



Te Pā Whakamarumarū
New Zealand Security
Intelligence Service

Annual Report 2024
Te Pūrongo ā-Tau 2024

Preface

This is the annual report of the New Zealand Security Intelligence Service (NZSIS) for the year ended 30 June 2024, presented for consideration and scrutiny by the Intelligence and Security Committee.

This report is presented to the House of Representatives pursuant to section 221 of the Intelligence and Security Act 2017.

This work is licensed under the Creative Commons Attribution 3.0 New Zealand license. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other license terms. To view a copy of this license, visit <http://creativecommons.org/licenses/by/3.0/nz/>. Please note that no departmental or governmental emblem, logo or coat of arms may be used in any way that infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or coat of arms.

▶ Director-General's foreword <i>Te Tiro Whānui a te Tumuaki Ahurei</i>	5
<hr/>	
▶ Overview <i>Tirhanga Whānui</i>	7
<hr/>	
Our Agency	8
Our Strategy	9
Our Partnerships	12
2023/24: NZSIS's performance at a glance	14
▶ Our work in 2023/24 <i>Ā mātau mahi i te tau 2023/24</i>	17
<hr/>	
Security Intelligence <i>He mōhiohio whakahaumarū</i>	18
Countering terrorism and violent extremism	18
The Combined Threat Assessment Group	22
Countering espionage and interference	24
National Security Assessments	27
Foreign Intelligence and International contribution <i>He mōhiohio nō tāwāhi me te whai wāhi ki te ao</i>	30
Pacific Regional Security	30
Protective Security <i>He Whakahaumarū Tautiaki</i>	31
Government Protective Security Lead	31
National Security Clearances	32
Protective Security Requirements	37
Protecting people, information, and assets	39
Accountability and Transparency <i>Te noho haepapa me te pūataata hoki</i>	41
Accessing Information	41
Compliance and Oversight	43
▶ Organisational Capability <i>Ngā Āheitanga Whakaharere</i>	45
<hr/>	
Our People <i>Ō Mātau Tāngata</i>	46
Recruiting and retaining our talent	46
Promoting diversity and inclusion	47
Providing a safe and healthy workplace	53
Māori Cultural Capability <i>Te Whanaketanga o te ao Māori</i>	55
Our Finances <i>Ā Mātau Pūtea</i>	56
Being Financially Responsible	56
Carbon Neutral Government Programme	56
▶ Financial Statements <i>Ngā Tauākī Pūtea</i>	57
<hr/>	
Statement of Responsibility	58
Independent Auditor's Report	59
Statement of Expenses and Capital Expenditure against Appropriation	62



Director-General's foreword

Te Tiro Whānui a te Tumuaki Ahurei

Tēnā koutou. The New Zealand Security Intelligence Service is continuing to find new ways to tell New Zealanders its story.

For the first time in our 68 years we published our organisational strategy online. It may seem like an unusual step for a security intelligence agency. Traditionally, we have been very careful to conceal any information that would provide clues about our areas of focus to those who wish to harm New Zealand. We are trying to be more open but have necessarily stopped well short of fully pulling back the curtains. Secrecy remains crucial for us to be able to do our jobs, however, we recognise there is a clear need to balance that with New Zealanders' right to know what the NZSIS does in their name and the threats we face as a country.

The central focus area of our strategy is to deliver impact with and for others. This is about working with groups and organisations from around New Zealand to keep our country safe and secure. We are looking for ways to partner for impact in everything we do. We will only be successful in doing this by being more visible.

Over the past year I have had the privilege of engaging with a wide range of New Zealanders from community groups to regional presentations to corporate boardrooms. In each case I've been struck by people's preparedness to confront issues of national security importance and work together to manage the risk.

The NZSIS is on a path towards developing a closer relationship with the people we serve than at any point in its history. We have recognised that there is a role for the NZSIS to play in the national security conversation by doing more to ensure our intelligence insights reach the right people at the right time and in the right form. In the past, our work would only be seen by high-level decision makers with top

security clearances. Those people remain vitally important customers but there are increasingly more New Zealanders who can make use of our intelligence and insights.

Our main vehicle for delivering insights to the broadest audience possible has been through the inaugural New Zealand Security Threat Environment report. This is an unclassified assessment we intend to publish every year and we have been delighted with the response we have received in year one. We try to make the point as clearly as possible that we are not an all-seeing security intelligence agency, and nor should we in a democracy like our own. More often than not, members of the public will see concerning behaviours and activities before we do. The public threat assessment is about informing New Zealanders of the challenges we face so we can work together to address them.

Those challenges are not insubstantial. New Zealand is faced with a deteriorating threat environment in relation to the national security threats we monitor including violent extremism, terrorism, foreign interference and espionage.

Our history, our relationships, our people and our location in the Indo-Pacific means New Zealand is increasingly exposed to security risks. There is greater acceptance of this fact than there was when I first starting working in national security almost a decade ago. Understandably New Zealanders thought our geographic location protected us from exposure to forms of global harm. Even if that was ever true, it is certainly no longer the case.



Levels of Identity-Motivated Violent Extremism have not declined domestically, including White Identity Motivated Violent Extremism. We are also dealing with more cases where violent extremists drift between a range of ideological motivations.

The global terrorist threat environment is punctuated by a re-emergence of Faith-Motivated Violent Extremism driven by online radicalisation and recruitment from established terror groups that are rebuilding.

The level of foreign interference activity in New Zealand remains an ongoing concern as it does for most of our international intelligence partners. When activity becomes persistent, it has the potential to harm New Zealand's ability to act in our own interests as an independent nation. That is why it is so important that we work together to counter this threat. No one living in New Zealand should have to put up with any activity that limits their rights and freedoms. The NZSIS will continue to raise awareness of this threat and call out certain activities and state actors in particular.

Our strategy lays out the areas where we aim to deliver impact and I am pleased to be able to show strong progress across the board during the year in review.

The NZSIS has played a key role in detecting, deterring and disrupting violent extremist threats in New Zealand. We have disrupted the activities of foreign intelligence services in New Zealand. We have worked with Pacific partners to share expertise on building and implementing protective security frameworks and we have developed new tools

designed to lift protective security performance across New Zealand's public service.

Like most parts of the public service, the NZSIS has been operating in a more fiscally constrained environment, while continuing to deliver more value for the people we serve.

I am pleased to say that we have managed to strike that important balance. We have plans in place to contribute \$3.4 million annually to the wider cost savings efforts across the public service. We have found ways to achieve savings without compromising in the pursuit of our important mission to keep New Zealand and New Zealanders safe and secure.

None of the progress I have outlined could have been achieved without the pure hard work and dedication of the people who choose to work at the NZSIS. I consider myself extremely lucky to be on the same team as some of our finest New Zealanders. One of the positive benefits of being more visible is that more people have the opportunity to better understand the incredible work they do.

Ngā mihi nui

Andrew Hampton

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

Overview

Tirohanga Whānui

Overview

<i>Tirohanga Whānui</i>	8
Our Agency	8
Our Strategy	9
Our Partnerships	12
2023/24: NZSIS's performance at a glance	14

Overview

Tirohanga Whānui

Our Agency

Our Mission

Our mission is keeping New Zealand and New Zealanders safe and secure.

This describes why we exist and speaks to our role of guardian and protector, which is exemplified in the metaphors associated with our name: Te Pā Whakamarumarū, The Sheltering Citadel.

Our Functions

We operate under the Intelligence and Security Act 2017 (ISA), the purpose of which is to protect New Zealand as a free, open, and democratic society. To effectively do this, we are charged with four core functions:

- intelligence collection and analysis.
- protective security services, advice and assistance.
- co-operation with other public authorities to facilitate their functions.
- co-operation with other entities to respond to imminent threat.

The NZSIS is New Zealand's domestic security intelligence agency and lead organisation for human intelligence (HUMINT). We collect and analyse intelligence in line with the Government's priorities to provide decision-makers with sound national security advice. We also provide a range of protective security services to other government agencies.

Our Impacts

We are driven to deliver the following impacts:

- **Countering espionage and foreign interference:** Detecting, investigating and disrupting activity in or against New Zealand. We are the lead agency in seeking to understand and assess these threats so action can be taken to disrupt and deter.
- **Countering violent extremism and terrorism:** Detecting and investigating threats posed by violent extremism in New Zealand and overseas. We work with other agencies to stop these threats escalating into acts of terrorism.
- **Protecting people, information and assets:** Enhancing the ability of New Zealand government agencies and organisations to protect their people, information and other assets through our Protective Security leadership role.
- **Contributing to a secure, prosperous and resilient Pacific:** Working with others to detect, disrupt and deter activities which undermine New Zealand's national security and that of our partners in the Pacific. This includes supporting Pacific partners to build their protective security.

Our People

Our people come from across our society and work in a variety of roles. As at 30 June 2024, the NZSIS has 449.4 full time equivalent (FTE) employees. We have shared enablement functions with the Government Communications Security Bureau (GCSB) and many of our shared staff are employed by the GCSB but work across both agencies. This supports ease of cooperation between our agencies.

Funding

We are funded through Vote Security Intelligence. The Minister Responsible for the NZSIS is responsible for the single appropriation within this Vote.

The NZSIS's Statement of Expenses and Capital Expenditure Against Appropriation is on page 62. Unlike other departments, we only provide a total in our annual reports. This is because the ISA provides for the intelligence and security agencies to protect certain information, in order to discharge their national security responsibilities effectively.

Public sector agencies were asked to identify savings through the Budget 2024 process. The NZSIS will be making savings of \$3.44 million per year from 2024/25, through efficiencies in areas such as contractor and consultant spending, training and development, and travel.

National Security Intelligence Priorities – Whakaarotau Marumaru Aotearoa

The NZSIS works to the New Zealand Government's National Security Intelligence Priorities – Whakaarotau Marumaru Aotearoa (NSIPs). These define key areas of national security interest, assisting agencies with related roles to make informed, joined-up decisions. A full description of the NSIPs is available on the Department of the Prime Minister and Cabinet's website.

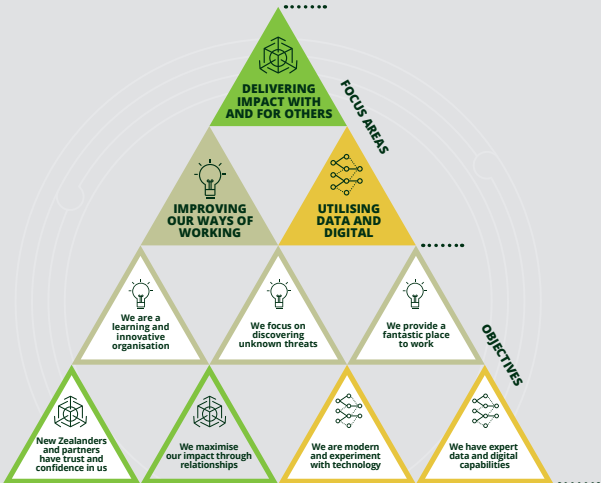
Some of the NSIPs that relate to the NZSIS are:

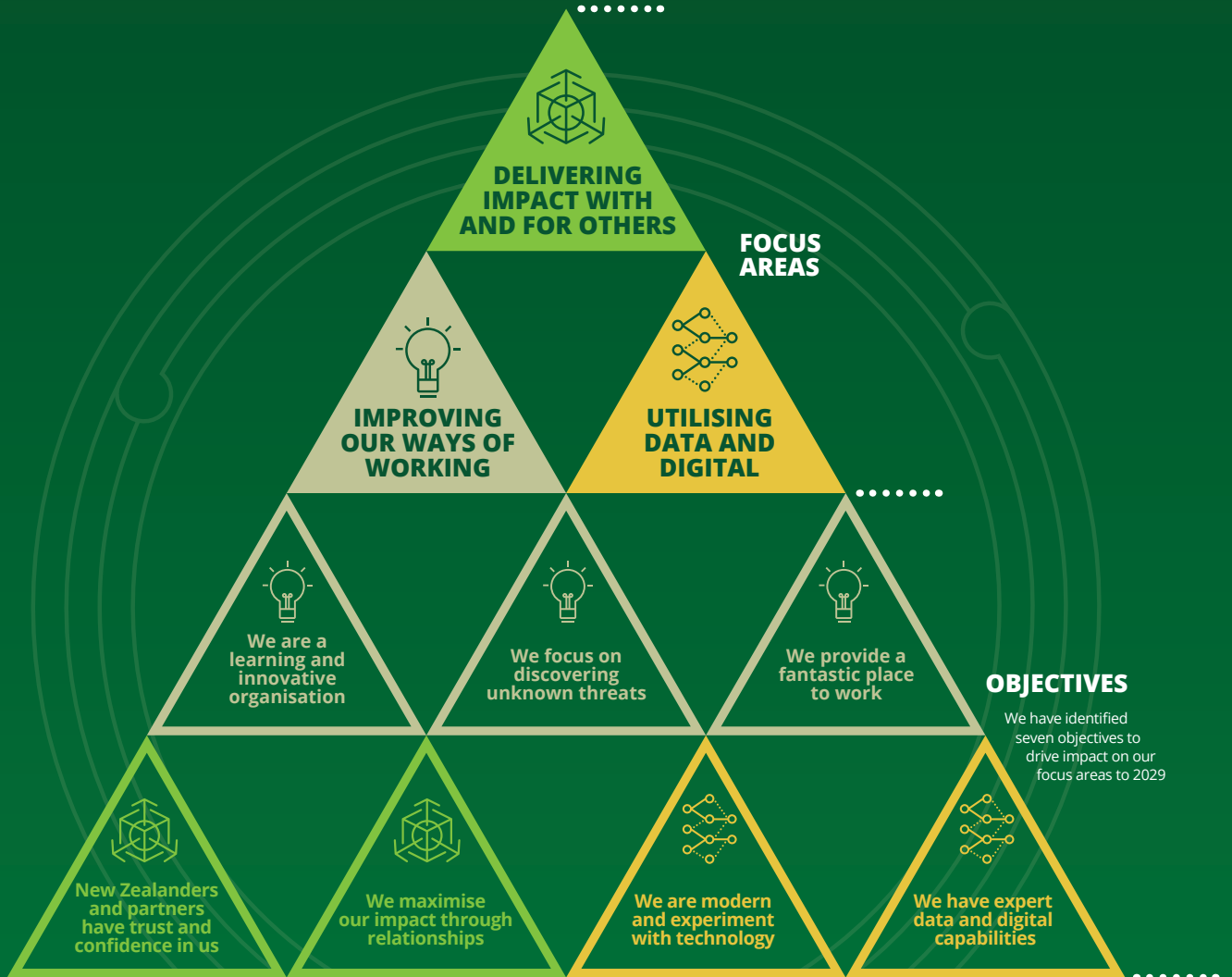
- foreign interference and espionage
- New Zealand's strategic interests in the Pacific region
- terrorism and violent extremism
- global governance and strategic competition
- threats to New Zealanders overseas.

