



New Zealand Security Intelligence Service

Te Pā Whakamarumarū

Opening remarks, Director of Security Intelligence and Security Committee

8 December 2015

Thank you Mr Chairman.

I am pleased to have the opportunity to talk in public again about the important work of the New Zealand Security Intelligence Service.

The year from 1 July 2014 to 30 June 2015 was my first full year in the role of Director of Security. It was a busy year from both an operational and organisational perspective.

This afternoon I would like to focus on three areas, which will give you a sense of the work that is underway in the Security Intelligence Service and our achievements during the year under review.

First, I will talk about the changing operating environment, and how we have responded to it.

Next I will discuss the organisational reviews and changes that we have been undergoing.

And I will finish with a few words about the people who work for the NZSIS.

First: The Changing Operating Environment

The past 12 months has seen a significant increase in the global terrorism threat. When I started as Director of Security in May 2014, the so-called Islamic State was barely talked about in New Zealand.

Now, a day rarely goes by without news of some act of violent extremism associated with IS. Apart from the terrible events unfolding in the Middle East, we have seen awful terrorist events in Europe, Canada and Australia; and, in recent days, the United States and the United Kingdom.

The threat to our domestic security posed by foreign terrorist fighters and other extremists is real and continues to develop. The number of New Zealanders fighting alongside or supporting IS remains small but has increased. In particular, we have seen an increase in the number of New Zealand women travelling to Syria and Iraq.

Individuals who succeed in travelling to the Middle East to support IS will be exposed to acts of barbarism, and may be trained in combat. They will pose a significant threat if they return to New Zealand or travel to other countries.

We are seeing online radicalisation, where groups and individuals use social media to connect with susceptible people and distribute material that incites or encourages extreme violence.

The concern about this kind of radicalisation is that it can happen very quickly. Our counterparts in other countries have remarked how quickly an individual can be radicalised. Sometimes it takes only a matter of weeks, and can occur without any agency – or even close family – being alerted.

Another challenge to our operating environment is the rate at which technology is advancing. The routine encryption of communications affects our ability to monitor individuals of security concern.

This phenomenon is commonly referred to as 'Going dark.' It is not just a challenge for New Zealand; it is an issue being faced by every security intelligence and law enforcement agency in the world.

In response to the geopolitical and domestic developments being experienced by New Zealand, in October 2014 the Combined Threat Assessment Group within NZSIS produced a national threat assessment that elevated the New Zealand threat level from very low to low.

This threat level means that while an attack is not expected, it is assessed as possible.

During the performance period NZSIS had several counter-terrorism operations that required 24/7 coverage for extended periods of time. The increase in operational tempo meant that we required support from other government agencies, in particular the New Zealand Police, for which we were very grateful.

The targeted review of capacity, capability and legislation at the end of 2014 ensured that we were able to respond to the evolving foreign terrorist fighter situation. This targeted review focused on interim measures that could be taken in advance of the 2015 statutory review of the intelligence agencies.

As you are aware, the review in December 2014 considered what measures could add to the safety and security of New Zealand in the short term in relation to foreign terrorist fighters and violent extremists. It concluded there were legislative amendments that would improve our ability to monitor and investigate, and to restrict and disrupt the intended travel of those planning to go to Syria or Iraq. The review also identified the need for additional investment to increase our capacity in these areas.

I am very grateful for the investment of almost \$7 million across 2014/15 and 2015/16. The NZSIS has used this funding to increase our ability to counter extremists and aspiring foreign terrorist fighters, and we have significantly increased our investigative capacity in the area of counter-terrorism.

Another area where there has been an increase in operational tempo is counter-espionage.

Foreign powers conduct espionage against New Zealand using a range of techniques, from traditional human-based intelligence operations through to highly sophisticated cyber espionage operations. These foreign states seek unauthorised access to information in support of economic objectives, as well as to fulfil more traditional political requirements. Their success threatens New Zealand's:

- Defence
- Intelligence
- Scientific and technical research and development (and the intellectual property associated with New Zealand's cutting-edge industries); as well as
- Trade and international relations.

Our work on counter-proliferation is also considered in the context of state-based threats.

In 2014/15, our awareness of the number of governments that undertake espionage and other hostile state-based activities against New Zealand increased.

A coherent and comprehensive response is required to counter these state-based threats, and the associated risk of insider threats.

During the year under review the NZSIS led a significant piece of interagency work in the area of protective security. Late last year, Cabinet approved the Protective Security Requirements (known as the "PSR"), which aims to improve security capability and culture across government.

