and visa applicants with links to international extremist groups, espionage activities, or the proliferation of weapons of mass destruction, as well as a number of other threat indicators. Where detected, we share this information with New Zealand's border protection agencies, which can result in people being prevented from travelling to New Zealand who may pose a national security risk to New Zealand.

The New Zealand Government set border restrictions in response to the COVID-19 pandemic in March 2020, which were partially lifted over the first half of 2022, with the border fully re-opening on 31 July 2022. Due to these restrictions remaining in part for the first half of 2022, the number of short-term visa applications was greatly reduced. However, the Government's introduction of the one-off 2021 Residence Visa and the partial re-opening of the New Zealand border saw the NZSIS receiving increasing numbers of National Security Checks in the first half of 2022 for longer-term visa applicants.

We anticipate that the full re-opening of the border is unlikely to see a sudden increase in border-related threats but we will be monitoring any changes in border-related threats in the coming year. We will be working with border agencies over 2022/23 to improve the National Security Check process in light of increased travel and an ever-changing national security threat environment in New Zealand.

During 2021/22, the NZSIS provided information to inform border agencies' decisions regarding individuals that we assessed to pose a threat to New Zealand's national security. The information related to a number of different threats including defence studies, sensitive or dual-use technology, and association with defence or weapons of mass destruction programmes.

The NZSIS has a statutory responsibility under the Citizenship Act 1977 and the Civil Aviation Act 1990 to screen individuals applying for citizenship and individuals seeking access to secure airport environments. The NZSIS continued this function throughout 2021/22 and noted a near 50% increase in demand in the first half of 2022. We anticipate this high demand will likely continue.

Overseas Investment Assessments

The NZSIS continues to provide national security advice to the Overseas Investment Office under the Overseas Investment Act 2005. This advice is provided as part of the National Security and Public Order regime which came into force in 2021, as well as under other broader provisions of the Overseas Investment Act.

Countering the Proliferation of Weapons of Mass Destruction Technology

The proliferation of Weapons of Mass Destruction (WMD), including nuclear, chemical and biological weapons, is a significant threat globally. The NZSIS supports New Zealand's efforts to counter this threat by ensuring we do not contribute to the transfer of knowledge or expertise that could be used in WMD programmes.

New Zealand has no industry directly related to WMD production, but we are technologically capable in a number of areas with dual-use potential. Some examples include the development of our space industry, biotechnology research, and drone technology. The technology being developed may be attractive to those seeking to acquire it for unethical purposes.

The NZSIS provides advice to Immigration New Zealand in relation to the transfer of knowledge or expertise that could be used in WMD programmes. Individuals meeting certain criteria are subject to a NZSIS national security assessment.

Space and High-altitude Activity Assessments

New Zealand's space industry provides significant economic opportunities for New Zealand. New Zealand provides a uniquely beneficial environment for space-related activities. Our uncluttered air space provides multiple launch windows. We also have a modern legislative environment that allows for a safe, sustainable, and thriving space industry.

The Outer Space and High-altitude Activities Act (OSHAA) 2017 provides a regulatory framework to manage any risks to New Zealand's national security and interests.

A core role for the NZSIS is to undertake national security threat assessments for all activities licensed or permitted under OSHAA and provide national security risk advice on outer space and high-altitude activities to the Minister Responsible for the NZSIS and the Government Communications Security Bureau. For activities governed by the OSHAA, this national security risk advice is used to inform the Ministerial-level consultation required by the Act.

The NZSIS also undertakes national security threat assessments for Radio Spectrum Management as part of the Radio Spectrum Licencing regime.

During the reporting period, the NZSIS undertook 19 security assessments on space-related activities under OSHAA and 55 security assessments under the Radio Spectrum Licencing regime.



Protecting Regional Security

Te Tautiaki Whakahaumaru ā-Rohe

Despite our relative geographic isolation, our region experiences the same trends that shape the global security environment. These trends manifest in New Zealand's domain and throughout the Pacific as a diverse array of security challenges.

The global nature of modern national security threats and New Zealand's unprecedented connectedness to the world will invariably see global trends become regional issues.

Contributions to Pacific Regional Security

New Zealand's national security is intrinsically linked to the security and prosperity of the region we share with our Pacific Island partners. The NZSIS has a clear role to play in achieving the outcomes sought under the Government's Pacific Reset objectives, and the undertakings of the Boe Declaration.

Our role is to work with our Pacific counterparts to support a stable and prosperous Pacific region, and work with Pacific leaders in the protection of our shared fundamental values of democracy, human rights, and the rule of law.

The NZSIS informs wider New Zealand Government efforts to keep the region safe and secure. When working in the Pacific, the NZSIS liaises with other New Zealand agencies.



Organisational Capability

Ngā Āheitanga Whakahaere

The NZSIS is committed to ensuring it can continue to meet the security and intelligence needs of the New Zealand Government and public. To this end, the NZSIS devotes considerable effort to developing cutting edge capabilities, enhancing the capabilities we already have, and ensuring our staff have the training and resources they need to succeed in their roles. The NZSIS also works to ensure that our systems, policies, and processes are fit-for-purpose.



Business Transformation Planning

The NZSIS has undergone significant change in the last eight years, and is currently planning and scoping a further 'business transformation programme'.

This programme builds on what was originally conceived as a transformation programme focused on data capability. This reframing reflects our intention to take a more holistic approach to our capability development.

The programme seeks to understand what we do well now, what we need to do well for ongoing success, and what may be inhibiting this (now and in the future). Taking an integrated approach to our organisational capabilities (People, Processes, Tools, and Information) will help us deliver on our mission and achieve strategy objectives in a significantly changed and rapidly changing environment.



Case Study: Digital Transformation Success

The NZSIS recognises the challenges posed by the ever-increasing volume, velocity and variety of data that could provide insight to matters of national security relevance and, like many organisations, has initiated a programme of digital transformation.

The NZSIS's Data Enablement Unit has worked throughout the 2021/22 year to reduce the overhead of acquiring data, managing it appropriately and increasing its availability to, and discoverability by, NZSIS staff who need it for their work.

Initiatives have included:

- building new software tools to make better use of data already available to the NZSIS;
- modernising the way we exchange information with domestic organisations from face-to-face and paper-based to online and digitised; and
- developing enterprise-level data and information management infrastructure to better support modern end-to-end data lifecycle requirements and advanced analytics.

Modernising lawful intercept capability

The NZSIS is modernising its lawful intercept capability. In 2021/22 the NZSIS bolstered its engineering workforce, refreshed some of the hardware that hosts its lawful intercept systems and tested new software and automated processing.

Data ethics

The collection and analysis of data is vital in detecting and mitigating security threats. The most critical challenge faced by all intelligence agencies is accessing and analysing the right information at the right time.

Use of data by the NZSIS is not new, but it is becoming more important as a greater proportion of society lead more of their lives online. The NZSIS has always collected data and information in accordance with a range of rigorous legal, ethical, human rights, and policy and privacy considerations. Accordingly, we strive always to approach our handling and assessment of data and information in an ethical manner.

Ethical considerations relevant to data are, however, evolving rapidly worldwide. Bringing together all relevant considerations specifically within a data ethics framework will ensure that we continue to adapt as the use of data evolves.

To complement the Business Transformation Programme, the NZSIS is developing a Data Ethics Framework. Draft principles have been produced to reflect best practice and will inform and guide the Framework.

We are conscious of the need for an ongoing public discussion regarding government access to data, including by the NZSIS. We intend to be as open as possible about our own use of data so that we can benefit from that discussion and ensure that we continue to use data in a way that is consistent with New Zealand's laws and values.

Strengthening Information Management Foundations

The 2021/22 year saw significant refresh and/or development of information management foundations including:

- refreshing the NZSIS Information Management and Archives Policies;
- establishing an NZSIS Historical Records Preservation project to identify historical physical records of historical and/or intelligence value. This includes multimedia conversion to modern formats;
- aligning a Declassification proof of concept programme with Royal Commission of Inquiry recommendation 9, and development of an NZSIS Archives Declassification Policy; and
- initiating a project to upgrade our main document management system.

Operational Training

The 2021/22 year saw the Operational Training Team continue the previous year's trend of expanding the services it provides to the NZSIS's operational teams.