Our Strategy

The NZSIS Strategy 2024-2029 is focused on continuously improving our ability to find, understand and mitigate threats.

We live in a complex and ever-changing world where we face new challenges every day in our ability to identify, understand and mitigate threats. The NZSIS needs to continually prepare to ensure we are robust and ready to respond to whatever the future might bring. In late 2023 we completed a refresh of the NZSIS Strategy to ensure our capabilities remain relevant and can evolve in line with New Zealand's changing security environment.





How we will deliver

The NZSIS' impact depends on our ability to work with and through others and on having the right capabilities. This is reflected in the three focus areas in our Strategy:



Delivering impact with and for others

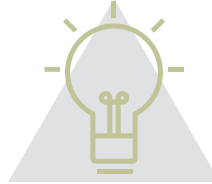
Where we want to get to:

The unique value we provide New Zealand is well known and understood. We are set up to partner with New Zealanders from across society to keep our country safe and secure. We are open and transparent in our communication and trusted to use secrecy as an important part of our work.

The NZSIS delivers national security outcomes in accordance with Te Tiriti o Waitangi. We are regarded as professional and culturally competent.

Our objectives in this area are:

- **we maximise our impact through relationships**
- **that New Zealanders and partners have trust and confidence in us.**



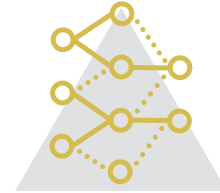
Improving our ways of working

Where we want to get to:

The NZSIS is a cohesive, professional, financially sustainable and well-regarded organisation set up to adapt to the threats we face. Our people are put first and they are set up to succeed. The NZSIS is a diverse, inclusive, culturally competent and adaptable organisation that innovates and experiments to keep New Zealand safe and secure.

Our objectives in this area are:

- **we focus on discovering unknown threats**
- **we provide a fantastic place to work**
- **we are a learning and innovative organisation.**



Utilising data and digital

Where we want to get to:

Quality data is at the heart of our insights and decision-making. We are trusted and innovative users of data to solve the most complex challenges in security intelligence. Our people are equipped with the tools, data and skills they need to stay ahead of trends and emerging technologies.

Our objectives in this area are:

- **we are modern and experiment with technology**
- **we have expert data and digital capabilities.**

Implementing our Strategy

We are driving strategy implementation through objectives (what we want to achieve), key results (how we know we are making progress) and the actions necessary to drive change. We are tracking delivery of current initiatives and thinking about the next phase of implementation. This framework is helping us identify and prioritise the changes we need to make to keep delivering on our mission.

You can read our Strategy online

As part of our commitment to improve public trust and understanding of the value we bring to New Zealand, this year we made our strategy publicly available on the NZSIS website.

Our Partnerships

Domestic partnerships

As part of New Zealand's National Security Sector, we work together with a range of agencies and organisations to help enhance our national and regional security.

The NZSIS, along with the 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).

The NZIC has a crucial role to play in understanding the threats New Zealand faces and how to guard against those threats. By providing unique intelligence insights to policy and decision-makers, the NZIC contributes to building a safer and more prosperous New Zealand.

We work most closely with the GCSB, sharing a number of enablement functions including People and Capability, Technology Directorate, Financial and Commercial Services, as well as a Security Services Group. The majority of shared enablement staff are employed by the GCSB but work equally across both agencies. This is aided by our agencies' co-location.

The NZSIS houses the Security Services Group, which provides in-house protective security services for NZSIS and GCSB staff. This includes Personnel Security services and Psychology Services.

Together with the GCSB, we have published a Joint Statement of Common Purpose. While each agency has its own strategic focus and unique identity, the nature of our work and the complex threat environment we face create a strong partnership between us. Our joint statement speaks to the functions we share and our commitment to aligning with each other for greater national security outcomes.

We also work alongside other agencies, such as New Zealand Police, New Zealand Customs Service, and Immigration New Zealand, to contribute to our national security and the wellbeing of New Zealanders.

International partnerships

The reporting year has seen the beginning of a foreign policy reset by the New Zealand Government, reflecting the changing geostrategic landscape and the role New Zealand plays in this. All cooperation and intelligence sharing by NZSIS with international partners is subject to New Zealand's laws, including human rights obligations, and to the laws of partner countries that share information or other support with us. We continue to work with likeminded partners to uphold democratic values and the rules-based order.

We value the international partnerships we have with like-minded states, including our Pacific neighbours. Our relationships with a range of security and intelligence partners in the Pacific, Asia and Europe are significantly important to New Zealand. This includes the international intelligence and security partnership known as the Five Eyes, which is comprised of New Zealand, Australia, Canada, the United Kingdom, and the United States of America.

The Five Eyes partnership has been an instrumental part of New Zealand's intelligence and security activities since World War II. The Five Eyes partnership remains fundamental to the NZSIS's work to support New Zealand's national security interests, and ensure the wellbeing of New Zealanders both at home and abroad. We could not deliver our current level of intelligence and security activity alone.

While New Zealand receives great benefit from the Five Eyes intelligence partnership, it also makes a unique and valued contribution to global efforts.

Our engagement with international partners operates within the context of New Zealand's foreign policy. All intelligence collection is conducted in line with the New Zealand Government-set National Security Intelligence Priorities. These are enduring priorities across successive governments, subject to rigorous oversight.

Beyond the security and intelligence sector

For the NZSIS to deliver impact with and for others and to improve our ways of working, two of our strategic focus areas for 2024-2029, we are increasingly engaging beyond government and international partners.

We are focusing on forming mutually beneficial relationships with a wide spectrum of communities and entities including central and local government, iwi Māori, academia, and the private sector. In doing so, we increasingly interact with more diverse parts of society.





PERFORMANCE AT A GLANCE

21

Outer Space and High-altitude
Activities Act (OSHAA) assessments

74

Radio Spectrum
Licensing assessments

44

Foreign investment
transactions referred to LINZ

13.5k

visitors to PSR's new website
in its first week

100%

PSR-mandated agencies
submitted assurance reports

189

one-on-one engagements with
PSR customers and stakeholders

99%

of confidential clearances processed
within 15 working days

6

non-mandated agencies volunteered
reporting on PSR assurance

2023/24: NZSIS's performance at a glance

Countering violent extremism and terrorism

- We have continued to detect, analyse and report on trends in the domestic and international violent extremist threat environment to inform New Zealand decision-makers and mitigate threats. Notably we have continued to see a trend of individuals being motivated by mixed, unstable or unclear ideologies. Whilst the beliefs may be shallow and often contradictory, the commitment to violence by some of the adherents is a key focus for the NZSIS.
- We have continued our 'discovery' capabilities and operations in order to identify previously unknown threat actors, both in the real world and online.
- We engaged with a range of stakeholders including community groups, the education sector, and government agencies, to raise awareness of our violent extremism indicators - *Kia mataara ki nga tohu: know the signs*. The guidance, published in 2022, continues to be used to support understanding of what concerning behaviour may look like, and how people can report their concerns.
- In response to the Hamas attacks on Israel in October, the NZSIS stood up a project to understand the impacts on New Zealand's threat environment and provide intelligence and assessments to other government agencies. We also engaged with community groups to better understand the impact of the conflict on them.
- We have responded to several incidents. For example, after an email containing a terrorist manifesto was sent to the New Zealand Prime Minister, we worked quickly to identify the author. Once we had determined they were not based in New Zealand we notified our offshore partners of our assessment and provided assurance to our domestic partners that there was no threat to New Zealand.

Countering espionage and foreign interference

- We have continued to detect, investigate and mitigate espionage and foreign interference threats in New Zealand. This has included threats targeting central and local government, academic institutions, the private sector and community groups.
- We identified seven New Zealand citizens who were involved in training the People's Liberation Army pilots using expertise they had gained while working for the New Zealand Defence Force or partner militaries. The NZSIS considers this activity poses a major national security risk. The NZSIS engaged in threat mitigation activities which resulted in all seven individuals leaving their training roles.
- We disrupted the activities of a foreign intelligence service that was persistently attempting to recruit New Zealanders to provide them intelligence. The NZSIS delivered a message to an affiliate organisation to warn the foreign intelligence service that the activities were being monitored and must stop.
- Our regulatory advice has helped to keep New Zealand's sensitive critical national infrastructure safe. Over the performance year, the NZSIS has provided a range of advice into regulatory processes including on space and high-altitude activities, radio communications, and foreign direct investment in land and companies. In some instances, the full capabilities and affiliations of applicants were deliberately hidden. Our intelligence enabled decision makers to make informed decisions on those applications.

Protecting people, information and assets

- We have continued to help government agencies and other organisations to protect their people, information and assets from national security threats through a range of projects and services and through awareness raising.
- The demand for national security clearances increased by 30 percent during the last reporting year. Despite this increase, over 98 percent of Confidential and Secret applications were processed within 15 working days.
- We produced reports on insider threats that have created greater cross government awareness and an uptick in public service efforts to monitor and guard against insider threats.
- We consolidated Protective Security Requirements (PSR) policies and developed new tools to lift protective security performance across the Public Service. The upgrade of the PSR website provides clearer information on policies, the New Zealand Classification System, and tools to support agencies and national security clearance holders enables great accessibility to information to support security governance and practice.
- The Director-General, in his capacity as Government Protective Security Lead, released guidance regarding investigations of unauthorised disclosure of protectively marked information. This guidance supported the uplift of understanding of security classifications across government and good security governance and risk management.

Contributing to a secure, prosperous and resilient Pacific

- We worked with Pacific partners to share expertise on how to build and implement protective security frameworks to protect people, assets and information. Our Pacific partners are implementing their own bespoke arrangements with the NZSIS supporting with expertise and advice.
- Our collaboration over the past few years with the Government of the Cook Islands led to the official launch of the Cook Islands Protective Security Policy Framework. The framework will make it easier for New Zealand to share intelligence with the Cook Islands.

Our work in 2023/24

Ā mātau mahi i te tau 2023/24

Security Intelligence

He mōhiohio whakahaumarū

Countering terrorism and violent extremism	18
The Combined Threat Assessment Group	22
Countering espionage and interference	24
National Security Assessments	27

Foreign Intelligence and International contribution

He mōhiohio nō tāwāhi me te whai wāhi ki te ao

Pacific Regional Security	30
---------------------------	----

Protective Security

He Whakahaumarū Tautiaki

Government Protective Security Lead	31
National Security Clearances	32
Protective Security Requirements	37
Protecting people, information, and assets	39

Accountability and Transparency

Te noho haepapa me te pūataata hoki

Accessing Information	41
Compliance and Oversight	43

Security Intelligence

He mōhiohio whakahaumaru

Countering terrorism and violent extremism

The NZSIS investigates violent extremism threats against New Zealand's 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.

Global events have domestic impact

The Hamas attack on 7 October 2023, and subsequent conflict in Gaza, presents multiple possible risk vectors across the spectrum of violent extremist ideologies. Some European nations have raised their terrorism threat levels in the past six months, partly in response to observed reactions to the Gaza conflict.

The Russia-Ukraine conflict continues to play out; whilst this is not a specifically violent extremist matter, footage of the conflict is contributing to the availability of violent material online and could contribute to desensitisation to violence often seen during a radicalisation pathway.

2024 has also seen Islamic State in Khorasan Province increase their intentions to conduct external operations. The strategic direction they set out in January 2024 promoted attacks against "Christians" and "Jews" specifically, and Westerners generally. The terrorist attack in Moscow at Crocus Hall in March 2024 demonstrates that ISIL affiliated groups maintain the capability to conduct large scale terrorist operations.

