



New Zealand Intelligence Community

Te Rōpū Pārongo Tārehu o Aotearoa

nzic.govt.nz

Briefing to the Incoming:

Prime Minister

**Minister for National Security and
Intelligence**

**Minister in Charge of the NZ Security
Intelligence Service**

Minister Responsible for the GCSB

National security is a government's first priority. But the New Zealand Intelligence Community's (NZIC) role in helping you achieve this can seem odd and impenetrable. To help explain the NZIC we have used the following five key questions:

- What should you be worried about (the domestic and regional threatscape)?
- What does the intelligence community actually do?
- How well placed are we to respond to national security threats
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- What are your roles and responsibilities?

1. What should you be worried about (the domestic and regional threatscape)?

We think that there are six security problems that you should really worry about;

At the top of our immediate worries is ensuring that our capabilities to detect and prevent onshore terrorism can meet the rapidly evolving risks in this area.

In summary the six threats are:

- **Violent extremism** in New Zealand and by New Zealanders
- **Loss of information and data**, mainly via cyber
This is happening now, with significant compromises of major New Zealand companies and government departments. The capabilities are getting easier to acquire, and are easy to combine with insider threats. This is potentially a real drag on our economy, our reputation and the integrity of Government.
- **Hostile intelligence operations in and against New Zealand.**
including industrial espionage against New Zealand companies and targeting of New Zealanders by foreign governments
This is slow and insidious, but is likely to be highly damaging to New Zealand in the long-term.
- **Mass arrivals.**

s. 9(2)(g)(i)

- **Trans-national organised crime.** This includes drugs, money laundering and illegal fishing in our maritime domain. Such activity is facilitated by an open economy, the internet, and established networks among migrant communities.
- **Instability in the South Pacific**

The wider context is important too. These threats do not emerge in isolation, but in a national and global context that includes:

- **Rapid social change in New Zealand.** Significant migration to New Zealand, combined with the ageing of the New Zealand population, is creating communities with distinct identities and links overseas. Auckland especially is now a very ethnically diverse city (probably second only to Toronto in the world), and the Christchurch rebuild is also bringing in new migrants.
- **Technological change.** The internet doesn't work like a telecommunications system, but more like an ocean of data with almost no respect for international borders. This is despite attempts by some states to create a national intranet. The internet is contested between states and is already an area of conflict, as well as an ungoverned space in terms of the economic and social behaviour that it allows.
- **The authorising environment.** Governments in the West are entrusted with national security but are sometimes not trusted by some of their own people with the tools and institutions needed to deliver that security. Public explanation and acceptance are significant challenges for Western governments, which none of us are dealing with particularly well.
- **An increasingly challenging global context.** Intelligence, through both collection and assessment based on that collection, plays a critical role in helping the Government to make sense of an increasingly complex and challenging global environment, both economically and as a respected global citizen. Intelligence assists decision-makers to recognise and understand the risks to and opportunities for advancing New Zealand's interests.

Some of these issues are plainly beyond New Zealand's ability to influence, let alone shape. But they are all issues that form part of the operating landscape for the NZIC, and within which New Zealand's national security policies, institutions and practices need to be placed.

2. What does the intelligence community actually do?

The NZIC's functions are set out in statute and other accountability documents. The nature of those documents means that they are typically bureaucratic and high level descriptions and they do not give you a sense of what we do every day. In summary, the reason New Zealand has an intelligence community is to:

- Help keep Kiwis safe (for example, identifying terrorist threats at home and abroad)
- Help protect and grow the economy (for example, providing or enabling cyber security)
- Provide foreign intelligence and assessment

Keeping Kiwis safe

This includes giving the Government the ability to covertly investigate and respond to significant threats and risks. These threats include terrorism, proliferation of weapons of mass destruction, and cyber espionage (both against the Government and against economic entities in New Zealand). Sometimes we do this alone, such as investigating potential terrorism leads, but often our role is to support other government departments.

We use our capabilities to underpin and support the activities of law enforcement agencies and the NZDF. This can be through the provision of core intelligence or by helping them to better undertake their work (for example, helping Police execute a surveillance warrant for which they do not have the tools to successfully implement).

Having an intelligence community means that expensive and advanced capabilities do not have to be duplicated or held by agencies that do not use them often.

Protecting and growing the economy

This includes our work to help Government and key economic companies to protect their information, assets and people. Project CORTEX is a key outreach initiative for information security. But we also play a vital role in ensuring the people who can see the most sensitive information the Government holds can be trusted – this is our

vetting service. We make sure that national security buildings are physically secure and that we have secure communications.

If we don't look after our information properly, it will be taken by other countries or criminal groups. We know this because they try to do it now. The loss of the ability to keep our own secrets would affect our ability to think through our own foreign policy position, undertake international and other negotiations by ourselves, conduct our parliamentary policy and political processes free from interference, and ultimately to act in our own interests, including through the use of the NZDF and the NZ Police.