The team worked with Security Vetting subject matter experts to manage the building of new online training for our vetting staff. The Operational Training Team also reviewed the efficacy of our new Intelligence Analyst Programme and continued to support role-based trainers.

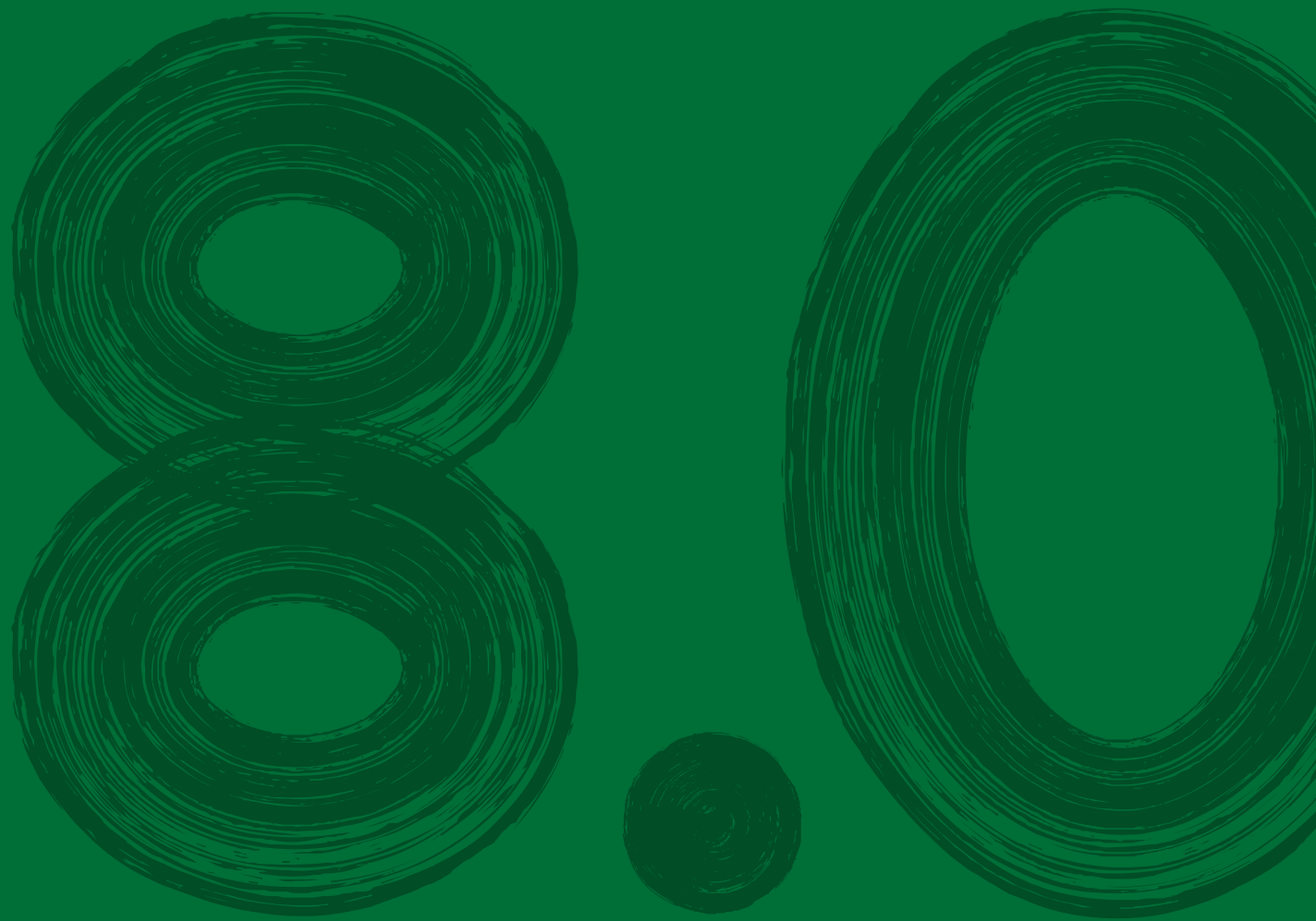
The COVID-19 challenge has required the NZSIS to rethink how it provides training to customers and we are using the opportunity to explore more flexible delivery options. The vision of the Right Training for the Right People at the Right Time remains the driver of the Operational Training Team as it adjusts its services to the needs of the business and the challenges of the environment.

Enhancing customer engagement

Following its establishment in 2020/21, the joint Intelligence Customer Centre (ICC) continued to build towards a single team, the purpose of which is to engage and lead the provision of products and services to customers on behalf of the NZSIS, Department of Prime Minister and Cabinet's National Assessments Bureau and the Government Communications Security Bureau (GCSB). The ICC creates an integrated team responsible for intelligence products and services from our three agencies. This means more coordination between the agencies and more capacity for us to tailor to customer needs.

The ICC augmented its presence with a key customer ministry, increasing the frequency and range of in-person intelligence read services, meeting with a very favourable reaction from senior managers. The ICC also undertook a programme of work to simplify and streamline the way our customers receive intelligence reporting, improving the efficiency of disseminating intelligence to customers. The ICC welcomed readers from a number of new customers across government agencies.

On the customer education front, despite impacts of COVID-19 and accommodation issues, the ICC improved the Introduction to Intelligence course that it delivers to consumers across government. The improvements resulted in increased collaboration with NZ Defence Force Intelligence and the Office of the Inspector-General of Intelligence and Security, and new sections to the course. Reviews of customer feedback showed that the course is continuing to improve in quality and appeal.



Our People

Ō Mātau Tāngata

Over the past six years, a number of initiatives have been underway to increase the diversity and inclusiveness of our organisation.

The Intelligence Community Shared Services People and Capability team provides a number of initiatives to the NZSIS and the Government Communications Security Bureau (GCSB), in order to support the continued growth of their workforces, and to help retain and develop existing staff. This work aims to ensure the New Zealand Intelligence Community (NZIC) has the best and most representative workforce possible to meet the expectations of the New Zealand Government and the public.



Retain, develop, and recruit the best people

The NZSIS is a public service department with 384.9 full-time equivalent staff, as at 30 June 2022.

The NZSIS is able to deliver on its mission to keep New Zealand and New Zealanders safe and secure because of the unique skills and innovation of our people.

Throughout the 2021/22 year the NZSIS has continued its focus on retaining the existing workforce and providing opportunities for growth and development.

Recruiting the best people remained a priority throughout 2021/22. The NZSIS employs people to fill a wide range of roles, including investigators, case officers, analysts, linguists, technology experts, and other professional and support staff. Over the past year efforts have been focused on ensuring that recruitment resources and processes will result in a more diverse and inclusive workforce.



Leadership Development

Equipping and developing leaders as the organisation grows and evolves remains a priority. The NZIC leadership competency framework aligns with the Public Service Commission framework and the core competencies expected of leaders are included in all people managers' performance and development reviews.

In total, our leaders have access to over 15 centrally managed, leadership development opportunities. As at 30 June 2022, more than 56% of our leaders have completed one or more of these core programmes.

Retaining talent

Retaining top talent is vital, particularly in light of the unique and challenging environment that NZSIS staff operate in, and the time involved in recruiting, vetting, and training suitable people.

Turnover and retention has been a significant issue for the NZSIS over the past financial year. Turnover increased by 7.8 percentage points from 12.5% in the 2020/21 financial year to 20.3%. The increased number of employees leaving were going to both other public sector agencies and to the private sector. When asked, the primary reason given was consistently remuneration. Recognising this, we have implemented a fresh approach to performance and remuneration.

TABLE 7: NZSIS ANNUAL STAFF CORE TURNOVER

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
NZSIS	11.5%	10.3%	12.1%	12.3%	12.5%	20.3%
Public sector	11.5%	12.1%	11.8%	10.1%	10.5%	17.3%

The NZSIS supports staff retention through providing significant investment in learning and development and offering career pathways where appropriate. We continue to work with external providers to offer unique and engaging learning experiences for staff.

Another way we recognise, reward, and retain our talented staff is through our Long Service Recognition programme and the Exceptional Achievement Awards.

