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20 April 2021

Phil Pennington  
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Dear Mr Pennington,

## Official information request

Thank you for your Official Information Act 1982 (OIA) request to the New Zealand Security Intelligence Service (NZSIS) of 22 March 2021 seeking the following documents:

1. Report on **Project Sterling, the NZSIS 10-year operational strategy**, June 2016, noted on p. 131 of the Arotake report
2. **Project Sterling Strategic Goal Implementation Plan**, March 2018
3. **Highlights of SCRR growth**, April 2019, noted on p132 of the Arotake report
4. **Counter-terrorism Unit Strategy**, 16 July 2018, noted on p133 of the Arotake report
5. **Information and Intelligence Requirements: Extreme Right Wing (XRW) Activity in New Zealand**, 9 July 2018

The NZSIS aims to be as open as possible about our work. Due to the sensitive nature of what we do, however, revealing specific details could have security implications. I have therefore provided as much information as I can in response to your request, while protecting information that if released, could adversely affect our ability to carry out our national security role and functions.

The following grounds of the OIA have been applied when responding to your request:

- s6(a), where the making available of the information would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand; and
- s16(1)(e), information may be made available by giving a summary or excerpt of its contents.

### Response to your request

#### Document 1: Project Sterling

I am unable to release the Project Sterling document in its entirety, as doing so would be likely to prejudice the security or defence of New Zealand, as protected by section 6(a) of the OIA. We have considered providing you with the redacted document, but due to the amount of sensitive national security information that needs to be withheld, we believe a narrative

summary will be more helpful to you. I have therefore released the attached unclassified summary of the report (Annex A), as allowed for under section 16(1)(e) of the OIA.

**Document 2: Project Sterling Strategic Goal Implementation Plan**

I have interpreted this request to be for the document listed as Appendix 42 of the Arotake report. The document is: *Project Sterling Strategic Goal Implementation Plan - Goal 3: Established a Baseline Picture of Emerging Terrorism Threats*.

I am unable to release the document to you in its entirety, as doing so would be likely to prejudice security or defence of New Zealand, as protected by section 6(a) of the OIA. As allowed for under section 16(1)(e) of the OIA I have made the requested information available to you by providing a summary of the strategy.

The summary of this document is attached (Annex B).

**Document 3: Highlights of SCRR growth**

This document is withheld in full under s6(a) of the OIA, because making it available would reveal specific detail about the NZSIS's operational capabilities and could adversely affect our ability to meet our national security objectives.

**Document 4: Counter-terrorism Unit Strategy**

The document referred to on page 133 of the Arotake report is the Counter-Terrorism Unit Discovery Strategy. I am unable to release the document to you in its entirety, as doing so would be likely to prejudice security or defence of New Zealand, as protected by section 6(a) of the OIA. As allowed for under section 16(1)(e) of the OIA I have made the requested information available to you by providing a summary of the strategy.

The summary of this document is attached (Annex C).

**Document 5: Information and Intelligence Requirements: Extreme Right Wing Activity in New Zealand**

This document is withheld in full under s6(a) of the OIA, because releasing it would provide insight into the NZSIS's operational processes to the extent that our ability to detect activity of security concern could be compromised and this would be likely to prejudice the security or defence of New Zealand.

If you wish to discuss this decision with us, please feel free to contact [oa.privacy@nzsis.govt.nz](mailto:oa.privacy@nzsis.govt.nz).

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Yours sincerely



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

## Summary of Project STERLING: The NZSIS 10-Year Operational Strategy

### **Explanatory Note: Project STERLING 2015 to 2019**

*The STERLING operational strategy was one of several strategic initiatives the NZSIS developed in 2015/16. Other significant pieces of work included organisational transformation and a review of the NZSIS's security intelligence operating model.*

*STERLING was designed as "version 0.1", with the intention that future iterations would need to evolve in response to environmental changes. It provided the framework for major strategic and operational planning decisions for the next three years.*

*In 2019, the NZSIS undertook a strategic refresh to address the challenges that had emerged in the intervening years. STERLING came to an end and was replaced by the Discover strategy, introduced at the end of 2019. Much of what we learned from STERLING and many of its initiatives continue to be represented in the new strategy.*

*Although no longer current, STERLING remains classified to protect the NZSIS's areas of focus and methods. In light of references to the strategy in the Royal Commission of Inquiry report, however, a broad unclassified summary of the document has been prepared to enhance public understanding of the NZSIS's approach to its mission of protecting New Zealand's national security over the 2015/19 period.*

### **Introduction**

STERLING aimed to provide NZSIS with its "true North" when making strategic planning decisions, when deciding upon major capability investments, for relationship and stakeholder planning, for determining training needs and priorities, for determining strategic accommodation needs and for the strategic allocation of resources. All significant investment and planning decisions were to go back to the key question:

***"How will these decisions help the NZSIS to deliver the long-term outcomes and goals set out in the Operational Strategy?"***

Not everything that NZSIS does will always and directly contribute to the outcomes set out in STERLING: the world is never this simple. Fundamentally, however, the strategy aimed to provide guidance as to what mattered most over the long-term.