Closer to home, the Wakeley church stabbing in Sydney, Australia in April 2024 has been classified as a terrorist attack. The perpetrator of the attack was a

16-year old male, demonstrating that young people cannot be dismissed as terrorist threats. And the arrest of a 19-year old man in New South Wales, who had sent a copy of his manifesto to the New Zealand Prime Minister, reflects the trans-national aspect of terrorism in the twenty-first century.

Understanding New Zealand's violent extremism environment

Domestic events in New Zealand have demonstrated the adoption of ideas and belief systems from overseas. This is, in part, likely due to the ease of access to information and like-minded people or groups provided by the internet. The NZSIS has observed this adoption of trans-national ideas across the ideological continuum:

- The individual who conducted the LynnMall attack in 2021 was inspired by, and expressed support for, ISIL.
- The Christchurch terrorist expressed support for previous attackers including Anders Breivik.
- While not violent extremist in nature, the Parliament protest of early-2022 was inspired by a similar protest in Canada which had only taken place weeks before.



01 Case Study

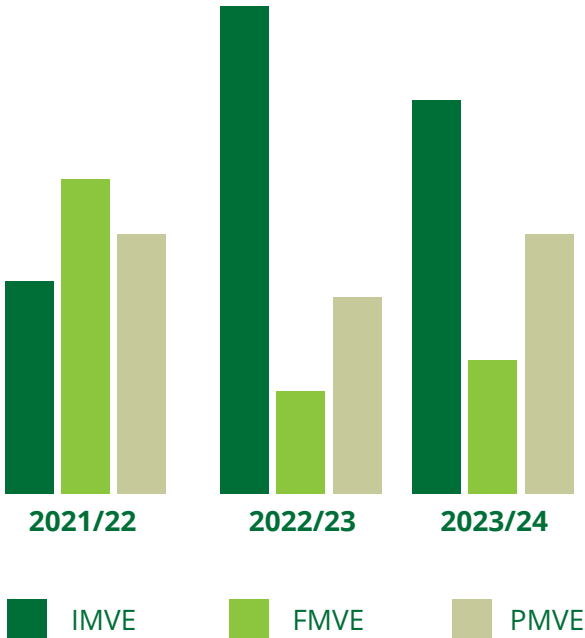
Understanding International impacts

In response to the 7 October Hamas attack and subsequent conflict, the NZSIS stood up a project to understand the impact on New Zealand's threat environment, and to provide intelligence and assessment support to partner agencies. We have also engaged with community groups in New Zealand to understand the impact that the conflict is having on them.

During the reporting period, the NZSIS's counter-terrorism strategic function has continued to identify and assess broader trends across the violent extremism environment. This work enhances the NZSIS's understanding of emerging threats, and improves our advice to operational teams, as well as the wider system on unique opportunities or challenges in countering these threats.

The NZSIS continues to see the trend of individuals being motivated by mixed, unstable or unclear ideologies. This includes individuals who hold beliefs or views that may contradict each other. Whilst the depth of ideological adherence may be shallow in these cases, the commitment to violence clearly demonstrates cause for concern.

Proportion of investigations opened by ideology, each year (2021/22 – 2023/24)



IMVE
Identity motivated violent extremism

FMVE
Faith motivated violent extremism

PMVE
Politically motivated violent extremism

MUU
Mixed, Unstable, or Unclear ideologies

Of investigations opened in the 2023/24 year, 50 percent were primarily related to identity-motivated violent extremism, 33 percent were categorised as politically motivated violent extremist investigations, and 17 percent were categorised as faith-motivated violent extremist investigations.

Terrorist attack-related material and propaganda, including the Christchurch terrorist's manifesto and livestream footage, continue to be shared among IMVE adherents in New Zealand and abroad. The online environment continues to challenge efforts to determine the genuine intentions behind violent extremist posts made online, and whether there is a link to New Zealand.



02 Case Study

The 'Terrorgram Collective'

The 'Terrorgram Collective' is an IMVE network with a radicalising influence. Users mostly operate on the online secure messaging platform Telegram. Publications are produced for the site that explicitly call for violence or for a 'race war'. Globally, there has been at least one terrorist attack linked to Terrorgram and people have been arrested for their involvement in producing objectionable content.

There are New Zealand individuals who are, or have been, members of Terrorgram-affiliated channels. It is possible there are New Zealanders on the fringes of Terrorgram who may be radicalised. There are Terrorgram publications, which have been classified as objectionable in New Zealand. The possession and distribution of these publications carries a potential prison sentence of up to 14 years.

This case study appears in the New Zealand Security Threat Environment 2024 report, available on the NZSIS's website.



03 Case Study

Investigating violent extremist rhetoric against government officials

During 2024, the NZSIS ran an investigation into a New Zealand individual who had expressed violent extremist views online and made comments indicating their support for acts of violence against politicians and public sector employees. Investigative enquiries determined that the individual was likely frustrated by Covid-19 measures, and did not intend to carry out an act of violence. The NZSIS was able to conclude the individual did not at the time pose a threat to New Zealand.

Working with our partners

The NZSIS continues to rely on members of the public and domestic partners to report their concerns to us. Fourteen percent of the leads opened in the reporting period were from reports submitted by members of the public, and almost 50 percent were from domestic or international partner reporting.

Relatedly, during the reporting period the NZSIS continued to receive lead information that initially appeared to have a New Zealand link, where the link was then ruled out during lead enquiries. In these cases, the NZSIS works closely with international partners to inform them of any identified threats to their national security. With the trans-national elements of terrorism made even more evident by the lack of borders in the online environment, cooperation is vital to ensuring the success of counter-terrorism efforts globally.

Counter-terrorism Engagement and Discovery

The NZSIS continues to focus on counter-terrorism discovery efforts to identify previously unknown violent extremist and terrorist threats to New Zealand.

This includes a range of discovery projects to identify unknown threats, or increase understanding of the environment where threats may occur.

To support our discovery work during the reporting period, the NZSIS has engaged with a range of stakeholders including community groups, secondary and tertiary education providers, and government agencies, on the indicators guidance - *Kia mataara ki nga tohu: know the signs*. The guidance, published in 2022, continues to be used to support understanding of what concerning behaviour may look like, and how people can report their concerns.

For government agencies and private industry, many engagements with the NZSIS have included consideration of opportunities to collaborate to ensure positive security outcomes for New Zealand. This includes identifying avenues for reporting of behaviour of concern, opportunities to educate frontline workers on the indicators of mobilisation guidance, or appropriate ways to provide information to contribute to discovery efforts.



04 Case Study

Manifestos sent to Government

In 2024, the NZSIS was made aware of an email which had been sent to the New Zealand Prime Minister which contained a manifesto. The NZSIS identified that the author was almost certainly not based in New Zealand, and notified our domestic and offshore partners of our assessment. We were also able to provide assurance to New Zealand Government partners that there was not a threat to New Zealand.

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 and advice to inform the National Security System and wider government agencies of the physical threats to New Zealanders and New Zealand interests posed by terrorism, violent extremism and violent protest both domestically and internationally, and violent crime offshore.

CTAG is governed by, and includes analytical representation from, NZSIS, GCSB, New Zealand Defence Force, New Zealand Police, Department of Corrections, the National Assessments Bureau, and the Civil Aviation Authority, and receives funding contributions from the Ministry of Foreign Affairs and Trade and the New Zealand Customs Service.

Informing Government

CTAG provides strategic insight, threat assessment and advice, and intelligence support to inform New Zealand Government and Ministerial decisions, including those related to:

- The setting of New Zealand’s National Terrorism Threat Level.
- Security preparations and arrangements for designated domestic and international major events.
- Travel advisories and protective security arrangements for those travelling internationally, including internationally protected persons visiting New Zealand.

Informing New Zealand’s National Terrorism Threat Level

CTAG is responsible for providing advice to the Director-General of Security in setting the New Zealand’s National Terrorism Threat Level, which is reviewed once a year or when conditions indicate the domestic violent extremism threat environment has deteriorated or improved.

The current terrorism threat level was unchanged during the reporting period, and was set at LOW: terrorist attack is assessed as a realistic possibility.

Likelihood Assessment

- Expected.....
- Highly likely.....
- Feasible and could well occur
- Realistic possibility.....
- Unlikely.....

Threat Level

- EXTREME**
- HIGH**
- MEDIUM**
- LOW**
- VERY LOW**

Support to major events

CTAG supports the Major Events Security Committee, chaired by DPMC, by providing timely threat assessments to support government agency security preparations for designated major events hosted within New Zealand and abroad.

Threat insight and response

CTAG threat assessments and insights serve to support an all of New Zealand government system response to a range of world events and crisis incidents relating to terrorism and violent extremism, violent protest, or violent crime where it occurs offshore.

On numerous occasions within this reporting period, CTAG positioned New Zealand Government agencies to act by providing timely notification and advice of threats where there was a potential impact on New Zealanders and/or New Zealand interests.



05
Case Study

Israel/Gaza conflict

In the immediate aftermath of the Israel/Gaza conflict, CTAG provided unique and timely insight to inform New Zealand government agency understanding and response. CTAG advice conveyed the immediate implications for the region and New Zealand interests, as well as potential impact for the domestic threat environment. CTAG briefed regularly at interagency engagements over an extended period, providing updates that informed ongoing operational agency preparedness.

CTAG engaged with foreign partners, to both learn, and to inform, understanding beyond our immediate national perspective. We continue to add value in this space, with the impacts of Israel and Gaza still being appreciated months down the track.



Countering espionage and 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.

Foreign interference is an act by a foreign state, often through a proxy, which is intended to influence, disrupt, or subvert New Zealand's national interests by deceptive, corruptive, or coercive means.

The Counter Espionage and Interference Mission relentlessly detects, deters and disrupts foreign state adversaries from undertaking high harm intelligence and interference activities targeting New Zealand and New Zealand's interests, including the Pacific.

Among the foremost interference and espionage threats to New Zealand during the reporting year were those from the People's Republic of China (PRC) and the Russian Federation.

Detect

New Zealand has an important role in the Indo-Pacific region. As the range of world powers capable of influencing, or seeking influence, in our region grows, New Zealand's espionage and interference threat environment becomes busier.

The NZSIS proactively identifies and prevents espionage and foreign interference based on a range of information. This includes human intelligence; partner reporting, including from the GCSB and international partners; our own forward-looking assessments of the espionage and interference environment; and close consultation with local communities.

The NZSIS prioritises discovery work – which is the proactive identification of leads and opportunities. Within the Counter Espionage and Interference Mission we have set up a dedicated discovery function to work closely with – and action – insights from our strategic analysis team.



06 Case Study

Election preparedness

In preparation for the General Election 2023, the NZSIS and GCSB worked with the Electoral Commission and other election participants, including political parties and candidates, to increase their awareness of threats and how to mitigate them. Our discovery work during the period around the General Election was designed to detect signs of foreign interference so we could work to uphold the integrity of the election. From the discovery work, the NZSIS found that it is highly unlikely that foreign state activity attempted to have an influence on the outcome of the vote. It is also unlikely the election was the target of any large-scale state-backed disinformation campaign; however, the election appeared to provide an opportunity for several foreign states to conduct long-term influence building.

Long-term influence building can be a legitimate diplomatic activity; however, it can cross the threshold into foreign interference when state actors seek to use the relationship to influence a New Zealand official. This sort of influence building is easier to do during the election period when they are more accessible.

Deter

An important way the NZSIS deters foreign interference and espionage is by providing the New Zealand Government with unique information to make intelligence-led policy and regulatory decisions.

We report timely and relevant intelligence of threat activity. Through reporting activity of security concern, the NZSIS identifies vulnerabilities that can be strengthened through policy-making or increased government awareness. In this, we work closely with the National Assessments Bureau to ensure the NZIC provides consistent advice to customers.

In addition to reporting, the NZSIS specifically briefs people and organisations vulnerable to or specifically targeted by adversary threat actors. By making those directly targeted aware of the threats they face, the NZSIS has a direct impact on deterring and disrupting adversary states.

More broadly, the NZSIS deters activity of security concern by raising public awareness of foreign intelligence threats. In 2023/24, the NZSIS took an unprecedented step in our engagement with the New Zealand public by releasing the *New Zealand's Security Threat Environment 2023* report. Based on NZSIS intelligence and analysis but written for a public

audience, the report spoke about the intelligence threats posed by several states and specifically named the People's Republic of China, the Islamic Republic of Iran, and the Russian Federation. In 2024, the NZSIS has crafted a new edition to deepen New Zealand public awareness.

Disrupt

The NZSIS uses a range of options to disrupt activity of security concern in New Zealand. Some methods include informing policy responses; sharing relevant intelligence to partner agencies with enforcement powers; providing security advice briefings to victims and vulnerable people or organisations; and directly warning intelligence actors that the NZSIS is monitoring their actions.



07 Case Study

Disrupting a foreign intelligence service

The NZSIS is aware of units within a foreign intelligence service that focus on targeting New Zealand. One of these units in particular has persistently attempted to gain intelligence about New Zealand or New Zealanders. It has attempted to secretly recruit New Zealanders to provide them intelligence to support their geopolitical ambitions.