The awards are aimed at recognising our highest achievers, those that have performed or achieved at an exceptional level, accomplishing outstanding results for our agency, the NZIC, or beyond.

A fresh approach to performance and remuneration

Our 2021 Kōrero Mai (staff survey) results highlighted staff dissatisfaction with performance management and remuneration. In line with these findings, and our Retention Strategy 2020-2024, the NZSIS and GCSB jointly commenced a review of our Performance and Remuneration Frameworks.

The review identified market alignment to Central Government median is not appropriate for our agencies. This is because we compete for people with both the public and private sectors. Additionally, pay bands were behind the market, based on 2019 market data, and there was no clear pathway for staff to progress through the bands to a fully competent level once on board.

The review also identified that the performance process needed to mature in order to better support the development of our people and inform remuneration outcomes.

The agencies jointly implemented a new remuneration framework in June 2022. An interim performance system has been implemented for 2022/23 to support the new remuneration framework and pilot future concepts to inform the design of our future performance development framework. A long term solution will be designed in collaboration with staff from both agencies over the coming year.

Diversity in the workforce

To achieve our mission of keeping New Zealand safe we need people who represent the communities we serve, people who can think differently, people with different skills and experiences, and people who embrace diversity of thought to solve the problems we face. This means we need people from a wide range of backgrounds.

Diversity and Inclusion (D&I) is essential for better decision making and a key contributor to improving public trust and confidence in the work we do.

In July 2021, the NZSIS and GCSB launched our refreshed *D&I Strategy 2021-2025*. Increasing representation of women and ethnic diversity at all levels continues to remain a priority for us.

Our refreshed strategy builds on the great work we've done, and aspires to take it to the next level. Our first strategy was focused heavily on increasing our diversity. We learnt that recruiting a diverse workforce is not enough – an inclusive environment is essential to retain that diverse talent. That's why our refreshed strategy places a stronger emphasis on inclusion.

Gender diversity

As at 30 June 2022, women make up 52.4% of NZSIS's senior management.¹ We have met our diversity and inclusion aspiration of women making up at least 50% of the senior management group. Our focus is now maintaining representation of women at this level.

TABLE 8: GENDER DIVERSITY WITHIN THE NZSIS

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
ALL STAFF						
Male	56.7%	57.6%	53.3%	52.6%	52.5%	55.0%
Female	43.3%	42.4%	46.7%	47.4%	46.0%	44.5%
Undisclosed	-	-	-	-	1.5%	0.5%
SENIOR MANAGEMENT						
Male	67.0%	67.0%	69.0%	75.0%	61.5%	42.9%
Female	33.0%	33.0%	31.0%	25.0%	38.5%	52.4%
Undisclosed	-	-	-	-	-	4.8%

¹ This year we have aligned ourselves with Te Kawa Mataaho's definition of Senior Management. This means all Tier 2 and 3 people managers will now be included as "Senior Management" in workforce data metrics.

One of the key goals in our *D&I Strategy 2021 – 2025* is to increase our representation of women by 1 percentage point a year (4 percentage points by 2025). With a 1.5 percentage point decrease over the past year, we were unable to meet this goal.

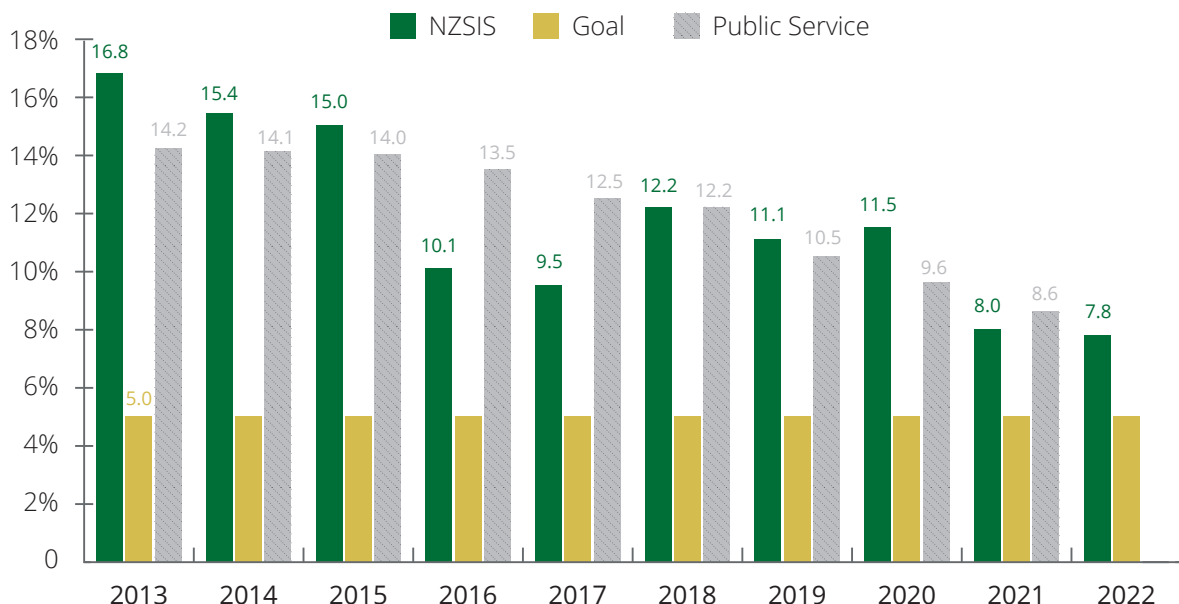
Closing the Gender Pay Gap

Reaching our target of a less than 5% gender pay gap continues to be a focus in our *D&I Strategy 2021 – 2025* and *Gender Pay Gap Action Plan*. Over the past several years this focus has resulted in our gender pay gap declining, improved representation of women in senior management (52.4%), the establishment of a new Flexible Working Policy (and associated online training), and continued focus on identifying and mitigating bias and discrimination in all practices.

Additionally, we have eliminated the gender pay gap for like-for-like roles, and our average gender pay gap continues to trend down, being 7.8% as at 30 June 2022. This was a 0.2 percentage point decrease from last year and a 7.2 percentage point decrease since 2015.

This is the second year in a row the NZSIS has achieved an average gender pay gap below the latest reported Public Service average (8.6%). Our median gender pay gap (7.8%) is 1.3 percentage points lower than New Zealand's (9.1%)².

GRAPH: GENDER PAY GAP AVERAGE



The gender pay gap is a high-level indicator of the difference between female and male earnings. It is a comparison of the annual fulltime salary earned by male and female staff, including permanent, fixed-term and seconded out staff in accordance with PSC guidance on calculating the gap.

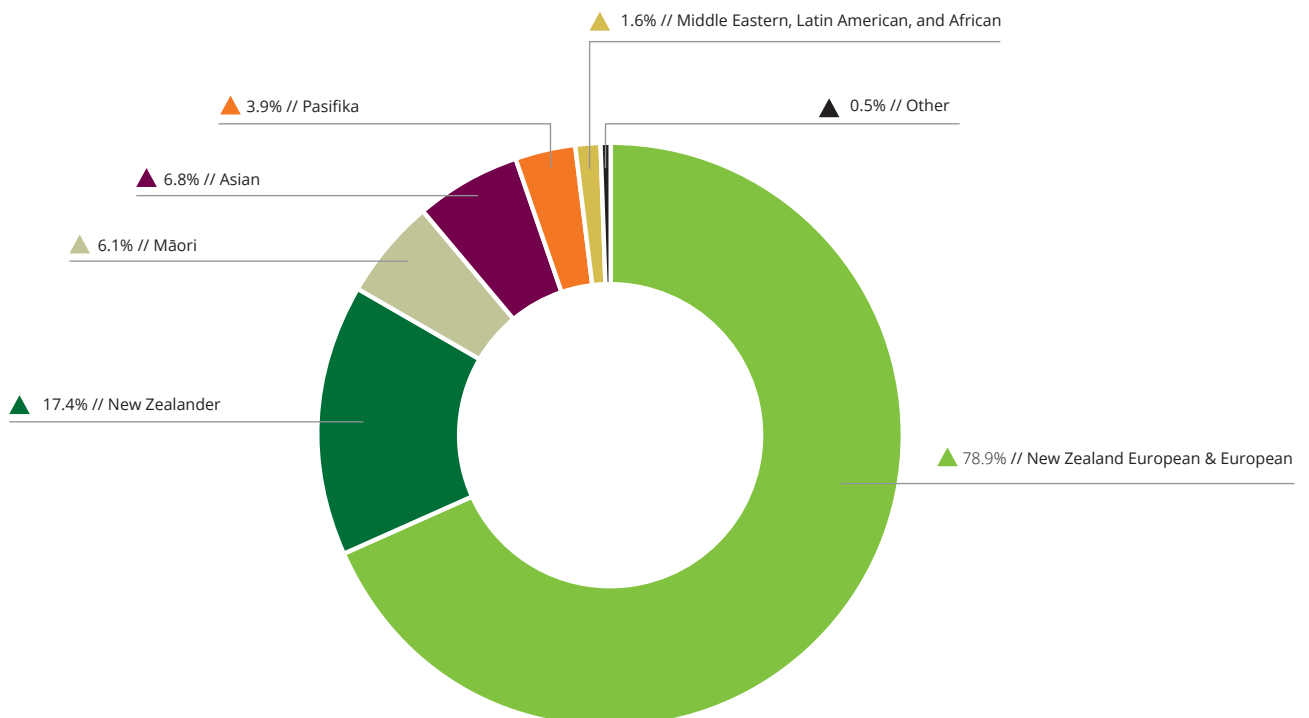
² As per Stats NZ Labour market statistics (income): June 2021 quarter.