35 core public sector agencies are mandated to implement the PSR. However, interest has been such that a further 28 agencies (for example, crown entities) are now voluntarily using the PSR, and interest in it continues to grow. Support for the PSR reflects a growing security culture across government and a recognition that we need to reduce vulnerabilities to ensure that people and businesses have the confidence to interact with government agencies.

The PSR has been designed to dovetail with the work led by the Government Chief Information Officer and the Government Chief Privacy Officer to increase privacy and information security.

Personnel security is an important part of protective security. NZSIS conducts enquiries and makes recommendations to government agencies on the trustworthiness and reliability of staff who may require access to classified information. This is known as security clearance vetting. In the year under review, NZSIS completed more than 5000 vettings.

Due to the rapid increase in operational tempo in the counter-terrorism area in 2014, staff resources were re-directed from vetting to support our counter-terrorism work.

The reduction in resourcing resulted in a vetting backlog. The additional funding we received in late 2014 and as part of Budget 2015 allowed us to move resources back into the vetting

area. With other improvements we are making to our vetting processes, I expect that the backlog will be resolved during this performance year.

Another area of challenge concerns ongoing instability in our region.

NZSIS conducts foreign intelligence activities to ensure Ministers and government agencies are informed about international issues of importance to New Zealand. The insights we gain help to keep our region safe and secure.

We also provide intelligence support to major events overseas – specifically, in this reporting period – the 2015 ANZAC Day Commemorations in Gallipoli. Our contribution ensured timely and accurate intelligence was provided to senior New Zealand Government officials, ensuring the safety of those present.

We also provide intelligence support to major events within New Zealand. During this reporting period we worked with Police on the 2015 Cricket World Cup and the FIFA Under 20 World Cup to help New Zealand host safe and successful events enjoyed the world over.

I would like to note the importance for the Service on working collaboratively with both our New Zealand partner agencies and our international partners in this ever-changing operating environment. Our international relationships help us to understand the issues our partners are facing, such as ‘going dark’, so we can be better prepared when we encounter these issues in New Zealand.

While managing this increase in operational tempo we have also focused on how the Service can work more effectively and efficiently, so next I would like to discuss the importance of reviewing and changing the way our organisation works.

I see the Service as being on a journey of improvement and part of that journey is to understand fully what we need to improve. The Performance Improvement Framework Review, our internal Compliance review and the various reviews undertaken by the Inspector-General of Intelligence and Security all make a valuable contribution to our transformation.

We’ve embarked on a comprehensive change programme in response to the Performance Improvement Framework Review.

This change programme, which we call “Summit,” will ensure that NZSIS:

- has strong and effective leaders driving the business forward;
- has strong compliance systems, processes and culture;
- trains and supports staff to be the best they can be in their roles;
- has the right tools to enable staff to do their jobs efficiently and effectively;
- delivers what the government and the public expect of us; and
- is open, where possible, about our contribution to keeping New Zealand and New Zealanders safe.

In November 2014, I commissioned a review of compliance with legal and operational policy and processes within NZSIS. Overall, the review highlighted that our staff are diligent in their duties and mindful of their obligations. They do their best to conduct themselves in a manner which is both lawful and proper.

Our systems and processes, however, need strengthening to ensure a systematic and standardised approach to operational compliance in NZSIS. Our own internal findings were echoed by the Inspector-General of Intelligence and Security, in her annual report

Our change programme includes a plan to establish a dedicated compliance function, which will be established over the coming year. We will continue to work closely with the Inspector-General and her office as we develop and strengthen our compliance framework.

I would like to finish with a few words about the professionalism and motivation of the NZSIS people.

I am really proud to lead an organisation of professionals who are dedicated to making a difference, and are focused on their contribution to making New Zealand a safer place. Given the small size of the Service, managing the scale of organisational change over the past year as well as managing the increase in operational tempo is a testament to the commitment of our staff.

As I mentioned earlier, the Service is on a journey and I know I have the strong and enthusiastic support of all Service staff with me on this journey.

There is no public recognition for my team. The only time we tend to receive publicity is when something goes amiss. Members of the public are not, and can never be, privy to the great work of the NZSIS, and the effectiveness with which they operate. I would like to take this opportunity to express publicly my appreciation for their professionalism, dedication to their country, their positivity, humour and hard work.

They are tremendous people and loyal New Zealanders. It is a great privilege to be part of their story.

Thank you.