In the past two years, the NZSIS has identified people affiliated with this unit coming or attempting to come to New Zealand, who are most likely to collect New Zealand political, foreign policy and Government information and identify potential intelligence sources. To disrupt the activities of the unit and those who do its bidding, the NZSIS delivered a message to one of its affiliates to pass on to the foreign intelligence service. It warned that the NZSIS is aware of their activities, they must stop, and that we will continue to monitor and disrupt this type of activity through multiple means.

This case study appears in the *New Zealand Security Threat Environment 2024* report, available on the NZSIS's website.



08 Case Study

Pilots supporting a foreign military capability

Over the past two years, the NZSIS has identified seven New Zealand citizens who have been contracted by third parties to provide advanced military aviation training to experienced pilots from the PRC's People's Liberation Army. The expertise these New Zealanders have been passing on had been gained while working for the New Zealand Defence Force or partner militaries.

The New Zealand citizens were involved in training the People's Liberation Army Pilots on the same aircraft types that have been involved in unsafe and unprofessional manoeuvres in international airspace. Meanwhile, the third-party trainers have been expanding their offering to the People's Liberation Army to include other capabilities possessed by the New Zealand Defence Force.

The NZSIS considers this activity poses a major national security risk. It is harmful to New Zealand's national security interests to have former military personnel training another military that does not share the same democratic values as our own.

After threat mitigation activities by NZSIS and the introduction of legislation by international partners, all seven individuals have now left their training roles. The risk, however, remains that other New Zealanders may be recruited to replace them.



National Security Assessments

The NZSIS provides intelligence reporting and assessment to New Zealand Government agencies to inform decision-making, provide assurance, and build New Zealand's resilience and responsiveness to national security harms including terrorism, espionage, and foreign interference.

The NZSIS monitors for harmful activity occurring through vectors that those seeking to harm New Zealand may seek to exploit. This includes through the movement of people across borders, appointments to some Crown boards, investments into sensitive sectors, and regulated outer-space activities. Our work is responsive to individual activities or events but increasingly advises at a thematic or strategic level to inform system and sector responses to known and emerging threats in areas of heightened national security importance.

Collectively, our national security assessment work hardens the New Zealand environment against national security threats and contributes to keeping New Zealand and New Zealanders safe.

Foreign Direct Investment Assessments

Foreign direct investment in New Zealand is broadly considered to provide positive outcomes. Occasionally though, foreign direct investment can involve risks, including national security risks, that need to be balanced with benefits for New Zealand.

Foreign direct investment is regulated under the Overseas Investment Act 2005, which is administered by Land Information New Zealand (LINZ).

The NZSIS supports LINZ by providing national security advice on transactions which have been referred or notified under the Overseas Investment Act. We provide intelligence and assessment to decision makers, ensuring that investment into some of New Zealand's most important and sensitive assets is done in a way that considers national security.

Over the reporting year, the NZSIS provided advice on 44 foreign investment transactions referred by LINZ to the NZSIS. These transactions involved assessment from a national security perspective of investment into businesses deemed by legislation to be strategically important. Examples of where the NZSIS contributed intelligence assessment in the reporting period include

foreign investment into businesses operating data centres, cybersecurity businesses, financial service providers, and electricity generators.

The NZSIS also provides intelligence insights intended to aid in the detection of national security threats on foreign direct investment (see case study below) and inform policy-makers. These insights assist in ensuring the New Zealand Government is positioned to detect national security threats through economic vectors such as foreign investment.

Space Assessment

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 from outer-space and high-altitude activities.

The NZSIS, in conjunction with the GCSB, undertakes national security risk assessments for all activities licensed or permitted under OSHAA and provides national security risk advice on outer space and high-altitude activities to the responsible Minister. 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 and GCSB also undertake national security threat assessments for Radio Spectrum Management as part of the Radio Spectrum Licencing regime. These assessments are intended to complement OSHAA by assisting to manage national security risks caused by space activities being supported from ground-based space infrastructure based in New Zealand.

During the reporting period, the NZSIS provided:

- 21 security assessments on space-related activities under OSHAA
- 74 security assessments in support of the Radio Spectrum Licencing regime.



09 Case Study

Preventing New Zealand infrastructure from supporting foreign capabilities

In recent years, New Zealand organisations have been approached by a small number of entities seeking to develop space infrastructure in our territory.

The pitch claims the infrastructure will be used for civilian research purposes but it was subsequently found in each case that what was proposed could have assisted foreign military activity. The full capabilities, and some of the affiliations of these entities were deliberately hidden.

If these projects had gone ahead, we would have inadvertently allowed another country to install equipment in New Zealand with a plausible military or intelligence function. To have done so would have risked New Zealand's sovereignty. By hiding their affiliations, the foreign entities undermined New Zealand's ability to make informed decisions based on our national security and national interest.

This case study appears in the *New Zealand Security Threat Environment 2024* report available on the NZSIS's website.

Space Policy

In the last year, the NZSIS and the GCSB worked with the DPMC to provide input into New Zealand's first National Security Strategy to guide New Zealand's approach to national security. It identifies space security as one of the 12 core national security issues that most directly impact our national security interests. We are working with the Ministry of Business, Innovation and Employment, the Ministry of Defence and the New Zealand Defence Force who coordinate this core issue, to support the sector to grow while protecting it from risk and enable the system to respond to threats.

The NZSIS continues to work closely with the New Zealand Space Agency to implement the objectives from the National Space Policy 2023, namely to protect and enhance New Zealand's national security interests.

Both the NZSIS and the GCSB continue to provide national security advice to the New Zealand Space Agency to effectively manage the regulatory environment in which OSHAA operates.

Border Security and Citizenship Assessments

Every year, the NZSIS carries out thousands of national security assessments and checks relating to the movement of people across borders, into sensitive physical areas, as well as the appointment of people to some Crown boards. The NZSIS primarily seeks to detect individuals with links to terrorist and violent extremist groups, or those with covert links to illicit foreign interference or espionage actors. The advice the NZSIS provides is integral to aiding a wide range of Government agencies to manage national security risks and protect the integrity of New Zealand's immigration system and passport.

Some of the functions the NZSIS supported at scale during the reporting period were by providing national security assessments on:

- Applications for visas issued to Immigration New Zealand.
- Applications for New Zealand citizenship to the Department of Internal Affairs.
- Aviation Security Clearances granted by the Civil Aviation Authority.
- Crown Board appointments to a range of Government agencies, including the Public Service Commission and the Ministry of Business, Innovation and Employment.

The NZSIS continues to take a risk-based approach to prioritisation that ensures responsiveness to the changing threat environment and Government priorities, and to meet an increasing demand for the national security assessment service.



10 Case Study

Pivoting to support the delivery of a nationally significant visa category

The NZSIS continued its work supporting Immigration New Zealand's delivery of a one-off residency visa category relating to the government's Covid-19 response (Residence 21). The NZSIS heavily prioritised this category to support Immigration New Zealand in the reporting period, resulting in a lag in the delivery of NZSIS assessments for other residence category visas (reflected in the residence visa performance measures below). By December 2023, the NZSIS was within its service level agreement with Immigration New Zealand for the residence visa category while also completing its support to the Residence 21 programme.

Distribution of Applications



Supporting border agencies to keep national security risk offshore

The NZSIS continues its work to monitor for known threat actors who are imminently seeking to travel to New Zealand. When national security threats are detected, we work with New Zealand's border agencies who use our intelligence reporting and assessment to interdict and, where appropriate, prevent the travel of people who are assessed to pose a risk to New Zealand or New Zealanders.

Foreign Intelligence and International contribution

He mōhiohio nō tāwāhi me te whai wāhi ki te ao

Pacific Regional Security

New Zealand has a critical, long-term and non-discretionary stake in supporting and advancing peace, stability, prosperity and resilience in the Pacific. In short, what happens in the Pacific has a fundamental impact on New Zealand's own national security, prosperity and identity. As outlined in the NZSIS Strategy 2024-2029, our role is to work with our Pacific counterparts and others to detect, disrupt and deter activities that undermine New Zealand's national security and that of our partners in the Pacific. This includes supporting Pacific partners to build their protective security.

Challenges to Regional Stability

New Zealand and our Pacific neighbours' security threat environment continues to be complex and challenging to navigate. Across the Pacific, strategic competition is increasing. Within this context it is not unexpected to see a surge in efforts to win influence through normal diplomatic means, but increasingly, we see signs of foreign interference in the Pacific by states who do not share our values.

Protective Security in the Pacific

We continued working with a number of Pacific partners to share expertise on how to build and implement protective security frameworks that help protect people, assets and information from harm. The aim of this engagement is to support Pacific partners to implement their own bespoke arrangements that respond to their individual security environment and needs.

Supporting protective security initiatives in the Cook Islands

Over the past few years, the NZSIS collaborated with our Cook Islands partners to develop a protective security policy framework similar to the Protective Security Requirements in New Zealand. In early 2024, the Cook Islands launched its own framework which, over time, will establish a system for classifying sensitive documents and protecting their information and assets. The systems they have put in place make it easier for the NZSIS to share intelligence with the Cook Islands, meaning that the Cook Islands will be more informed about threats and better prepared to manage risk as a result.

This is an example of how the NZSIS is uniquely placed to leverage both our protective security and foreign intelligence mandates. We have been able to draw upon both New Zealand's own intelligence insights and our own experience in responding to threats. The strong historical, cultural and people-to-people connections New Zealanders have with the region is also key.

Protective Security

He Whakahaumarū Tautiaki

Government Protective Security Lead

The Director-General of Security fulfils the functional Government Protective Security Lead (GPSL) role. This takes an integrated, proactive and strategic approach to protective security that draws on the NZSIS's wide range of existing functions and expertise.

Maintaining the Protective Security Requirements policy framework, providing protective security advice to customers, and administering the national security clearance vetting system are some of the key ways in which we deliver the GPSL strategy.

The GPSL works closely with the Government Chief Information Security Officer, a system lead role held by the Director-General of the GCSB and supported by the National Cyber Security Centre. While the GPSL and Government Chief Information Security Officer have distinct mandates and work programmes, we share a common objective of supporting New Zealand

Government agencies to enhance their understanding of risk and develop necessary protective security capability.

The NZSIS actively seeks the input of the Government Chief Information Security Officer and National Cyber Security Centre in developing our work programme. This helps ensure we are taking a holistic approach to providing customers with advice and support, including in information security and governance. We also undertake joint outreach with the National Cyber Security Centre and provide integrated feedback and input into broader system issues and advice.

Five Principles for businesses to protect innovation

In October 2023, Director-General Andrew Hampton was joined by the heads of the Five Eyes security intelligence agencies at the Emerging Technology and Securing innovation Summit to encourage businesses to protect their innovation. The purpose of the event was to update private-sector executives on the latest global threats from state actors looking to steal their ideas and intellectual property.

Industrial espionage is a serious threat that requires a serious response. New Zealand's innovators are key to our economic advantage but also face particular risks and vulnerability. The five principles provide a valuable first step for any innovator looking to protect their hard work from those that wish to steal it. They broadly align with existing products and advice New Zealand security agencies frequently share on cyber security, information security and physical security.

National Security Clearances

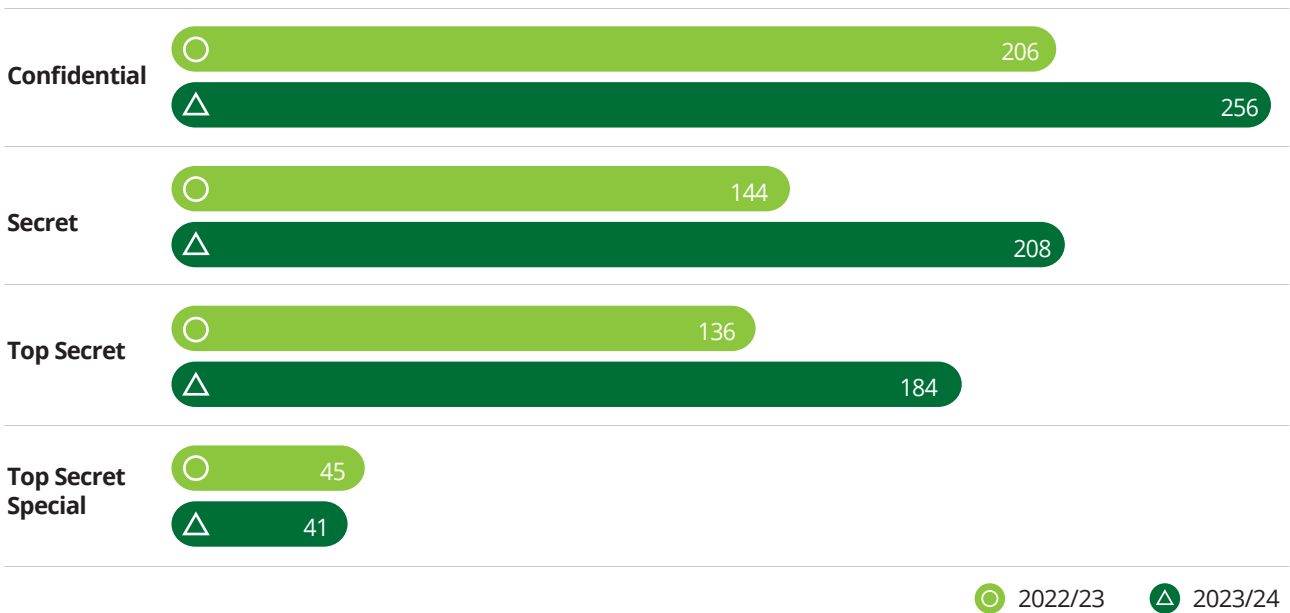
To keep New Zealand safe, we help our partners across the New Zealand Government decide whether they can trust someone with access to classified information or resources. We work to deliver real value and expertise so that our agency partners, candidates and clearance holders can trust our processes and take positive actions.