Due to the small size of our organisation and the large impact hiring can have on our gender pay gap, we see large fluctuations throughout the year. For example on 31 May 2022 our gender pay gap was 6.8%. We expect that the increase in women in senior management positions will contribute to further reduction in the gender pay gap in 2022/23.

A significant contributor to the gender pay gap is lower representation of women in team leader roles and senior technical expert cohorts.

As a career service, the capabilities and experience required are not readily available to us via the external market. The best way for the NZSIS to continue closing the gender pay gap is through the recruitment and development of women who remain with the NZSIS and progress into technical expert and leadership roles. The NZSIS recognises that this will take time and remains committed to working with staff associations and network groups to meet these goals.

ETHNIC DIVERSITY WITHIN THE NZSIS 2021/22



Ethnic diversity

Increasing ethnic diversity across the NZSIS is another key focus of our *D&I Strategy 2021 – 2025*. We aim to increase the ethnic diversity of our workforce by 1 percentage point every year (4 percentage points by 2025). We were able to increase our ethnic diversity by 0.5 percentage points over the past year. Our largest increase was in Asian representation (1.2 percentage point increase).

97.2% of our workforce have disclosed at least one ethnicity which exceeds our 90% targeted disclosure rate for robustness of analysis.

TABLE 9: ETHNIC DIVERSITY WITHIN THE NZSIS

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
New Zealand European & European	65.1%	65.0%	71.2%	73.1%	81.1%	78.9%
New Zealander	-	28.4%	27.5%	25.2%	20.7%	17.4%
Māori	6.7%	6.5%	5.1%	6.8%	6.1%	6.1%
Asian	5.1%	6.5%	5.7%	5.1%	5.6%	6.8%
Pasifika	1.9%	2.6%	2.8%	3.7%	4.1%	3.9%
Middle Eastern, Latin American, & African	1.1%	2.0%	1.6%	1.4%	2.3%	1.6%
Other	0.4%	0.3%	0.3%	0.3%	0.3%	0.5%

These metrics cover the number of employees who identify themselves as having a certain ethnicity. They are calculated by taking the number of people who identify themselves as being in the ethnic group divided by the number of people who have provided an ethnicity. A person may identify with multiple ethnicities. This means the total of all percentages can add up to over 100%. Metrics are taken 'as at 30 June' of the relevant year. Not presented in 2016/17 are staff who identified as New Zealander. This group was reported on for the first time in 2017/18.

Closing Ethnic Pay Gaps

We are in the early stages of analysing and understanding our ethnic pay gaps. This will be an area of focus in our *2022 Pay Gap Action Plan* under Kia Toipoto, including improving the disclosure rate of staff who identify with multiple ethnicities to help inform our analysis.

TABLE 10: NZSIS ETHNIC PAY GAPS (30 JUNE 2022)

ETHNIC GROUP	AVERAGE
European	-2.2%
Māori	2.8%
Asian	12.9%

Pacific Peoples, MELAA and Other have been excluded as the number of staff identifying with this ethnicity is fewer than the number required for statistical robustness.

An ethnic pay gap measures the difference between the average (or median) salary for an ethnic group and average (or median) salary of all those not in that ethnic group, expressed as a percentage of the average (or median) salary of those not in the ethnic group.

European is the only ethnicity with a negative average ethnic pay gap (in favour). This means on average non-Europeans are earning 2.2% less than Europeans.

Of the three groups with sufficient numbers for statistical robustness, Asian has the highest average pay gap. Calculated across a variety of roles, on average non-Asians are earning 12.9% more than Asians. This is primarily due to the majority of Asian staff occupying roles in lower pay bands.

Pay Gap Action Plans

We will be developing our first annual pay gap action plan under Kia Toipoto – the Public Service Gender, Māori, Pacific and Ethnic Pay Gap Action Plan. This action plan will build on our previous published gender pay gap action plans, focusing strongly on gender/ethnicity data and union/employee feedback. This action plan will be released in November 2022.

Age demographics

The majority of our workforce are less than 45 years old (64.2%). This reflects our average tenure and age (5.6 years and 41.3 years). Of our staff under 45, 59% have been with us for less than four years. This reflects both our investment in capability uplift and our emphasis on recruiting a diverse workforce. 17.6 years is the average tenure for our staff who are 65 years and older.

Progress against Public Service Commission Papa Pounamu Commitments

In mid-2021 we reviewed our D&I learning pathway for leaders and staff across the NZIC. The purpose of this was to ensure our expectations for completing essential learning considered aspects such as pre-existing experience and operational workload of all staff.

As a result of this review we split out the learning into 'leadership' and 'essential'. Within 'essential' we now have specific D&I learning alongside other essential learning (e.g. compliance) that our people have to complete.

The four categories of learning within this pathway include: Health & Wellbeing, Inclusion, Language & Culture, and Values & Ethics. Key topics within these categories are outlined within the following sections.



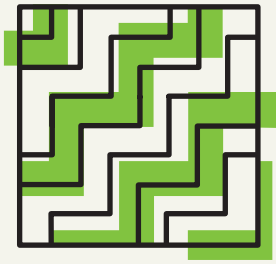
Addressing bias

In our refreshed *D&I Strategy 2021-2025* we have specific objectives that relate to bias and discrimination. Over the next four years we have committed to:

- review how we approach recruitment to identify ways we can eliminate bias and break down barriers to entry;
- gender and ethnicity data analysis at different stages of the employment lifecycle;
- review people policies to identify opportunities to make them more inclusive;
- review forms, systems, and processes, and update where required to ensure D&I is incorporated; and
- incorporate D&I into our performance framework and organisational values.

Our *Understanding & Managing Unconscious Bias* eLearning module continues to be our primary learning resource to support staff knowledge around what bias is and how to manage it. 79.7% of our leaders and 100% of our Tier 2 and 3 leaders have either completed this learning in a former face-to-face workshop or online.

Additionally, in October 2021 our Bias in the Selection Process eLearning module was launched for all staff to complete before participating on recruitment panels. This is monitored by our Recruitment Advisors who have noted a 100 per cent completion rate for panel members.



Cultural competence

Developing a strategic approach to Māori cultural capability for the NZSIS and GCSB is critical to recognising the place of Māori as tangata whenua and to our role in supporting the strengthening of the Crown's relationship with Māori.

In collaboration with our new Chief Advisor Māori, Learning and Development have committed to a 12 month plan to design and develop learning resources within five key areas of Te Arawhiti's Māori Crown Relations Framework; New Zealand History and the Treaty of Waitangi, Worldview Knowledge: Te ao Māori, Te Reo Māori, Tikanga/Kawa, and Understanding Racial Equity and Institutional Racism.

These learning resources include developing new materials, as well as redesigning existing materials.

