



New Zealand
Security Intelligence
Service
Te Pā Whakamarumarū

Wednesday 21 March 2018

Opening statement by the Director-General of Security, to the Intelligence and Security Committee

Opening

Good evening. I have now had the great privilege of leading the New Zealand Security Intelligence Service for almost four years. During this time the agency has evolved and matured.

Threatscape

I'd like to start by touching on the national security threatscape, focusing particularly on counter-terrorism and counter-espionage.

Counter-terrorism

Countering the threat of terrorism remains a significant focus for the Service. Despite the diminishing extent of ISIL's physical caliphate in Syria and Iraq, the counter-terrorism environment in New Zealand is still dominated by the influence of ISIL messaging. Foreign fighters taking part in, or returning from any sort of conflict zone are a concern for many countries, including New Zealand.

Appeals for further attacks in the West continue, as well as expressions of support when attacks take place.

At any one time there are between 30 and 40 people on NZSIS's counter-terrorism risk register. These individuals are assessed to represent a potential threat to New Zealand related to terrorism. Here in New Zealand we have seen a small number of individuals charged for offences committed in support of their extremist ideology.

Like our intelligence partners around the world, we are concerned both with threats within our country, and also threats that may kill or injure our citizens in other countries.

For example, there was a plot last year to plant an explosive device on a passenger plane departing from Sydney. The plot was disrupted, and the individuals responsible were identified. It has been made public that critical intelligence about the plot was provided to Australia by Israel.

I raise this example for a couple of reasons.

1. The plot highlights that aviation targets are still of interest to terrorist groups, and that incidents can happen close to home.
2. This example highlights how critical intelligence can come from non-traditional partners.

Espionage and foreign interference

NZSIS also has a strong focus on foreign intelligence activity and foreign interference.

In New Zealand we have not seen the kind of interference in elections that some other countries have experienced.

As outlined in our publicly released briefing to the incoming Minister, however, over the past year foreign state actors have tried to access sensitive government and private sector information. They have attempted to interfere with expatriate communities, and to prevent them from exercising their human rights, such as the right to protest and freedom of association.

I can expand on this issue further in the closed session.

Protective Security

Protective security is another key function for the Service. The Service provides the Protective Security Requirements framework (PSR), which increases awareness of insider threats, and also lifts the overall security culture and capability across core public sector agencies.

I am pleased to report that since the PSR framework was implemented we have seen a significant lift in the overall security culture and capability across government.

Vetting

Security vetting is an important function for NZSIS. Work also continues on improving our vetting timeframes.

The Annual Report is a snapshot in time and covers the period to June 30 2017. It's worth noting there has been a significant improvement since the report was prepared.

In the 2016/17 performance year we experienced an increase of 13 per cent in total vetting applications received. The biggest increases were seen in Secret and Top Secret applications – increasing 39 per cent and 13 per cent respectively.

This increase, coupled with a number of different factors including the introduction of new business processes, the introduction of an internal vetting IT system, and the November 2016 earthquake, seriously impacted our ability to meet our targets over the performance year.

I'm pleased to say that our internal tracking shows that vetting timeframes have since improved across the board – particularly our timeliness for Top Secret clearances, which has reduced from an average of 300 days to an average of 130 days – an improvement of 57 per cent. I expect this trend will continue.

The Intelligence and Security Act 2017

The Service and the GCSB are now operating under a new single Act - the Intelligence and Security Act 2017. The Act provides that everything we do must be legal, necessary, reasonable and proportionate.

I am a big believer in openness and transparency wherever possible. I am delighted that the new Act sets out our objectives and functions in a more transparent way.

The new Act states more clearly what we do under a warrant. It makes it easier for people to understand the different types of warrants we use, and the approvals that are required.

The Ministerial Policy Statements and Direct Access Agreements should give the public considerable understanding and reassurance about how we conduct non-warranted activities.

Oversight

As well as the work of this Committee, independent oversight is provided by the Inspector-General of Intelligence and Security.

The Service is committed to working closely with the Inspector-General – whether we're developing new processes, ensuring our compliance framework is effective, or working through operational implications in respect to her findings.

Achieving sound compliance systems and processes has been a top priority for the Service and has required significant focus and effort across the entire organisation. The Inspector-General's certification that the Service's compliance systems are sound is, therefore, very welcome.

In saying that, there is always more that can be done. There are still some legacy issues and the Service is focused on continuous improvement.

For example, the Inspector-General's December 2017 report on the lawfulness of the NZSIS access to data under the Customs and Excise Act 1996 and the Immigration Act 2009 found our access to the Advance Passenger Processing system was lawful, but our access to Customs' database was not. The report identified issues that are mostly historical and relate to a period when the law was unclear, and when the NZSIS had challenges with resources and capability. Those matters are now resolved, and the NZSIS is working to address the Inspector-General's recommendations.

Government investment

The New Zealand intelligence community was subject to significant reviews in recent years. These informed the crafting of our new legislation, and highlighted key areas needing investment.

In Budget 2016 we received significant new funding. As a result of this investment the Service is growing in size and capability. With growth comes the challenge of inducting, training and accommodating new staff. That is a challenge I'm delighted to have.

Closing

It's a great time for the Service. We still have work to do as we increase our numbers and implement our legislation, but I am optimistic about the future. Thank you.