Demand

The overall demand for security clearances from across government has increased by 30 percent. The composition of demand has also changed. There has been a 24 percent increase in Confidential, a 44 percent increase in Secret, and a 35 percent increase in Top Secret level security clearances.

This increase reflects demand surges over specific periods since August 2023, and was above and beyond anticipated growth for Confidential, Secret and Top Secret. The increased demand across three of four clearance levels has led to longer queues and an increase in total application time⁸.

Average monthly demand of national security clearance applications



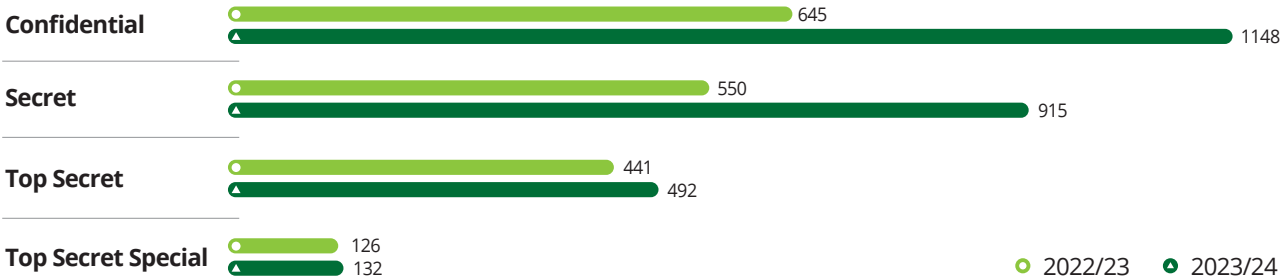
⁸ The total application time is from the time NZSIS Security Vetting receives an application to the time a recommendation is made.

Security clearance complexity

The overall number of complex applications has increased over the past two years. There has been a 52 percent increase in the total number of complex applications. This rise is a result of the increase in detailed information collected through Tiaki⁹.

Complex applications require specialised vetting staff to undertake more extensive enquiries to gather further information from other government agencies and third parties. These complex applications take considerably more time and effort to complete. As a result, the rise in complex applications led to longer processing times and reduced capacity for handling standard applications. The number of applications waiting to be processed has also increased.

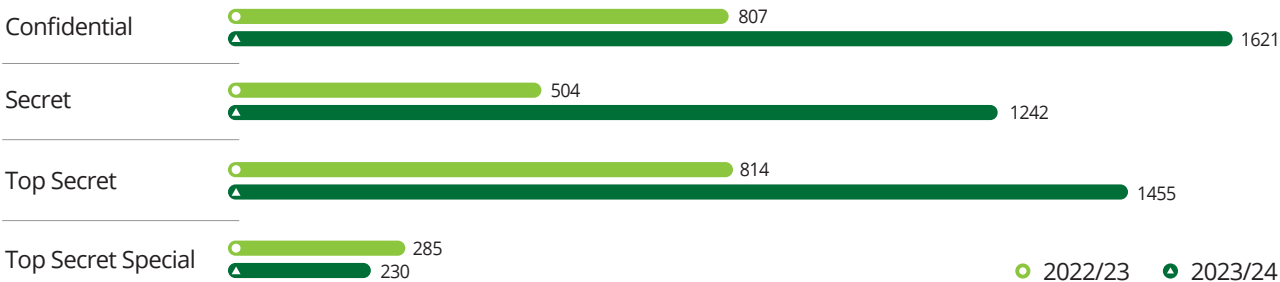
The total number of complex applications



Priority security clearance

The number of Priority applications have increased by 89 percent. There has been an increase in priority applications across three of the four security clearance levels. These applications have specific due dates and are prioritised to meet tight deadlines often driven by specific agency needs, deployments, postings, operations, new staff or renewals.

Demand of priority security clearance applications



The Tiaki vetting system allows agencies to self-submit due dates. This capability was not available in the previous vetting system. This change has led to automated due dates for all 'renewal' type applications and an increase in the number of applications to be processed within a specified timeframe. The increase in priority applications had a direct impact on the volume of applications completed.

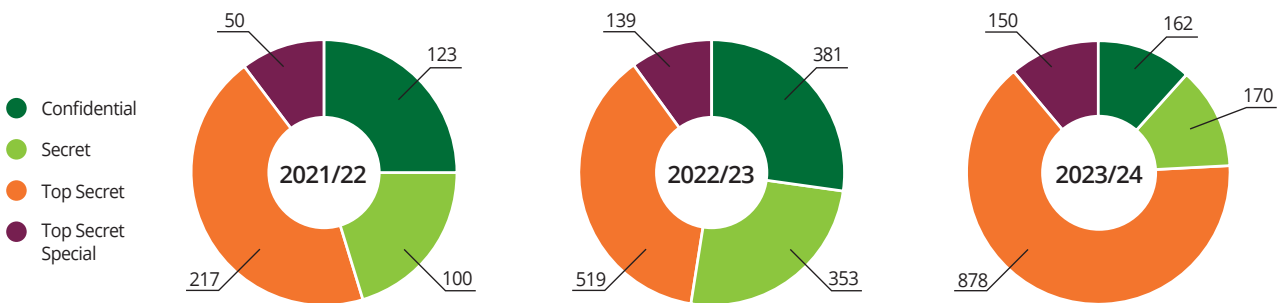
9 Tiaki is the security clearance management system launched in 2022/23 used by applicants, referees, and agencies.

Total inventory levels of security clearance

The number of people awaiting a national security clearance check is represented by the total inventory.

While there has been no change in the closing total inventory levels of security clearance applications to the previous year, the composition has shifted. Confidential decreased by 57 percent, Secret decreased by 52 percent, and Top Secret increased by 69 percent.

Total inventory levels of security clearances



Confidential level security clearances represent 12 percent of total inventory, Secret also represents 12 percent of total inventory, Top Secret represents 65 percent, and Top Secret Special represents 11 percent.

The increase in Top Secret level security clearances is a direct impact of the surge in demand during specific months, surpassing anticipated growth in demand. These surges have led to longer queues and increased waiting times for processing.

Total application time

The total median application time for three of four standard security clearance applications remain within agreed timeframes.

The median application time for Confidential and Secret has decreased to five working days, whereas the median application time for Top Secret and Top Secret Special has increased to 52 and 59 working days, respectively. This increase is attributed to the surge in demand, which outpaced production capacity. This resulted in longer wait times for processing applications.

Total median application time



Our National Security Clearance performance measures

Timeliness performance measure

The timeliness performance measure was met for Confidential and Secret, with results above the 80 percent target. These are the best results that Vetting has had since introducing performance measures. Top Secret achieved a timeliness rate of 47 percent, and Top Secret Special achieved 53 percent. This is a direct result of the increase in demand and complexity, along with the need to prioritise urgent applications. Despite the median processing time being the lowest ever, the increase in demand for Top Secret meant that the timeliness performance measures for Top Secret and Top Secret Special was not achieved.

All standard vetting assessment security clearance advice to government agencies including the NZIC regarding security clearance applications received from 1 July to 30 June will meet the following timeliness standards. National security clearance timeliness measures form part of our Protective Security performance measures. This is how timely our national security clearance assessment have been over the past five years.

Performance Measure		2019/20	2020/21	2021/22	2022/23	2023/24
Top Secret Special (estimated volume: 300–500).	<i>Budget Standard</i>	80% within 60 working days				
	<i>Actual</i>	37%	65%	75%	92%	53%
Top Secret (estimated volume: 900–1,300).	<i>Budget Standard</i>	80% within 50 working days				
	<i>Actual</i>	11%	23%	60%	76%	47%
Secret (estimated volume: 1,800–2,100).	<i>Budget Standard</i>	80% within 15 working days				
	<i>Actual</i>	1%	46%	69%	82%	98%
Confidential (estimated volume: 2,600–3,200).	<i>Budget Standard</i>	80% within 15 working days				
	<i>Actual</i>	8%	66%	87%	84%	99%

Unassigned application queue

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

In 2023/24 the Security Vetting Unit achieved the unassigned queue targets for three out of four clearance levels.

National security clearance recommendations form part of our Protective Security performance measures. This is how our unassigned application queue has performed over the past five years.

Performance Measure		2019/20	2020/21	2021/22	2022/23	2023/24
Top Secret Special	<i>Budget Standard</i>	110	110	110	110	110
	<i>Actual</i>	287	85	13	88	94
Top Secret	<i>Budget Standard</i>	250	250	250	250	250
	<i>Actual</i>	713	441	73	339	649
Secret	<i>Budget Standard</i>	350	350	350	350	350
	<i>Actual</i>	726	21	66	22	83
Confidential	<i>Budget Standard</i>	150	150	150	150	150
	<i>Actual</i>	284	30	79	225	68

Quality Assurance

National security clearance recommendations form part of our Protective Security performance measures. We have continually achieved quality assurance over a 20% random sample of recommendations over the past five years.

Performance Measure		2019/20	2020/21	2021/22	2022/23	2023/24
Security vetting recommendations made to government agencies are consistent with PSR guidelines (including procedural fairness).	<i>Budget Standard</i>	20% random sample of all vetting recommendations demonstrates compliance				
	<i>Actual</i>	✓	✓	✓	✓	✓

✓ Achieved

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.

We keep the PSR updated

In 2023/24 the NZSIS began a project to improve PSR assurance in response to feedback from PSR-mandated government agencies and other stakeholders. This project includes a review and consolidation of PSR policies to clearly highlight the protective security measures New Zealand Government agencies must have in place to manage risk. New tools to better support agency self-assessment, reporting and analysis are also under development. A pilot of a proposed new PSR assurance approach will take place over the 2024/25 PSR reporting period before the new approach is finalised and rolled out to all PSR mandated and voluntary agencies from October 2025.

In 2023/24 the NZSIS received 100 percent of annual assurance reports from PSR-mandated agencies within expected timeframes, along with an additional six reports from non-mandated (voluntary) agencies. The 37 mandated agencies collectively reported that they met or mostly met 89 percent of the PSR mandatory requirements. When including the six non-mandated reporting agencies in the overall results, this percentage dropped by one percentage point to 88 percent.

This was the second year in which agencies were required to report on their implementation of the updated New Zealand Government Classification System policy, which came into effect on 1 July 2022. Of the 43 agencies that submitted a PSR self-assessment, 14 reported they had implemented the updated policy, with an additional 24 reporting that implementation was in progress.

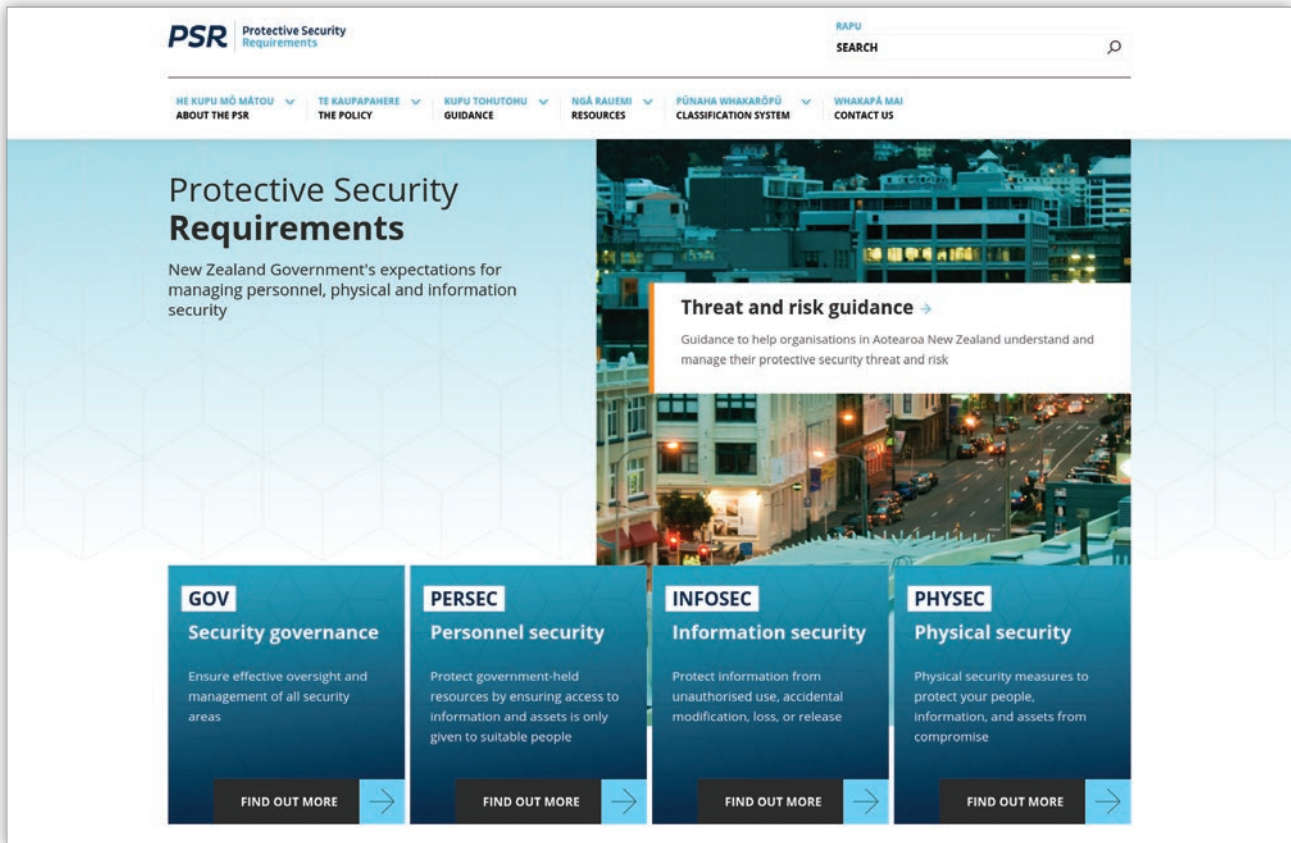
We provide policy advice on protective security issues