Additional information on learning completion rates can be found in areas 2 and 3 of our Māori cultural capability section.



Inclusive leadership

The NZSIS offers a range of leadership development opportunities tailored specifically to the needs of leaders within the Public Service. These include in-house learning activities, the range of Leadership Development Centre (LDC) programmes and other externally provided offerings.

In addition to specific leadership programmes, our D&I learning pathway helps leaders recognise and mitigate bias, value diversity and foster inclusivity in the workplace, through a range of learning opportunities which encourage inclusive leadership.



Employee-led networks

We have established staff networks to support the breadth of diversity across the workplace. At present we have seven networks:

- Women in the New Zealand Intelligence Community
- Women in Technology
- Standing Out
- Kahikatea
- Military Support Network
- Tagata Pasefika in Intelligence Network (TPIN)
- Neuro-divergence Support Group

Each network is assigned their own budget, giving them the autonomy to drive their own initiatives. Staff networks contribute to, and deliver many initiatives including policy development, D&I events, internal celebrations, guest speakers, D&I training, networking functions, and conferences.

Our newest networks include TPIN and our Neurodivergent Support Network. TPIN was formally established in 2021, seeing a real need for our Pasefika people, and realising they were in a unique position to support our agencies' work. Our Neuro-divergence Support Group established itself in 2022 and provides a safe space for staff who identify as neuro-divergent, somewhere members can share their challenges and get support from peers.

Our staff networks are crucial to driving our D&I agenda, and play an important part in shifting culture from the ground up. While each of our staff networks has a specific focus, the actions and initiatives they implement benefit a wide range of people.



Building relationships

We have provided a number of tools, resources, and opportunities for our people to build successful and inclusive relationships. These include:

- access to an internal Psychology Services team who actively promote their services and are readily available to all staff;
- team profiling services so teams and leaders can better understand and embrace individual work preferences, styles, and motivations;
- Active engagement with staff associations to inform policy development and implementation;
- a D&I Advocacy Group, chaired by both Directors-General, for staff networks to represent their D&I challenges and opportunities;
- development of a new psychosocial wellbeing framework for staff working in high-risk functions;
- open sharing of Kōrero Mai results with leaders and staff so they can collectively celebrate successes and address improvement areas; and
- a new interim performance development process for 2022/2023 that's focused on regular, conversational style performance reporting.

Diversity and inclusion highlights

Engagement with our people

We place a strong emphasis on engaging with staff to understand what matters most to them. We do this through a range of channels: employee surveys, staff network groups, internal research, and workshops.

In 2021 we ran our own internal Kōrero Mai | Tell Us staff survey. Our Kōrero Mai findings showed strong results in the areas of psychological safety and inclusion. The statement 'I feel supported in the workplace when I am dealing with personal or family issues' rated 81% for the NZSIS - the second highest scoring statement for our agency. 'I feel included in my team' was the third highest rated score for the NZSIS (80%). The fourth highest rated statement 'My line manager considers psychological wellbeing to be as important as productivity' rated 77%.

The NZSIS also participated in the 2021 Te Kawa Mataaho | Public Service Commission Census. The results from this Census further support our progress. 86% of NZSIS respondents believe the agency supports and actively promotes an inclusive workplace, 83% feel they can be themselves at work, and 83% feel accepted as a valued member of the team. The score in relation to 'agency supports and actively promotes an inclusive workplace' was significantly higher than the Public Service average of 78%.

New NZSIS Graduate Programme – attracting and growing diverse talent

The establishment of a new NZSIS Graduate Programme has been approved. The NZSIS will go to market in 2023 for its first intake of graduates to commence in 2024. The purpose of the programme is to provide graduates with exposure to the work of the NZSIS and to build the skills, knowledge, and experience we require for the future.

The programme has been co-designed with our people. Alongside our participation in the All of Government Ethnic Communities Graduate programme, this will provide another avenue for attracting and growing a diverse workforce, bringing in new talent – people from different backgrounds and people who think differently.

Rainbow Tick re-accreditation

The NZSIS, jointly with the GCSB, embarked on our first Rainbow Tick accreditation process in 2019 and were re-accredited in August 2021. Results from the reaccreditation process showed we met the Rainbow Tick standards in five key areas – Strategy and Policy; Staff engagement and Organisational Support; External Engagement; Organisational Development; and Monitoring; and in some cases demonstrated significant improvement from our first accreditation.

2022 Diversity Works Awards

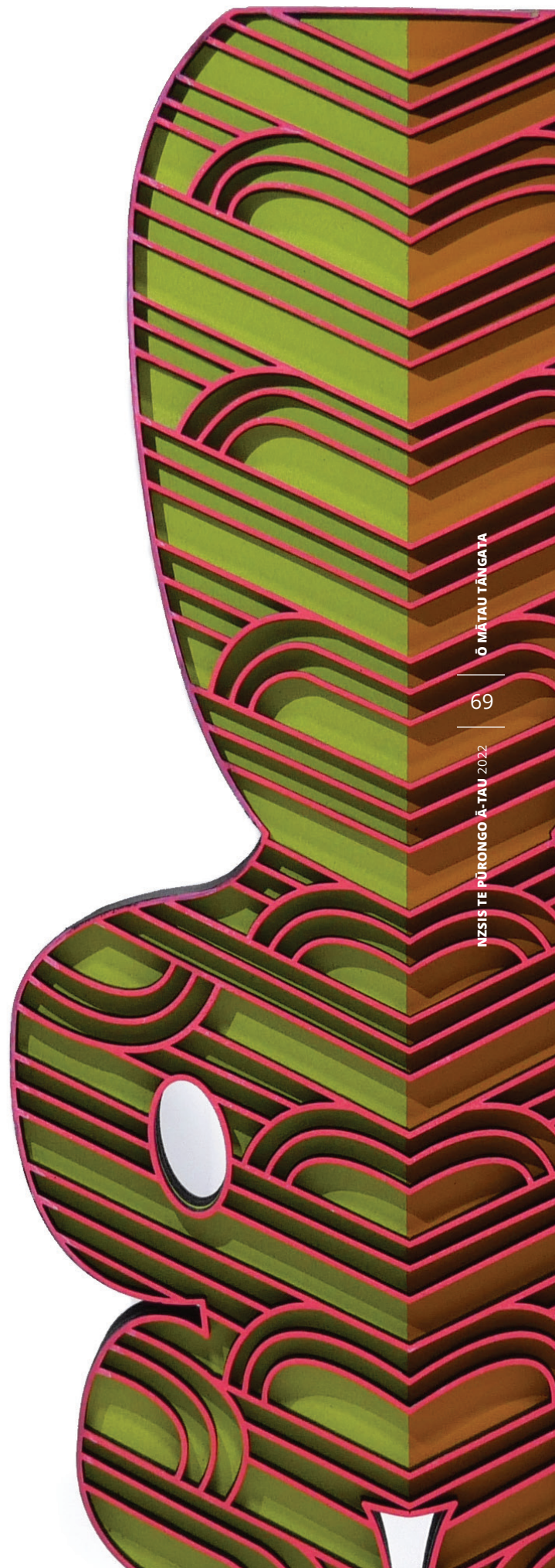
In June 2022, the NZSIS alongside the GCSB were named finalists for the Leadership category in the Diversity Works Awards. This award will be given to an organisation which demonstrates how they equip their leaders to create environments of inclusion for all employees.

Being a finalist is another acknowledgement of the progress we're making in building a diverse and inclusive community. Winners will be announced in August 2022.

2021 Rainbow Excellence Awards

In 2021 we nominated our own Chief People Officer, Shelly Thompson, for the Leadership and Ambassador categories of the Rainbow Excellence Awards. Shelly's leadership, advocacy, commitment and drive shone through with her winning the Chorus Ambassador Award. This Award recognises internal heroes and role models in formal and informal leadership positions who are actively driving improvements with rainbow inclusion.

Shelly was also a finalist in the Newmarket Business Association Executive Leadership Award category. In addition to this, we were also a finalist for the Westpac Supreme Award (NZSIS and GCSB won the Supreme Award in 2020 too).



Health and Safety

Providing a safe and healthy working environment is vital to the NZIC. As an operational agency we aim to achieve our operational goals, keep our people safe, and meet our obligations under the Health and Safety at Work Act 2015.