STERLING was designed as a "version 0.1". Future iterations would need to revisit some of the underpinning assumptions due to unforeseen changes in the threat environment and/or due to decisions to more closely integrate NZSIS's goals with those of the other New Zealand Intelligence Community (NZIC) or security sector agencies.

## Background and Context

Ultimately, the NZSIS exists to deliver particular outcomes for New Zealanders. The key questions for the STERLING operational strategy were therefore: what are the NZSIS's key outcomes and strategic goals, and how should NZSIS best go about achieving these?

In terms of security intelligence, success would be measured by our ability to meet the Government's *National Intelligence Priorities (NIPs)*. The NIPs are **annual** Government priorities. The STERLING operational strategy represented our best judgement as to what the NZSIS would need to develop over the long-term to be able to meet whatever NIPs may have been determined in future years.

The Operational Strategy was designed to deliver on the Government's security goals now and into the future. This was represented by the Protective Security Requirements (PSR), our role in vetting candidates seeking access to classified information, and the NZSIS's commitments to wider strategies.

The NZSIS's strategic focus would, over time, likely need even greater future alignment with wider NZIC and security and intelligence sector priorities. It was always anticipated that the operational strategy would inevitably need to evolve to ensure that the NZSIS is best able to contribute to the wider national security system. While the strategic outcomes and goals were unlikely to substantially change, the delivery or 'how' these are achieved would likely be affected by decisions relating to collaboration and/or the creation of joint capabilities.

Across the broader security and intelligence sector, success would be achieved when sector agencies were collectively able to align themselves to deliver on government priorities and outcomes.

## Environmental Context

STERLING noted that future investment and planning decisions are dependent on judgements as to where the areas of greatest risk and/or opportunity are likely to be over the medium- to long-term. Long-term predictions are, of course, inherently uncertain: for example, few people predicted the rise of ISIL or the annexation of Crimea. Nonetheless, other trends are more knowable, such as: demographic trends, environmental pressures and broad geopolitical shifts, such as global power shifts and the shifting in the economic and military balance between West and East.

## NZSIS's Mission

For the NZSIS, the organisational mission is fundamentally about keeping New Zealand and New Zealanders secure. Security in this context is about protection from the most serious national security threats and providing information and insight that will advance New Zealand's interests. What makes NZSIS unique is:

- the staff we employ (and the lifelong commitments required of working for the NZSIS);
- our unique powers and responsibilities;
- the threats and opportunities we are charged with dealing with;
- the secrets we are asked to find out, and the secrets we protect from others;



- our unique capabilities and expertise as a security intelligence agency and our deep understanding of security;
- how we are able to make sense of complicated information – our job is to find the needle in the haystack (from the individual or group who might be planning a terrorist attack to the government employee that might become an insider threat);
- our understanding and long history of working in partnerships with others, including domestic and international partners such as Police, Customs, NZDF and the Five Eyes.

### **NZSIS's Vision**

Given our unique abilities, capabilities, powers and responsibilities *and* in light of the likely changing threats and opportunities facing New Zealand, the next question was: where do we want to be in 10 years' time? What does success look like and how will we know we have achieved this? In other words, what is NZSIS's vision?

The Director of Security articulated the following long-term (10 year) vision for the NZSIS:

*"Never in our history have we been better positioned to achieve our mission. But equally, never have the threats New Zealand faces been greater.*

*"My vision is that the NZSIS is **ahead of the curve: providing indispensable security and intelligence services underpinned by high public confidence and trust.**"*

The remainder of STERLING set out the key components of the 10-Year Plan to achieve this vision. (The accompanying table illustrated how the components fitted together.)

## NZSIS's Primary Long-term Outcomes

The NZSIS adopted the following three primary outcomes:

Primary Outcome	Long-term Strategic Goal	Explanation
New Zealanders are safe	The NZSIS has established an effective baseline picture of emerging terrorism threats.	The NZSIS is able to keep 'ahead of the curve' in terms of emerging terrorism threats so that potential issues can be mitigated early. The NZSIS also has a strong understanding of overseas threats to help protect New Zealanders overseas, to help inform the domestic picture and to support immigration and citizenship decisions.
	The NZSIS has successfully mitigated domestic terrorism threats.	The NZSIS has the capacity and capability to detect and monitor serious domestic terrorism threats and support the active disruption of these threats e.g. through supporting New Zealand Police activities.
	The NZSIS has provided effective and sustainable support for a significant overseas deployment.	The NZSIS has the capacity and capability to effectively and sustainably support an overseas deployment in support of other government agencies, ensuring we help keep New Zealanders safe.
New Zealand's key institutions are protected	The New Zealand Intelligence Community (NZIC) is a protective security exemplar.	The NZIC (including the NZSIS) has strong protective security standards, processes and capabilities. This goal matters in terms of the NZSIS's ability to model good security practice to other agencies.
	The NZSIS has assisted key institutions to mitigate their insider threat risks.	The NZSIS, in partnership with the Government Communications Security Bureau (GCSB), helps key Government and non-Government institutions identify and manage security threats.
	The NZSIS has mitigated espionage and hostile foreign intelligence threats.	The NZSIS has the capacity and capability to identify and mitigate serious espionage threats. The NZSIS can effectively mitigate threats to New Zealand's democratic processes posed by hostile foreign intelligence activities.
New Zealand's national advantage is promoted	The NZSIS has enabled better policy and geopolitical decision-making.	The NZSIS is able to support policy development and geo-political decision making through providing relevant and useful intelligence insights.
	The NZSIS has meaningfully contributed to international security.	New Zealand is able to appropriately contribute to global security. New Zealand is able to fulfil its international security obligations.
	The NZSIS has enhanced security in the Pacific.	New Zealand makes a contribution to regional security in the Pacific.

The top three strategic goals were mitigating espionage and hostile foreign intelligence threats; mitigating domestic terrorism threats; and establishing an effective baseline picture of emerging terrorism threats.

### **NZSIS’s Strategic Long-term Goals**

While the long-term outcomes provided the operational “true Norths”, STERLING noted that planning and resource decision-making occurs at a more granular and tangible level: this was the purpose of the long-term *goals*. So, sitting beneath the outcomes were long-term strategic goals.

### **Guiding Principles**

The final component of the STERLING operational strategy was the development of “guiding principles”. These were overarching principles that would:

- guide the development of the specific action plans that would be needed to implement this Strategy; and
- provide overall guidance for agency planning and investment decisions.

These principles provided strategic guidance as to *how* the NZSIS would deliver on its long-term goals. The four guiding principles identified were:

1. Customer, impact and value
2. Success through partnerships
3. Operational excellence
4. Technology enabled people (and people enabled technology)

### **Making Use of the STERLING Operational Strategy**

At its heart, STERLING provided a framework for making major strategic decisions. When taking significant medium and long-term decisions – such as investing in capabilities, determining the types of people to recruit and the training required, or identifying the relationships to establish or develop – STERLING provided the framework for determining what mattered more and, consequently, what mattered less.

### **Implementing the STERLING Operational Strategy**

A strategy only has value if it is incorporated into tangible business plans and actions that are collectively understood and owned. This version of the NZSIS’s operational strategy provided that start point. The next stage, however, required a systematic process to turn the strategy into meaningful and useable plans.

### **Conclusion**

This Operational Strategy provided the basis for the NZSIS to understand more clearly than ever before what it was seeking to achieve. It described what good looks like. It also provided the framework for prioritising a range of planning decisions, including strategic capability, workforce, training and relationship plans.



## Summary of Project STERLING: Strategic Goal Implementation Plan – Goal 3: Established a Baseline Picture of Emerging Terrorism Threats

### **Explanatory Note: Project STERLING 2015 to 2019**

*The STERLING operational strategy was one of several strategic initiatives the NZSIS developed in 2015/16. Other significant pieces of work included organisational transformation and a review of the NZSIS's security intelligence operating model.*

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*In 2019, the NZSIS undertook a strategic refresh to address the challenges that had emerged in the intervening years. STERLING came to an end and was replaced by the Discover strategy, introduced at the end of 2019. Much of what we learned from STERLING and many of its initiatives continue to be represented in the new strategy.*

### **Introduction**

Written in March 2018, this document set out the implementation plan for NZSIS Strategic Goal 3: *NZSIS has established a baseline picture of emerging terrorism threats.* The operational priorities within this strategic goal were:

- Being ahead of the curve so potential issues could be identified and mitigated early.
- Developing a strong understanding of overseas threats – protecting New Zealanders overseas and informing the domestic picture.

### **SCRR Alignment**

This STERLING implementation plan was aligned with SCRR (Strategy, Capability and Resourcing Review) funding, with milestones across four financial years (17/18, 18/19, 19/20, 20/21).

Alongside the investigative and collections effort, SCRR planning to FY19/20 provided for additional staff in analytical, assessment and publications roles which supported Goal 3. This was broadly proportionate to resourcing allocated to the counterpart investigation and collection areas.