Over the reporting period, the NZSIS PSR Unit provided up-to-date and best practice protective security advice to a range of government and non-government entities. This included:

- 189 one-on-one engagements with customers and stakeholders
- Hosting of six forums for government protective security practitioners, Chief Security Officers, and the All of Government Protective Security sub-panel. These raised awareness of and capability to respond to emerging and topical protective security risks and issues
- Bi-monthly newsletters to government security practitioners, Chief Security Officers, and the All of Government Protective Security sub-panel. These were key to disseminating information about protective security issues, services, products and assessments.
- Input into 34 cross-government workshops and processes led by other agencies, some of which related to whole-of-government policy processes and on matters related to countering foreign interference.

The NZSIS has continued to support the Department of the Prime Minister and Cabinet (DPMC) and other agencies to manage the risk of foreign interference, including providing protective security advice to ensure entities understand how to limit the risk to their people, information and assets.

The NZSIS Trusted Research guidance and Due Diligence guidance continues to be well regarded and used by a range of organisations in the public and private sector to inform and support the treatment of foreign interference risks. The universities sector, led by Universities New Zealand, continues to expand their use of these guides to support the protection of New Zealand's academic research sector.



Protective Security Requirements website

In June 2024 the NZSIS launched the updated Protective Security Requirements website (www.protectivesecurity.govt.nz). The new site makes information easier to find, supporting security teams to better protect their people, information, and assets. The update has brought the PSR website in line with other NZIC public sites, creating a consistent experience for visitors and achieving efficiencies.

The updated website received more than 13,500 visitors in its first week, with more than 18,400 pageviews and 1,800 downloads of protective security resources.

Protective Security Requirements framework in the academic sector

Paihau-Robinson Research Institute, Victoria University of Wellington, has significant intellectual property to protect. The Institute melds innovative engineering and applied physics to build advanced technologies for businesses worldwide. Its research includes high-temperature superconductors, electromagnetics and materials and its application to real world issues such as aviation and space propulsion, clean energy production, and a range of technologies that have direct impacts on New Zealand's economic advantage.

To better protect its intellectual property, the Institute applied the PSR framework to its workplace design and practices with the support of the NZSIS PSR Unit. This has provided greater assurance to international partners of the Institute's security arrangements.

Protecting people, information, and assets

The security services group encompasses a wide range of protective security capabilities supporting the NZIC. The group provides services including operational advice and guidance, physical security, insider threat and personnel security. Additionally, the group has strong enabling, security and culture functions that it delivers for the combined NZIC.

Given the NZSIS's Protective Security Requirements and Government Protective Security Lead responsibilities, we strive to be protective security exemplars. Alongside the 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.

We investigate and address the risk of insider threat to national security

The NZSIS has responsibility for work to identify, understand, and counter national security insider threats, and for supporting personnel security functions across government.

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

NZSIS seeks to understand specific risks to New Zealand's national security arising from the behaviour of individuals employed within the public service, as well as the strategic trends that contextualise instances of insider threat activity.

Insider motivations are complex, varied, and often depend on unique situations. An individual's personal circumstances can form vulnerabilities, which increase the likelihood of an insider presenting a threat to their organisation. Significant events affect individuals differently, and a combination of vulnerabilities and other factors can drive an insider towards engaging in insider threat activity.

Disillusionment and distrust remain influential motivators for insider threat. Disgruntlement alone does not result in an individual becoming an insider threat, but it can factor when it manifests as unresolved anger, resentment, blame, or victimisation. Disgruntlement can also exacerbate a relationship break down between an employee and their organisation.

The impact of insider threat activity varies according to an individual's role and access to government assets or information. NZSIS considers a scale of potential or actual damage arising from an insider threat covering damage to the credibility, reputation, and/or functionality of a government organisation.

When investigating potential insider threats, the NZSIS prioritises investigating activity indicative of higher harm to New Zealand's national security, such as:

- unauthorised disclosure of official information (whether it is classified, or not)
- theft or sabotage of New Zealand Government resources or assets that adversely affects national security
- behaviour indicative of espionage, loyalty to foreign interests, or support for violent ideologies.

The NZSIS's work in this area extends to 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.

Protective Monitoring

To ensure we have accountability on our systems, the NZSIS delivers a security information and event management facility. This involves ingesting system data from six agencies spread across multiple security domains to form a holistic view of user behaviour within the NZIC. We host an independent infrastructure enclave ensuring immutability of information received from the NZIC agency customers.

Personnel Security

All NZSIS staff maintain security clearances. In accordance with the PSR we maintain a risk-based approach to supporting our clearance holders in maintaining their security clearances, and to manage and mitigate personnel security risk within the NZIC. This is a function that works as a shared service for both GCSB and NZSIS staff.

Enabling Operational Activity

To enable the NZSIS to function in an increase uncertain world, we need to ensure our staff have the ability to undertake their roles in a way which ensures both their own security and the security of the information they use.

Our Operational Security function offers a unique level of support and guidance across the NZIC to enable operational activity. This includes the full range of corporate-related 'operations' as well as traditional collection efforts. We also provide critical and independent advice to ensure corporate and covert collection activity can be conducted safely, securely, and with effective risk management.

Supported by legislation and internal guidance, the Cover team works across the NZIC to source, manage, and maintain Assumed Identities (both individual, and corporate) to protect NZSIS and GCSB staff undertaking a range of operational and corporate activities.

NZIC Psychology Services

The NZIC Psychology Services team was established to support our employees to ensure that those joining the intelligence community can manage the particular challenges of working in this unique environment

This includes work 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.

This service works to enhance organisational functions by drawing on organisational psychology expertise to enhance recruitment processes and accuracy, develop and support wellbeing functions, training, coaching, and strategic development.

Organisational Psychology was established with the Psychology Service this financial year, and has begun initiatives supporting recruitment processes such as assessment centres, culture change programmes, and workshops aimed at supporting organisational functions.

Security Enablement

In the last year we produced reports that led the security conversation across government sector, including a report on insider threats faced by New Zealand Government agencies. This report led to an uptick of programs throughout government organisations reviewing and refreshing their Insider Threat programmes leading to a more resilient government sector.

Accountability and Transparency

Te noho haepapa me te pūataata hoki

Accessing Information

The NZSIS aims to be as open as possible about our work, while ensuring there is no risk of compromise to national security. We are subject to both the Official Information Act 1982 and Privacy Act 2020.

Information Requests

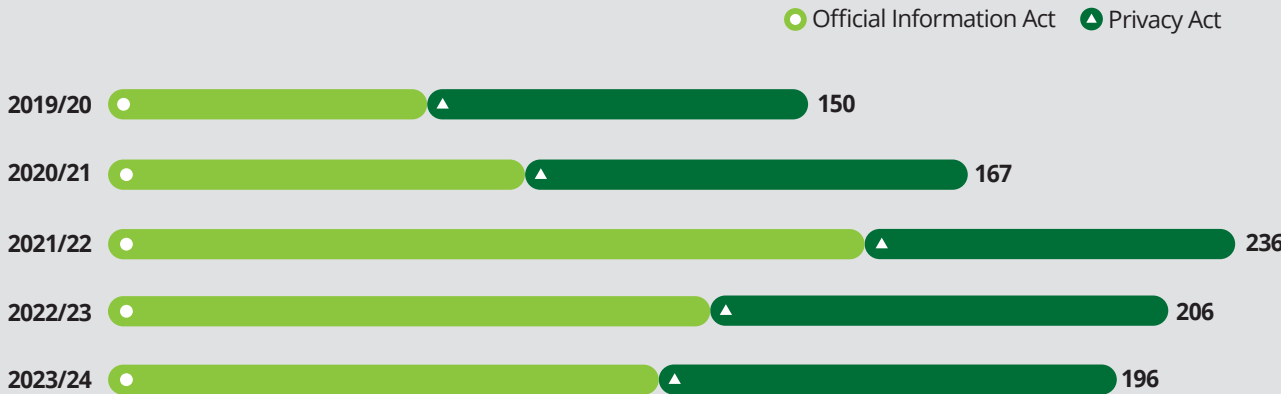
The NZSIS is subject to the Official Information Act 1982 (OIA) and the Privacy Act 2020. We aim to be as transparent as possible in responding to requests made under these Acts while safeguarding important matters such as the security or defence of New Zealand. Each request is assessed individually, and matters such as national security concerns are considered within the guiding statutory principles.

For the period from 1 July 2023 to 30 June 2024, the NZSIS:

- completed 107 OIA requests, with all requests completed within the legislated timeframe.
- completed 89 Privacy Act Requests, with all requests completed within the legislated timeframe.

The median response time was 16 working days across all OIA and Privacy Act requests. This is down from 19 days during the 2022/23 financial year.

Number of information requests completed



The NZSIS was notified of 10 complaints by the Office of the Ombudsman during the 1 July 2023 – 30 June 2024 period.

- Four complaints were resolved in the NZSIS's favour.
- The Ombudsman formed a final opinion against the NZSIS in two complaints.
- Four complaints are still being considered.

Five 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 Office of the Privacy Commissioner, which found the NZSIS had not breached the complainants' privacy.

Our accountability measures

The transparency and accountability performance measures are part of Output: Ministerial Support and Responses to Information Requests. This is how we have performed over the past five financial years on supporting access to information and on advising the Minister responsible for the NZSIS.

Transparency

Performance Measure		2019/20	2020/21	2021/22	2022/23	2023/24
Percentage of agency OIA requests completed within the legislated timeframe.	<i>Budget Standard</i>	100%	100%	100%	100%	100%
	<i>Actual</i>	93%	100%	91.83%	93.16%	100%
Percentage of agency Privacy Act requests completed within the legislated timeframe.	<i>Budget Standard</i>	Combined OIA and Privacy Act measure (as above)	100%	100%	100%	100%
	<i>Actual</i>		100%	98.61%	100%	100%

Advice to Minister responsible for the NZSIS

Performance Measure		2019/20	2020/21	2021/22	2022/23	2023/24
Minister responsible for NZSIS satisfaction with NZSIS advice.	<i>Budget Standard</i>	3.5 or above on a 5 point scale				
	<i>Actual</i>	5	5	4.86	4.86	4.60

Compliance and Oversight

Compliance systems

It is critical to retaining government and public trust and confidence that we have robust processes in place to ensure compliance with the law at all times. Noting our ability to use intrusive activities and to gain access to sensitive information, we have a responsibility to ensure we use 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 providing advice and guidance to ensure legality and proportionality of NZSIS activities. 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 by staff across the agency.

Oversight

Aside from our internal processes, the NZSIS is subject to the oversight of several external bodies. Like other public sector agencies, this includes the Office of the Ombudsman, the Office of the Privacy Commissioner, Office of the Auditor-General, and Te Kawa Mataaho Public Service Commission. We are also subject to robust oversight from the Intelligence and Security Committee (ISC), and the Office of the Inspector-General of Intelligence and Security (OIGIS).

The Intelligence and Security Committee

The ISC is a parliamentary body. It considers the intelligence and security agencies and examines the policy, administration, and expenditure of each organisation.

The ISC must have between five and seven members, comprising the Prime Minister, the Leader of the Opposition, and other members of Parliament nominated by the Prime Minister and the Leader of the Opposition.

Office of the Inspector-General of Intelligence and Security

The OIGIS is the key oversight body of the intelligence agencies. It is an important mechanism to provide independent assurance that the agencies are acting within the law and with propriety. The OIGIS 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 OIGIS at varying levels relating to compliance issues, and also provides information and resources in support of IGIS investigations and queries.

Each year the IGIS reviews the intelligence and security agencies for a certification of the compliance systems. The IGIS looks at five areas:

- operational policy and procedure
- internal compliance programmes
- self-reporting and investigation of compliance incidents
- training
- responsiveness to oversight.

The NZSIS recognises the importance of the IGIS's role, and continues to work cooperatively with the IGIS to respond to recommendations made in his reports.