Priorities during 2021/22 were the ongoing training and education provided to staff and managers on health and safety matters, improvements with our hazard management framework and working safely with others.

We continued to focus on wellbeing and supporting our people through COVID-19. Throughout the pandemic we have responded quickly and provided ongoing and frequent communication to our people to minimise the impact. The lessons we learnt during 2020 have helped us respond quickly and effectively with the deployment of incident response management as the pandemic continued to ensure not only the ongoing wellbeing of our staff but the continued delivery of critical functions.

During 2021/22 we continued to review our health, safety and wellbeing requirements and have redirected resources to further invest in the ongoing safety and capability of our people, including growth within the Health, Safety

and Wellbeing team. Continuous growth of Health and Safety Representatives has been prioritised. We have approximately 55 trained Health and Safety Representatives advocating for good health, safety and wellbeing outcomes across the NZIC.

We have also undertaken a review of our Health and Safety Policy ensuring we are incorporating the Health and Wellbeing components sufficiently to ensure the ongoing wellbeing of our workforce. A core element of work which commenced, and will rollover into 2022/23, is the development of a Psychosocial Framework for high risk roles.

During this 2021/22 period there were no lost time injuries reported and no notifiable incidents or events reported to WorkSafe New Zealand.



Māori Cultural Capability

Te whanaketanga o Te Ao Māori

Tirohia te pae tawhiti, whāia rawatia kia tata, whakamaua kia tīna

Seek out distant horizons, draw them near, cherish and hold fast to
those in which you attain.



Nau mai te mātahi o te tau me ōna tini hua.

This year the New Zealand Intelligence Community (NZIC) welcomed and embraced the goodness of Matariki, a signal of hope and the promise of a good year. Matariki encouraged us to reflect on the year that was, and in so doing, reminded us of our cultural uplift journey which started in early 2021. The NZSIS and Government Communications Security Bureau (GCSB) have identified the need to develop a strategic approach to Māori cultural capability. Both agencies have also acknowledged that it is critical to recognise the place of Māori as tangata whenua and our role in supporting the Government to fulfil its stewardship responsibility to strengthen the Crown's relationship with Māori.

The new approach started with an assessment of our cultural maturity against the Māori Crown relations framework designed by Te Arawhiti. A combined agency maturity model was then developed and first steps were taken on implementation by appointing a Chief Advisor Māori in February 2022.

Although we are at the infancy of our journey our community have already enjoyed some successes:

- NZIC leaders have taken steps to normalise kupu Māori by inter-weaving its use within everyday business.
- More Te Reo Māori is being used in official documents, job descriptions, internal and external communications.
- Significant increase of staff attending Māori-Crown relations training and Te Reo Māori classes.
- Participation of staff in waiata classes.
- Development of interactive Pepeha and Matariki tools.

The agencies are about to enter the next phase of the journey, which aims to build solid foundations by setting out our narrative; articulate our roles and responsibilities under Te Tiriti o Waitangi; and develop a Te Ao Māori framework and strategy.

As we prepare for the next phase, we reflect on our past year under three key areas



Te pae tawhiti

distant horizons

Our hopes and aspirations for improved cultural capability

The NZIC is committed to building greater understanding and incorporation of te ao Māori, te reo Māori, tikanga and te Tiriti throughout our day-to-day activities and interactions. Our intent for 2021/22 was to lay the foundations required to make this possible:

- securing Māori cultural expertise to guide and enable our journey;
- clearly communicating our intended path and role modelling new practices at all levels of leadership;
- increasing learning opportunities to develop Māori cultural competency; and
- confirming the measures that will help us track our progress.



Whāia kia tata

pursue and draw near

How our progress tracks against the objectives set

The initial maturity assessment identified the need to take time to lay the foundations for improved cultural capability. The first year has focused on sourcing the best possible Te Ao Māori expertise to guide the journey and to build on existing efforts. This included expanding our te reo and cultural capability offerings to support our people's development and adjusting our recruiting practices to be more inclusive of our commitment to Māori.

Two further positions have been established to support this work programme in order to expand the range of learning and development offerings available to our people, and broadening the use of te reo in position descriptions and recruitment advertising. The two new roles are another signal of NZIC's strong commitment to this journey.

The agencies had intended to confirm and communicate its cultural capability plan during the reporting period. This was not achieved but we are well positioned to begin these discussions this year.

The goal for 2022/23 is to finalise and communicate our direction, and to gather the resources we need to support our journey. In particular this will include:

- Recruiting the two new established roles to form the NZIC Māori Cultural Advisory function (Te Ao Māori team).
- Defining and launching our Te Ao Māori framework and strategy.

The new framework will be underpinned by Te Tiriti and seek to:

- Communicate our narrative and Treaty (maturity) journey clearly.

- Declare our commitment to honouring Te Tiriti.
- Align our role, our functions and our people to the strategy.
- Provide a reference point for stakeholders to understand and meaningfully engage.
- Effectively communicate the NZIC's roles and responsibilities under Te Tiriti.
- Provide a reference point for leaders and core business areas to align.
- Acknowledge skills, capabilities and resources needed to ensure the NZIC is prepared for its roles and responsibilities under Te Tiriti.

Whāinga Amorangi

Our organisational development plan for 2021/22 focused on moving our organisation from Unfamiliar to Comfortable as described by Te Arawhiti's Māori Crown Relations Capability Framework.

We focused on increasing capacity for our Crown-Māori Relations programme and identifying a complementary online programme for non-leaders. Seven programmes were delivered this year for 112 staff. An online version has been developed and is in the final stages of review.

The Crown-Māori Relations programme has been completed by 62.5% of leaders at the NZSIS.

While we weren't able to complete all actions within our Māori language plan, we have made progress in promoting opportunities and engaging our staff in activities to develop their te reo Māori.

Whakamaua kia tīna

hold fast to those of which we have attained

Objectives we have achieved and celebrate

MATARIKI

Nau mai Matariki me ōna hua nui.

The NZIC paused to recognise the significance the new public holiday for Matariki by celebrating the auspicious occasion. Across the week leading up to the public holiday staff received Matariki updates. A Matariki interactive tool was developed to contribute to our people's understanding of Matariki. It included the meaning of each star, how to find the cluster and relevant Matariki greetings. We celebrated across our offices with traditional hāngī while taking a moment to reflect and plan ahead for the future.

MĀORI LANGUAGE PLAN

The NZSIS and GCSB 2022/23 Māori Language plan identified a range of activities including providing all staff with opportunity to learn te reo Māori, support te reo Māori events, and encourage leaders to use the language and drive the success of reo initiatives.

Over the past three years, the NZSIS and GCSB have provided all staff the opportunity to learn te reo Māori while senior leaders have role modelled the use of te reo day-to-day. This was reflected in the findings of the Te Tūanaki/ Public Service Census 2021/22.

- 63% of NZSIS respondents hear leaders speaking te reo Māori.
- 67% of NZSIS respondents recognise the support available to improve their own te reo Māori.

Te reo classes are provided jointly to the agencies and encompass Te Reo Levels 1-13. In 2021/22 41 people completed one or more te reo programmes. 40% of Level 1 participants have gone on to join Level 2 classes, and 90% of Level 2 participants went on to join Level 3 classes.

There are currently 49 people waitlisted for te reo Level 1 in 2022/23.

In September we celebrated Te Wiki o Te Reo Māori with daily promotion of learning resources under the themes of listen, speak write and join. These included Waiata group performances, seminars where rangatahi Māori spoke about their journey with te reo Māori, a guide to learning your mihi and links to official Te Wiki o Te Reo Māori resources.

Te reo Māori coaching relationships have been established for a number of our Senior Leadership team members. Both the use of coaching for development and use of te reo day to day is openly role modelled by the Director-General of Security.

Our agency's mission, vision and values were translated for use in our position descriptions and translations for common role titles identified.

Conclusion

The agencies openly acknowledge that they are at the beginning of the journey, but are excited and encouraged about the journey ahead and the impact it will have on both organisations. We look forward to further shaping, shifting and strengthening our movements over the next year to seek out the distant horizons. Enhancing our cultural capability will increase our collective understanding of and ability to apply te ao Māori, reo Māori, tikanga and mātauranga Māori to the way we work.