We noted that as these areas grew, along with demands from the wider national security system, analytical and reporting capacity would need to grow commensurately. Additionally, should the terrorism threat increase substantially, or if there was a terrorist attack in New Zealand, supplementation would likely be required.

### **2021 Vision Statement**

***We know and understand our terrorism environment. We are vigilant for markers of change in domestic communities, in our region and internationally.***

- We draw our knowledge from all sources, especially NZSIS collection and investigations resources.



- Our analysis and assessment contributes to a common understanding of violent extremism threats and risks to New Zealand and New Zealanders.
- We support and enable actions to mitigate these threats and risks.
- We understand and can articulate what is normal in the environment, in order that we can identify noteworthy changes or developments.
- We systematically scan the global terrorism environment and recognise emerging ideological, political or religious drivers and trends.
- We assess the potential impact of these emerging trends on New Zealand and New Zealand interests.
- We both contribute to and are guided by intelligence requirements of the NZSIS, the New Zealand Intelligence Community, National Intelligence Priorities, and our international intelligence partners.
- NZSIS (including CTAG) is the authoritative producer of baseline strategic analysis and threat assessment of the terrorism environment affecting New Zealand and New Zealand interests.

## 2027 Vision Statement

***Our depth and breadth of understanding of terrorism and violent extremism consistently enables and supports successful investigations, operational outcomes and effective counter terrorism strategy and policy.***

- Our National Security system is appropriately attuned to whatever prevalent terrorism threats exist, and is alive to those potentially looming over the horizon.
- We move smoothly between identifying emerging threats, prioritising them and mitigating them.
- Our analytical cadre is professional, powerful and closely aligned with highly effective collection management, investigative, international liaison networks and capability development functions.
- We are considered exemplars in a coherent and coordinated domestic intelligence system and we are trusted and valued as an international intelligence partner.
- Our analytical career pathway is the envy of domestic and international allies.
- Our people, technology, systems and processes are synchronised to deliver high quality intelligence and threat assessment.

## Approach

To effectively know and understand the New Zealand terrorism threat environment we would embrace the following principles:

- Establish indicators and tripwires
- Transition between emerging threats and mitigation of threats
- Collaboration and cooperation
- Partnerships
- Regular baseline product; systematic approach

## Key Capabilities

The key capabilities required to deliver this plan were:

- **People**
  - Human Intelligence collection
  - Service Liaison Officers and Joint International Engagement
  - Strategic intelligence analysts
  - CTAG intelligence analysts
  - Customer engagement and reports officers
  - Counter-terrorism investigators
- **Technology and systems**
  - Access to all source intelligence systems
  - Data analysis and digital exploitation
  - Dedicated analytical and assessment training
  - Thinking beyond intelligence reports
- **Relationships**
  - Engagement with traditional and non-traditional assessment partners
  - Ongoing outreach and engagement with domestic partners

## Dependencies

The key requirements that needed to be in place in order to deliver this strategic goal were:

- Continued resourcing and proportionate growth of NZSIS's collection, investigation and intelligence analysis functions
- Continued multi-agency support for CTAG
- Increased international engagement capability and capacity
- Strong and meaningful interdepartmental liaison and relationships
- Ongoing engagement and alignment with key multi-agency counter-terrorism mechanisms

## Summary of the Counter-Terrorism Unit Discovery Strategy

The Counter-Terrorism Unit Discovery Strategy (the Strategy) was published on 16 July 2018.

The purpose of the strategy was to define Discovery work and outline priorities, considerations and processes for Counter-Terrorism Discovery projects. The strategy would be reviewed periodically, including to re-prioritise discovery efforts.

*The following are excerpts from the document.*

- Counter terrorism investigations necessarily prioritise investigations into known threats, including processes for receiving and assessing lead information from a variety of sources to inform current investigation and commence new investigations.
- However, CT Unit continue to assess there are individuals in New Zealand for whom the extent of their radicalisation and mobilisation to violence may not be fully known. There is also a realistic possibility an unknown lone actor could move from radicalisation to action, without intelligence forewarning, potentially in a short timeframe.
- Further to this, partner experience suggests terrorist attacks can and have emerged from a pool of potential attackers including individuals who have previously been investigated, those on the periphery of current or previous investigations and others not previously known to intelligence or law enforcement agencies.
- Discovery work aims to proactively identify threats that may emerge from individuals who fall into these categories and who demonstrate known indicators and behaviours of terrorist activities.
- The key objective of Discovery work is to identify previously unknown potential terrorism threats and leads. Discovery work aims to implement measures and projects that seek to proactively identify threats via exploitation of information holdings and datasets based on identified indicators of terrorist activities and behaviour as well as discovery of links or connections to known (previous or current) individuals or groups of security concern.