Ministerial Policy Statements

The Intelligence and Security Act 2017 (ISA) sets out objectives and functions of the GCSB and the NZSIS, and provides the mechanism for the agencies to carry out otherwise unlawful activities. There are 10 Ministerial Policy Statements that set out Ministerial expectations for the NZSIS. They provide guidance for the agencies on how certain lawful activities should be conducted.

Statement on Warrants

In accordance with section 221(2) of the ISA, the following statements are provided for the period 1 July 2023 to 30 June 2024.

Co-operation

(section 221(2)(a) and (b) of the ISA)

No assistance was provided 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.

Intelligence Warrants

(section 221(2)(c) to (g) of the ISA)

Type 1 intelligence warrants

- a. Eleven 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. No applications for an urgent Type 1 intelligence warrant were 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. No 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)

There was one application made for permission to access restricted information under section 136 of the ISA.

Business Records Directions

(section 221(2)(h) of the ISA)

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

Organisational Capability

Ngā Āheitanga Whakaharere

Our People	45
<i>Ō Mātau Tāngata</i>	
Recruiting and retaining our talent	46
Promoting diversity and inclusion	47
Providing a safe and healthy workplace	53
Māori Cultural Capability	55
Our Finances	
<i>Ā Mātau Pūtea</i>	56
Being Financially Responsible	56
Carbon Neutral Government Programme	56

Our People

Ō Mātau Tāngata

Recruiting and retaining our talent

The Intelligence Community Shared Services People and Capability team provides advice, support and strategic workforce development initiatives to the NZSIS and the GCSB. This work supports the continued growth of their workforces, and retention and development of existing staff. These activities ensure the NZIC has the best and most representative workforce possible to meet the expectations of the New Zealand Government and the public.

Beyond Ordinary People

The NZSIS continues to prioritise initiatives to attract and retain a diverse workforce, including competitive remuneration, closing gender and ethnic pay gaps, enabling more flexible working, investing in employee development and fostering an inclusive culture.

The NZSIS recognise that the success of our agency does not just depend on our technological capabilities, our legal authorities, our strong partnerships or our social licence. Ultimately it depends on the quality,

diversity, professionalism and technical capabilities of our people.

The NZSIS is a public service department with 449.4 full-time equivalent staff made up from 457 staff, as at 30 June 2024. The NZIC operates shared corporate service functions employing both GCSB and NZSIS staff to work across both agencies.

Turnover

The NZSIS has seen a reduction in staff turnover by 0.3 percentage points from 11.3 percent in the 2022/23 financial year to 11.0 percent at 30 June 2024. When investigated, employees consistently report the primary reason is career development.

Our average tenure for permanent staff is 5.5 years. This has decreased by 0.1 years from 2023/24. Over the 12 months to 30 June 2024, the majority of our core workforce who have terminated have left between one and five years (56.3 percent).

Table 1: NZSIS Core Unplanned Staff Turnover (2019 to 2024)

	2019/20	2020/21	2021/22	2022/23	2023/24
Staff Turnover	12.3%	12.5%	20.3%	11.3%	11.0%
Public Service	10.1%	10.5%	17.3%	15.9%	11.9%

Retention and Recruitment

In response to recruitment and retention challenges of the previous financial years, the NZSIS and GCSB endorsed a Joint Recruitment Transformation Programme, which commenced in September 2023.

The primary objective of this work is to address the strategic, technological and capability challenges that are barriers to us engaging effectively in the market. The programme also recognises the need for targeted interventions to address the agency's workforce needs in the face of a global talent shortage, changing workforce expectations, commitment to our diversity and inclusion (D&I) targets, and the unique challenges of acquiring talent for national security roles.

Our Recruitment Transformation programme is focused on ensuring our systems, processes and practice are positioned to engage with the market effectively and at pace; prioritise internal mobility in

support of talent development and retention; and our market presence contributes to better national security outcomes by attracting and retaining diverse and high performing talent in our community.

Starting with an efficiency and quality focus in FY2023/24, we have improved transparency across the recruitment pipeline through the adoption of new, and development of existing tools. We improved data capture and analysis to assess channel effectiveness and inform quality and efficiency initiatives. As a result of these insights we were able to undertake a series of process and practice improvements, resulting in tangible reductions in cost and time to hire.

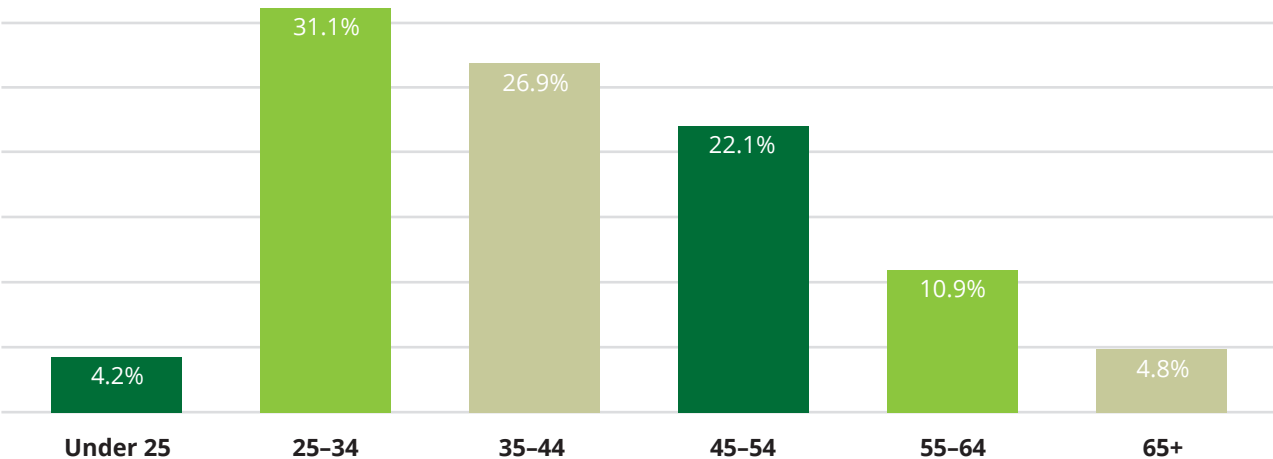
In addition to this, our turnover has steadily declined, returning to a more manageable level of 11.0 percent at 30 June 2024.

Promoting diversity and inclusion

Age demographics

The majority of our workforce are less than 45 years old (62.1 percent). This is reflective of our average age (41.8 years), which has increased slightly by 0.9 years since 2022/23. Of our workforce, almost one third (32.4 percent) have started within the last two years.

NZSIS Age Demographic Breakdown as at 30 June 2024



Gender diversity

At 30 June 2024 women made up 40.0 percent of the NZSIS senior management. This is an increase of 6.7 percentage points since last year.

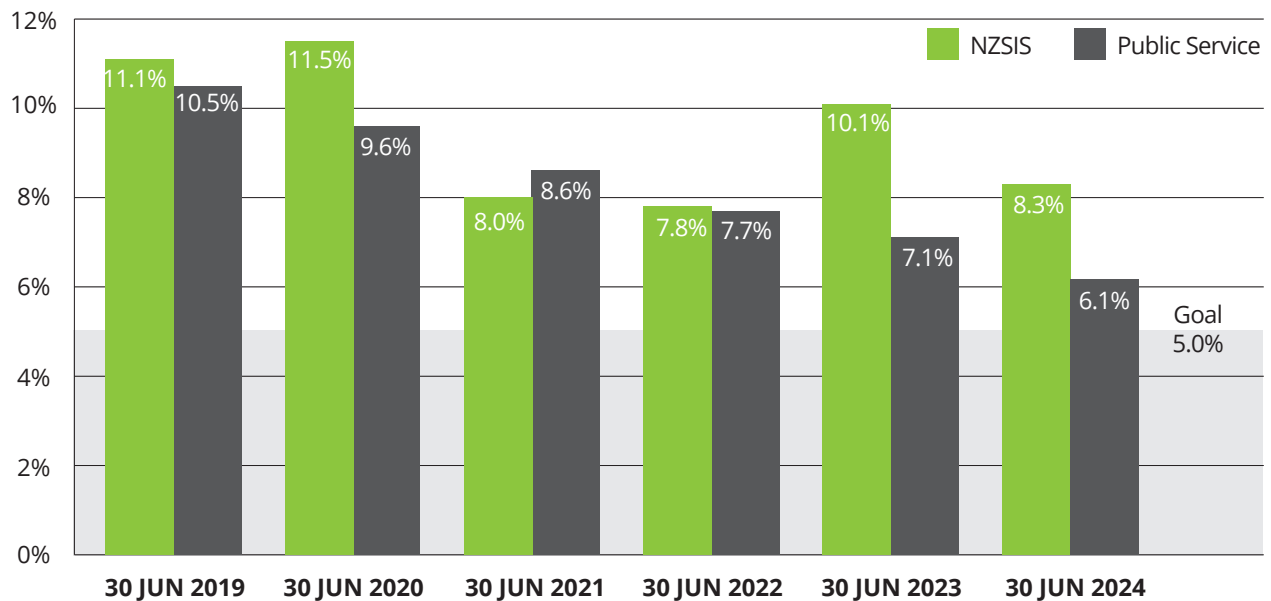
Table 2: NZSIS Gender Representation (2019 to 2024)¹¹

	2019/20	2020/21	2021/22	2022/23	2023/24
Senior Management (Tier 2 and 3)					
Men	75.0%	61.5%	42.9%	61.9%	55.0%
Women	25.0%	38.5%	52.4%	33.3%	40.0%
Undisclosed	-	-	4.8%	4.8%	5.0%
All Staff					
Men	52.6%	52.5%	55.0%	55.4%	53.4%
Women	47.4%	46.0%	44.5%	43.2%	46.0%
Undisclosed	-	1.5%	0.5%	1.4%	0.7%

Gender Pay Gap

Addressing our gender pay gap (GPG)¹² is a key feature of our 2021-2025 Diversity and Inclusion Strategy. At 30 June 2024 our average GPG was 8.3 percent. This is a decrease of 1.8 percentage points since last year.

Graph: NZSIS Average Gender Pay Gap (2019 to 2024)



11 This year we have excluded those roles that are professional, specialist or support staff that do not have a management function as a significant part of their role to align with Te Kawa Mataaho's definition of Senior Management.

12 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 Te Kawa Mataaho guidance on calculating the gap.

Ethnic diversity

96.7 percent of our workforce have disclosed at least one ethnicity which exceeds our 90 percent targeted disclosure rate for robustness of analysis. This is an increase of 0.2 percentage points since last year.

Table 3: NZSIS Staff Ethnicity (2019 to 2024)¹³

	2019/20	2020/21	2021/22	2022/23	2023/24
European	73.1%	81.1%	78.9%	79.4%	79.2%
New Zealander	25.2%	20.7%	17.4%	-	-
New Zealand Māori	6.8%	6.1%	6.1%	7.5%	7.5%
Asian	5.1%	5.6%	6.8%	6.8%	5.9%
Pacific Peoples	3.7%	4.1%	3.9%	4.8%	4.1%
Middle Eastern, Latin American, and African (MELAA)	1.4%	2.3%	1.6%	1.2%	1.4%
Other	0.3%	0.3%	0.5%	14.5%	14.0%

Table 4: NZSIS Senior Management Disclosed Ethnicity (2024)¹⁴

Senior Management (Tier 2 and 3)					
European	New Zealand Māori	Asian	Pacific Peoples	MELAA	Other
85.0%	10.0%	-	-	-	10.0%

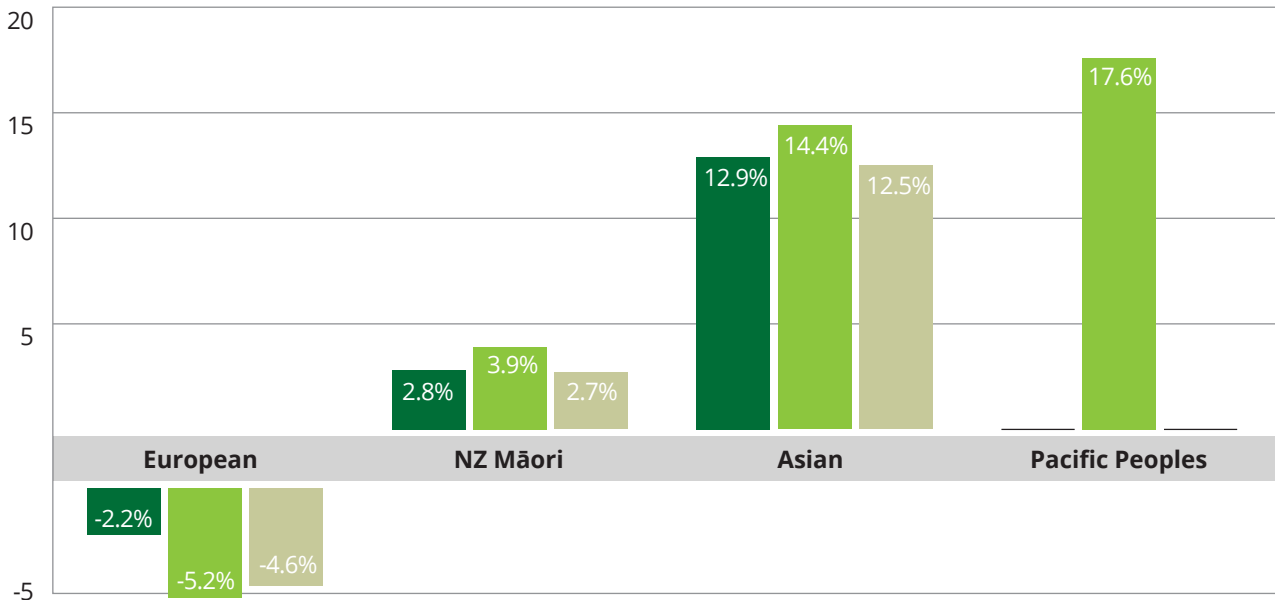
13 These metrics cover the number of employees who identify themselves as having a certain ethnicity. They are calculated by taking the number of people who identify themselves as being in the ethnic group divided by the number of people who have provided an ethnicity. A person may identify with multiple 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.