Accountability and Transparency

Te Noho Here me te Pūataata

Having the trust and confidence of the Government, the general public, and domestic and international partner agencies is an essential element of the ongoing success of the NZSIS. To earn this confidence, the NZSIS works hard to build positive engagement with our partners, proactively engages with our oversight bodies, and tries to be as transparent as possible with the New Zealand public.



Information requests

Each year, the NZSIS receives a range of information requests under the Official Information Act 1982 (OIA) and Privacy Act 2020. The NZSIS aims to be as open as possible about our work, while ensuring there is no risk of compromise to national security.

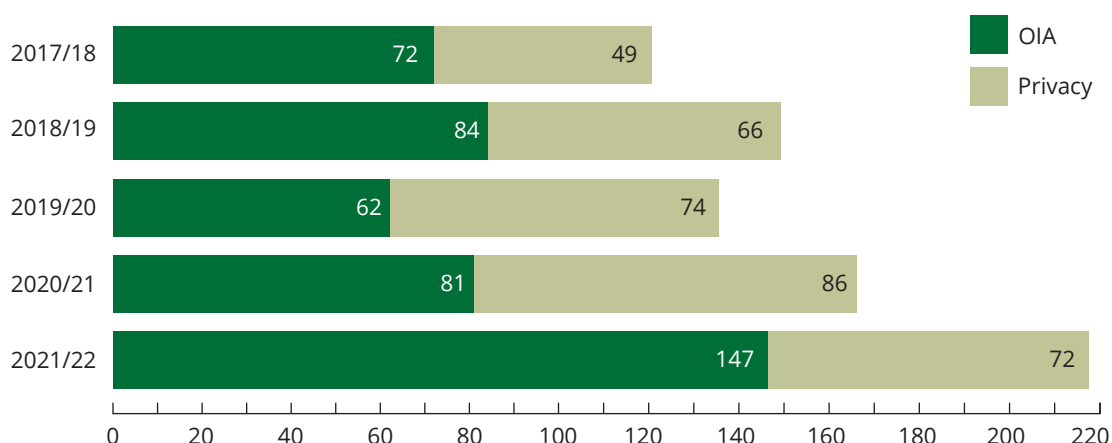
For the period from 1 July 2021 to 30 June 2022, the NZSIS:

- Completed 147 OIA requests, with twelve requests not completed within the legislated timeframe; and
- Completed 72 Privacy Act Requests, with one request not completed within the legislated timeframe.

We have experienced a significant increase in information requests over the past year, with the total number of completed information requests increasing by 31% from the previous year.

The NZSIS aims to complete all information requests within the legislated timeframe. A range of factors including COVID-19, staff turnover and accommodation issues impacted the NZSIS's ability to respond to information requests within the legislated timeframe during this year. This situation is regrettable and we expect to return to full legislative compliance as soon as the significant disruption caused by COVID-19 and accommodation issues is over.

GRAPH: NUMBER OF INFORMATION REQUESTS COMPLETED



The NZSIS was notified of four complaints by the Office of the Ombudsman during the 1 July 2021 – 30 June 2022 period. Two complaints were resolved in the NZSIS's favour, while the remaining two are still being considered.

In addition, the Ombudsman formed a final opinion regarding two complaints that were notified in the previous year – the Ombudsman found against the NZSIS in one instance and for the NZSIS in the other.

Nine complaints were raised with the Office of the Privacy Commissioner during the reporting year in relation to Privacy Act requests. All of the complaints were resolved to the satisfaction of the OPC, which found the NZSIS had not breached the complainants' privacy.

Compliance systems

It is critical to the retention of Government and public trust and confidence that we have robust processes in place to ensure compliance with the law at all times. Noting the ability to use intrusive activities and to gain access to sensitive information, we have a responsibility to ensure that we use our authorised activities and access in a lawful, necessary, and proportionate manner.

To accomplish this, the NZSIS has a compliance framework, runs a regular programme of audits and reviews and has an in-house legal team that provides advice and guidance to ensure legality and proportionality. We encourage a culture of self-reporting of compliance incidents, which are reported to the Inspector-General of Intelligence and Security (IGIS), and of regular engagement with the legal team.

The NZSIS Compliance and Legal teams also provide training to staff on key areas and have internal procedures and processes to ensure staff are compliance aware and equipped.

In addition, several external bodies provide oversight to the intelligence agencies, including the NZSIS.

Oversight

The NZSIS has its own internal processes to ensure legal compliance, and takes compliance very seriously. In addition, several external bodies provide oversight to the intelligence agencies, including the NZSIS.

The Intelligence and Security Committee

The Intelligence and Security Committee (ISC) is a parliamentary body. It looks at the intelligence and security agencies and examines the policy, administration, and expenditure of each organisation.

The ISC has seven members, comprising the Prime Minister, three members of Parliament nominated by the Prime Minister, the Leader of the Opposition, and two members of Parliament nominated by the Leader of the Opposition.

Ombudsman and Privacy Commissioner

The Office of the Ombudsman and the Office of the Privacy Commissioner also provide important oversight over the NZSIS's activities.

Office of the Inspector-General of Intelligence and Security

The Office of the Inspector-General of Intelligence and Security (IGIS) is the key oversight body of the NZIC. It is an important mechanism to provide independent assurance that the agencies are acting within the law and with propriety. The Office of the IGIS also independently investigates complaints relating to the activities of the NZSIS made by members of the public and reviews all authorisations issued.

The NZSIS has ongoing engagement with staff from the Office of the IGIS (at varying levels) relating to compliance issues, and also provides information and resources in support of IGIS investigations and queries.

The NZSIS recognises the importance of the IGIS's role, and continues to work cooperatively with the Inspector-General to respond to recommendations in their reports.

Statement on Warrants

In accordance with section 221(2) of the Intelligence and Security Act 2017 (ISA), the following statements are provided for the period 1 July 2021 to 30 June 2022.

Intelligence Warrants (section 221(1)(c) to (g) of the ISA)

TYPE 1 INTELLIGENCE WARRANTS

- a. Nineteen applications for Type 1 intelligence warrants were made and approved under sections 58 and 59 of the ISA. No applications under sections 58 or 59 were declined.
- b. One application for an urgent Type 1 intelligence warrant was made under section 71 of the ISA. No applications under section 71 were declined.
- c. No applications for a joint Type 1 intelligence warrant were made under section 56 of the ISA.

TYPE 2 INTELLIGENCE WARRANTS

- a. Four applications for Type 2 intelligence warrants were made and approved under section 60 of the ISA. No applications under section 60 were declined.
- b. No applications for an urgent Type 2 intelligence warrant were made under section 72 of the ISA.
- c. No applications for a joint Type 2 intelligence warrant were made under section 56 of the ISA.

Very Urgent authorisations (section 221(2)(1)(e) of the ISA)

No very urgent authorisations were given by the Director-General under section 78 of the ISA.

Restricted Information (section 221(2)(f) of the ISA)

No applications were made for permission to access restricted information under section 136 of the ISA.

Business Records Directions (221(2)(h) of the ISA)

299 business records directions were issued to business agencies under section 150 of the ISA.

Co-operation (section 221(2)(a) and (b) of the ISA)

There were two occasions on which the NZSIS provided assistance under section 13(1)(b) of the ISA to the New Zealand Police or New Zealand Defence Force to facilitate their functions.

No assistance was provided to other agencies under section 14 of the ISA to respond to an imminent threat.

Our Sustainability Reporting

We are committed to meeting the requirements of the Carbon Neutral Government Programme (CNGP) and operating in an emissions and energy friendly manner.

We have chosen the 2018/19 financial year as our base year as this represents a typical 12-month period before COVID-19 impacted on our operations.

Independent Verification

The NZSIS is planning to have its emissions independently verified against ISO14064-1:2018. The emissions reported in this annual report have not been independently verified.

The greenhouse gas emissions measurement (emissions data and calculations) reported in this annual report have been calculated based on an extrapolation of a sample of underlying financial records.

In 2021/22 (based on our sampled data and extrapolation) we emitted 1,338 Tonnes of CO₂-e. Most of our emissions came from passenger transport, as well as from motor vehicles and electricity for our offices.