14 A person may identify with multiple ethnicities. This means the total of all percentages can add up to over 100%.

NZSIS Ethnic Pay Gaps

European is the only ethnicity with a negative average ethnic pay gap (in favour). This means on average Europeans are earning 4.6 percent more than non-Europeans.

Table 5: NZSIS Ethnic Pay Gaps (30 June 2024)¹⁵



Kia Toipoto Pay Gap Report and Action Plan

In 2022 the Public Service Commission Te Kawa Mataaho provided new guidance and expectations for reducing pay gaps. This is known as the Kia Toipoto Pay Gap Action Plan. It's a three year plan focused on addressing all pay gaps - gender, Māori, Pacific, ethnic, and other minorities (i.e. Rainbow and disabled communities).

In 2023 we partnered with staff to develop a 2023/24 action plan for our agency. We developed simple achievable actions for the short, medium, and long term. Since November we have:

- Surveyed our women to understand their experiences within the NZIC, including questions to measure the uptake of flexible working and barriers to this,

- Translated our myth busting booklet into multiple languages to help break down barriers to entry,
- Worked with our Military Network to explore how we measure pay gaps for our ex-military staff; and
- Established a new mentoring programme for staff.

We will review our progress against our action plan in mid-2024, and once again partner with staff to develop and agree an action plan for 2024/25.

¹⁵ Pacific Peoples and MELAA have been excluded as the number of staff identifying with this ethnicity is under the number needed 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.

Experience of Women

We remain committed to increasing the representation of women in our workforce and ensuring their experiences lead to positive, fulfilling careers in national security.

In 2019 we researched the experiences of women in the NZIC and set an action plan to address the research findings. The plan focused on four identified themes – culture, leadership, career development and flexibility, with regular monitoring of progress against each action.

In 2024 we invited our female staff to respond to a further survey, to understand whether the initiatives implemented following the 2019 survey had any impact on their experience in the workplace. The 2024 survey was structured around the employee lifecycle. This allowed us to identify touchpoints that are particularly impactful for women and their careers within our agency.

In particular, we wanted to understand how attitudes and behaviours had changed within the workplace since 2019. We also wanted to gain insights into women's career aspirations, how they are supported/guided to achieve these, and what contributes to women wanting to continue their career within the intelligence community.

We are reviewing and analysing the data from the survey and will share the results with all staff when available. This will include opportunities to continue improving the experience of women within the NZIC, and address any issues that have been highlighted in the feedback.

We are reviewing and analysing the data from the survey and will share the results with all staff when available. While it was our women's voices and experiences that were shared, any opportunities we take to continue to improve experiences and address identified issues will benefit not just women, but all staff within the NZIC.

Mentor^{Lite}

Mentor^{Lite} is a self-service mentoring programme introduced in early 2024, allowing any staff member to participate in this programme, either as a mentor or a mentee. The programme is designed to make it easy for staff to find more experienced colleagues to help them develop, learn and grow through:

- Providing opportunity for sharing best practice, knowledge and experience
- Building relationships throughout our community
- Encouraging our people to work together across different work areas and disciplines
- Creating an opportunity for fresh ideas and innovations to be created/shared.

It is important that staff are able to find a mentor they can connect with, and our mentors come from all levels, areas and backgrounds. They are able to support staff in a number of areas, including communication, leadership, personal development and risk management.

People & Capability also worked closely with our Women in Operations employee-led network to establish a bespoke mentoring programme for them, based on the Mentor^{Lite} framework. This aligned with an action in our 2023/24 Kia Toipoto Pay Gap Action Plan to support employee-led networks who wish to establish their own mentoring programmes.

Looking ahead

We continue to be mindful of the need to be financially sustainable in the long term. We reflect on our staff structure and adapt as appropriate. Considerations in this area have included a joint work programme with the NZSIS. At the end of the 2023/24 reporting year, this agency-driven work was still underway, with change and consultation processes not yet initiated, and decisions still to be taken.

Progress against Te Kawa Mataaho Papa Pounamu Commitments

Te Urupae i te Mariu

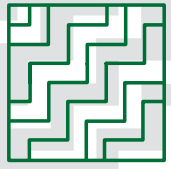
Addressing Bias



- 94.1 percent of NZSIS people leaders and 95.0 percent of our senior management completed our Understanding & Managing Unconscious Bias learning module.
- Surveyed women to understand their experience within the NZIC. This included questions to understand if women felt they were treated differently due to their gender. Findings of the survey will be used to identify areas of focus to help improve women's experience.

Te Āheinga ā-Ahurea

Cultural Competence



- Our new Pasifika Matters Workshop explores the diversity of the Pacific Island region and the relationship with, and experience of, Pasifika people in New Zealand.
- We introduced new workshops to develop our people's capability so that they are able to engage effectively with Iwi and Māori in undertaking our national security functions. This is also key to ensuring we can attract and retain the talent required to achieve our national security outcomes.
- More information can be found in our Māori cultural capability section.

Hautūtanga Ngākau Tuwhera

Inclusive Leadership



- Development of our new Manager Induction Pathway, which aims to build management capability in alignment with inclusive leadership practices, continues. The programme will be compulsory for all managers, new to leadership roles and/or new to the organisation.
- Our Manager Essentials toolkit has been built to sit alongside and support our Manager Induction pathway. We have ensured our D&I practices, including inclusive leadership, have been embedded into the toolkit.

Ngā Tūhononga e Kōkiritia ana e Ngā Kaimahi

Employee-led Networks



- Worked with our Women in Operations network to develop a bespoke mentoring programme, based on our MentorLite framework.
- With our LGBTQI+ network, initiated a project to successfully develop and deliver a human-centric process to enable anyone to change their name (legal and preferred) easily, within our strict security environment.
- Alongside our ELNs, reviewed and made changes to improve and enhance our 'Introduction to ELNs and Staff Groups' sessions.

Hautūtanga Kākano Rau

Fostering Diverse Leadership



- Delivered an International Women's Day workshop series to empower women. The workshops provided personal and professional growth, and the tools needed to proactively address challenges women may face when advancing their careers.
- We will be exploring this further, including establishment of actions and/or pieces of work, in the next iterations of our Kia Toipoto Pay Gap Action Plan and D&I Strategy.

Providing a safe and healthy workplace

While our people are focused on the protection of New Zealand, our Health and Safety Team are focused on the ongoing health, wellbeing and physical safety of our people. We continue to take a pragmatic approach to health and safety, while ensuring that we are complying with the Health and Safety at Work Act 2015.



Risk Management

To reduce the likelihood of low-frequency, high-impact catastrophic incidents our focus continues to identify and improve outcomes for the NZSIS critical risks by putting controls and monitoring processes in place.

The Health and Safety Critical Risk Management continues to focus on physical, health and psychosocial risks such as driving, hazardous substances and working unsociable hours with critical controls identified to ensure the ongoing safety and wellbeing of our people.



Worker Engagement and Participation

We have focused on improving worker engagement and education. The second NZIC Health and Safety Representative Conference was held in April 2024 bringing together 30 representatives across GCSB and NZSIS. We have also focused on providing H&S training to our managers and staff that manage building contractors.

100 percent completion rate for all new starters completing the H&S Induction Module.

Annual Safety Performance Scorecard



Close calls / non injury



Restricted work Injuries



First aid Injuries



Environmental Events



TE PAE TAWHITI

Māori Cultural Capability

Te Whanaketanga o te ao Māori

**Kua huri te kei o te waka ki te pae tawhiti,
kua tīmata te hoe ngātahi ki te pae tata,
ā, e tere ana te waka ki te whei ao, ki te ao mārama**

The waka has turned towards the distant horizons and set sail,
we have collectively begun making headway on-board this kaupapa
and continue to paddle together as one, through the glimmer of
dawn to the break of day

The NZSIS and the GCSB have a shared Te Ao Māori team, which played a pivotal role in the reset of our organisational strategy. This ensured that kaupapa Māori principles are woven into objectives and waypoints aimed at improving national security outcomes for Iwi, hapū, Māori partners and organisations.

Our Māori Cultural Capability is key to our organisational strategy. The NZSIS's work in this space allows us to maximise our impacts through relationships by partnering with Iwi and Māori organisations. This ensures that the NZSIS and our staff are culturally competent and able to ensure good security outcomes to every part of New Zealand.

During the reporting period we released our Treaty of Waitangi framework – Te Mauri o Te Tiriti (The essence of the Treaty), collaboratively designed with Iwi leaders, Māori partners, stakeholders, and staff nationwide. This framework is both meaningful and strategic, delineating our commitment as honourable treaty partners and outlining actionable steps for enhancing our cultural capability journey. It outlines

the landscape, markers, and critical enablers essential for our success. Concurrently, we introduced a practical Treaty tool to assist directorates in aligning their strategies with these principles, we call this Treaty in practice.

We have launched our inaugural Māori Outcomes strategy, which harmonises with agency goals and emphasises three core focus areas:

1. Māori Engagement
2. Māori Capability Uplift
3. Integration of kaupapa Māori within our systems and processes

Our engagement with Iwi Chairs has deepened, with positive feedback following presentations by the GCSB and NZSIS's Directors-General at recent forums. We have also begun integrating Māori worldviews into tools designed by key directorates for protective security measures, ensuring cultural sensitivity in our operational materials to help protect Māori interests, businesses and partners.

Our Finances

Ā Mātau Pūtea

Being Financially Responsible

The NZSIS is committed to being financially sustainable and a responsible user of public funds. We completed a rapid savings exercise during the reporting period which aligned with our ongoing work programme on financial sustainability. In addition, we are reminding our budget holders about the ongoing importance of financial management.

Rapid Savings

The NZSIS identified savings ahead of Budget 2024 of \$3.44 million out of our 2024/25 total annual operating budget of around \$100 million. These savings focussed on reducing spending in areas such as contractor and consultant spending, training and development, travel and reduced financial contingencies.

Financial Sustainability

The NZSIS and GCSB are undertaking a joint work programme to ensure financial sustainability of the agencies in the longer term, and in the context of the current fiscal environment. This began before the rapid savings exercise as a separate process where the NZSIS and GCSB both recognised we needed to be sustainable over the long term and have begun work to ensure this.

Carbon Neutral Government Programme

We continue to work through the requirements and challenges 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 has completed verification with TOITU, independently verifying our emissions against ISO14064-1:2018 for 2018/19 and subsequent financial years.

The greenhouse gas emissions measurement (emissions data and calculations) reported in this annual report have been calculated in a variety of ways; based on solid supplier data where it is available and practical, internal records, and an extrapolation of a sample of underlying financial records for certain emission sources.

In 2023/24 (based on our sampled data and extrapolation) we emitted 1,552 Tonnes CO₂-e. This compares to 2,033 Tonnes CO₂-e in 2022/23. Most of our emissions came from passenger transport, as well as from electricity and motor vehicles.

Our Reduction Targets and Results to 1.5 Degree Pathway Reduction

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 1,344 Tonnes CO₂-e, or a 21 percent reduction in gross emissions (all Categories) compared to the base year FY 2018/19.

2030 target: Gross emissions (all Categories) to be no more than 959 Tonnes CO₂-e, or a 42 percent reduction in gross emissions (all Categories) compared to base year FY 2018/19.

Financial Statements

Ngā Tauākī Pūtea

Financial Statements

Ngā Tauākī Pūtea

57

Statement of Responsibility

58

Independent Auditor's Report

59

Statement of Expenses and Capital Expenditure against Appropriation

62

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:

- This annual report fairly reflects the organisational health and capability of the NZSIS,
- The Statement of Expenses and Capital Expenditure against Appropriation fairly reflects the total actual expenses and capital expenditure incurred for the year against the NZSIS's appropriation for the financial year ended 30 June 2024.



Andrew Hampton

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

30 September 2024

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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 2024.

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 2024 on page 62.

Opinion

In our opinion the statement of expenses and capital expenditure against appropriation of the NZSIS for the year ended 30 June 2024 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 2024. 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 and Supplementary Estimates of Appropriations 2023/24 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 2 to 58, 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 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 (including International Independence Standards) (New Zealand) (PES 1) 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 against Appropriation

FOR THE YEAR ENDED 30 JUNE 2024

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

	\$000
Total appropriation	\$112,765
Total expenditure	\$111,198

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