Total Annual Emissions and their sources (Unverified)

CATEGORY	2018/19 TONNES CO ₂ -E	2021/22 TONNES CO ₂ -E
TOTAL GROSS EMISSIONS	1,799	1,338
Change in gross emissions (all Categories) since base year		-26%

Our Reduction Targets

The Government has set the following emission reduction targets for government departments, as required by the CNGP.

2025 target: Gross emissions (all Categories) to be no more than 1,421 Tonnes CO₂-e, or a 21% reduction in gross emissions (all Categories) compared to the base year FY 18/19.

2030 target: Gross emissions (all Categories) to be no more than 1,043 Tonnes CO₂-e, or a 42% reduction in gross emissions (all Categories) compared to base year FY 18/19.

Initiatives for reducing emissions, and progress towards these

We are still undertaking work, including consultation with staff, to complete and approve our emission reduction plans. Further research and analysis is required to understand the impact that reduction emission plans would have on the NZSIS before they are approved. The final plan will focus on the areas of greatest emissions, and the potential of programmes to achieve emission reductions.

Improving our data

The NZSIS is in the early stages of the CNGP. The NZSIS has identified that it needs to make improvements to its emission data collection methods, and is planning on making these improvements over the next year.



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4901.62186233	0.0384542	188.494986



Financial Statements

Ngā Tauākī Pūtea



Statement of Responsibility

I am responsible, as the Director-General of the New Zealand Security Intelligence Service (NZSIS), for:

- the preparation of the NZSIS's financial statements, and the statement of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end of year performance information on each appropriation administered by the NZSIS is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- the accuracy of any end of year performance information prepared by the NZSIS, whether or not that information is included in the annual report.

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the NZSIS;
- the financial statements fairly reflect the financial position of the NZSIS as at 30 June 2022 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the NZSIS as at 30 June 2023 and its operations for the year ended on that date.



Rebecca Kitteridge

Te Tumu Whakarae mō Te Pā Whakamarumarū
Director-General of Security

30 September 2022

Independent Auditor's Report

To the readers of the New Zealand Security Intelligence Service's statement of expenses and capital expenditure against appropriation for the year ended 30 June 2022.

The Auditor-General is the auditor of the New Zealand Security Intelligence Service (the NZSIS). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of the statement of expenses and capital expenditure against appropriation of the NZSIS for the year ended 30 June 2022 on page 90.

Opinion

In our opinion the statement of expenses and capital expenditure against appropriation of the NZSIS for the year ended 30 June 2022 is presented fairly, in all material respects, in accordance with the requirements of section 221(4)(a) of the Intelligence and Security Act 2017.

Our audit was completed on 30 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Director-General of Security and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance

Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Director-General of Security for the information to be audited

The Director-General of Security is responsible on behalf of the NZSIS for preparing a statement of expenses and capital expenditure against appropriation of the NZSIS that is presented fairly, in accordance with the requirements of the Intelligence and Security Act 2017.

The Director-General of Security is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Director-General of Security is responsible on behalf of the NZSIS for assessing the NZSIS's ability to continue as a going concern. The Director-General of Security is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis

of accounting, unless there is an intention to merge or to terminate the activities of the NZSIS, or there is no realistic alternative but to do so.

The Director-General of Security's responsibilities arise from the Public Finance Act 1989 and the Intelligence and Security Act 2017.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Estimates, Supplementary Estimates and Addition to the Supplementary Estimates of Appropriations 2021/22 for Vote Security Intelligence.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NZSIS's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director-General of Security.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Director-General of Security and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NZSIS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NZSIS to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation in accordance with the requirements of the Intelligence and Security Act 2017.

We communicate with the Director-General of Security regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Director-General of Security is responsible for the other information. The other information comprises the information included on pages 5 to 86, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we will consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the NZSIS in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the NZSIS.



S B Lucy

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

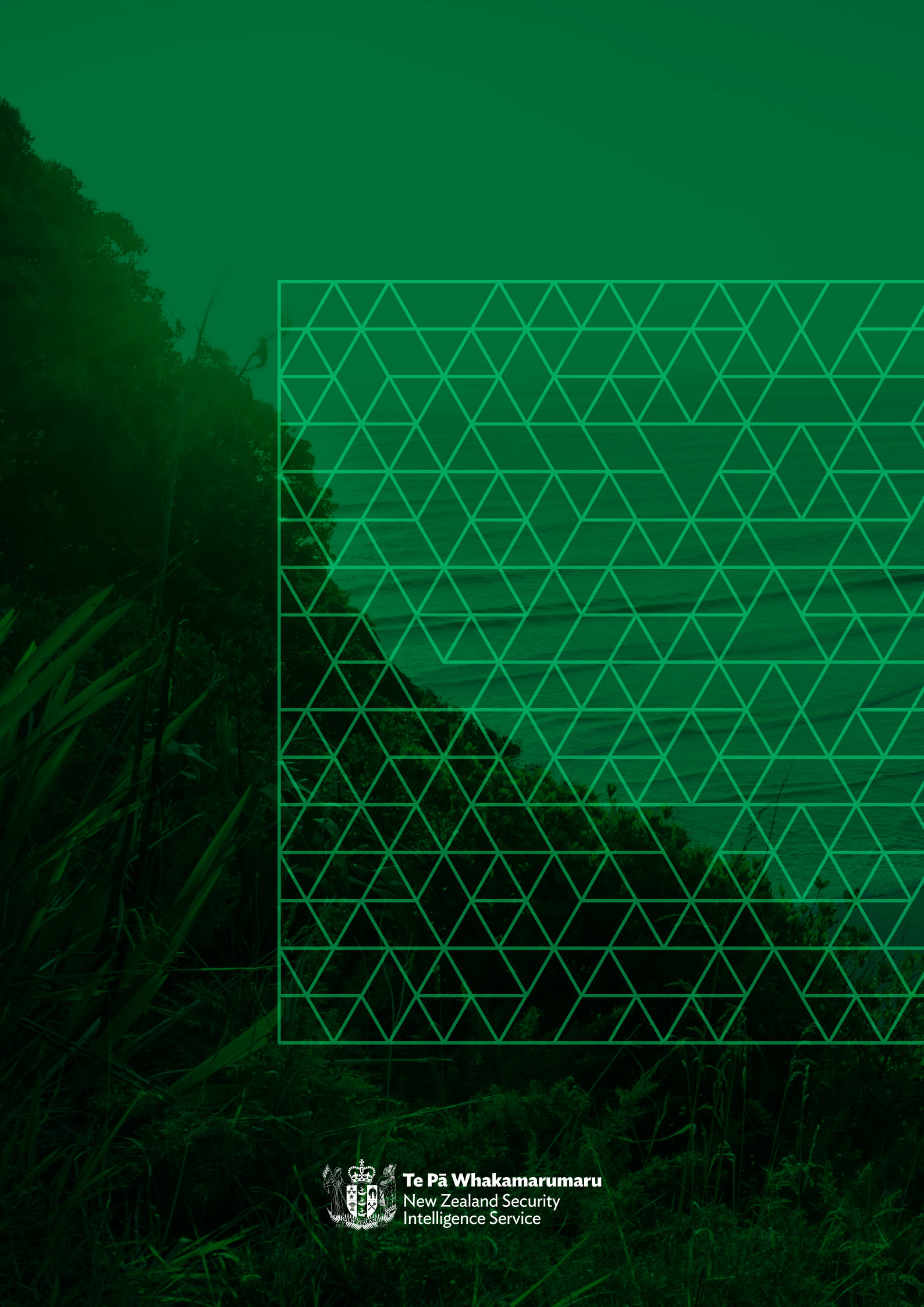
Statement of Expenses and Capital Expenditure after Appropriation

FOR THE YEAR ENDED 30 JUNE 2022

In accordance with Section 45E of the Public Finance Act 1989 (PFA), I report as follows:

	\$000
Total appropriation	97,875
Total expenditure	91,433

The “Total Appropriation” in the table above incorporates both operating expenses and capital expenditure forecast for the year. The “Actual Expenditure” includes the actual operating expenses and the actual capital expenditure incurred.



Te Pā Whakamarumarū
New Zealand Security
Intelligence Service