We are a small country that values and benefits from an international system based on the rule of law. New Zealand has an international reputation that is larger than our actual size or geographic position would suggest. We can only do this because other countries trust us to keep the information they share with us secret. We have to be able to keep their confidences, otherwise they will not work with us. This goes beyond the Five Eyes, and takes in all of the countries we want to have diplomatic relations with, trade with, and take collective action with on the world stage.

Foreign intelligence and assessment

Foreign intelligence, and the assessment of it, is vital for knowing what is going on in the world, whether that be strategic challenges, political and economic instability, or security issues. New Zealand is a global trader and New Zealanders are global travelers. We need to be fully informed about international issues that matter to us.

foreign intelligence makes an important contribution to our understanding of both the broader trends at work and the specific issues decision-makers are confronted with on a daily basis. In this role, the fundamental business of intelligence is helping the New Zealand Government to make sense of the world. By so doing it helps decision-makers to manage the risks, short, medium and long-term, to our interests.

Covert activity

Much of the activity described above has a covert element. Covert activity is a necessary part of a government's toolkit.

3. How well placed are we to respond to national security threats?

We have been subject to a range of internal and external reviews. Last year we underwent a Performance Improvement Framework (PIF) review. This highlighted the organisational changes we need to make to better serve you.

There is a driving force to create a more joined-up intelligence community – recognising that effective sight on threats and integrated responses require much more collaboration between agencies. More than this, given the range and volume of potential threats to New Zealand interests,

a better intelligence prioritisation system is being developed.

All three organisations have extensive change programmes underway. These include projects to improve compliance systems, transform our culture, be far more customer-focused, and improve governance and leadership.

We also have projects underway to maintain and upgrade our capabilities to meet new and evolving threats. Chief among those projects are:

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- Project CORTEX – cyber security for New Zealand government and key private sector entities.
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- Protective Security Requirements (PSR) – helping the public sector and Crown entities to keep their information, assets and people safe.

We can provide you with detailed briefings on these projects as required.

The focus on organisational improvement and the need to upgrade our capabilities have put the intelligence community under financial pressure.

To recap, the principles we are using to make our prioritisation decisions are:

- The safety of New Zealand and New Zealanders is paramount.

- We need to maintain faith with our staff.
- We should not contemplate short-term savings that compromise important long-term capability.
- We should work together to create efficiencies and reduce duplication wherever we can.
- We should be mindful of our relationships with our external stakeholders and partners.

What we need to do in 2014 – 2017

We need to finish what we have started, but there is much more to do.

the NZSIS Act is in dire need of updating and modernisation. While the GCSB Act was recently amended, it too requires further work to respond to emerging threats. And, critically, we need to build public trust and confidence in the intelligence community.

The three most significant activities during the 2014 – 2017 period will be the the NZIC response to the PIF, and the 2015 statutory review

The statutory review of the intelligence agencies, their legislation and the oversight arrangements must commence before 30 June 2015. The Government response to that review should provide a sound basis on which to develop new legislation. We also see this as an opportunity to help build public trust and confidence. We will provide you with a separate briefing on the establishment of the review, but we recommend that the terms of reference be prepared and reviewers identified so that work can commence early in 2015. This will allow time for the review to be completed and Parliament to complete consideration of any new legislation by the end of 2016.

In the meantime, the world will not stop and wait for us to complete our work. The threats and risks addressed by the NZIC can change quickly,

Our response to the PIF will make us more alert and more nimble in our leadership and management. We will continue to monitor emerging

threats and propose responses to you; a current example is foreign fighters. You may wish to look at new powers to address this threat ahead of any legislation coming out of the 2015 review. However, there are also options to incorporate that into the review

International alliances are fundamental to how the NZIC functions. New Zealand could not hope to deliver the current level of security and intelligence activity alone. Our most significant relationship is with the Five Eyes partnership

The Five Eyes partnership has been central to New Zealand's approach to intelligence and security since World War II. The partnership started out as a narrow cryptologic venture to share effort and results in code breaking (and code making) in wartime. From that experience a much wider framework for cooperation has evolved, involving all aspects of security and intelligence,

What does the Five Eyes relationship actually provide and what are our obligations?

At a technical level, the relationship provides access to really advanced technology that New Zealand could never hope to emulate by itself. This includes the best

as well as access to an enormous shared pool of cyber security, intelligence and assessment information.

We also get access to skills, training programmes, professional standards, free consultancy, and Doing without the Five Eyes would cost vastly more. And whatever we spent, it would deliver less. We could not ourselves replace the

, and the investment in the integrated system is certainly more than New Zealand could ever contemplate.

5. Ministerial roles and responsibilities

Prime Minister and Minister of National Security and Intelligence

The NZIC is part of the wider national security system. The national security sector has two broad groupings:

- Security and intelligence, which includes the NZIC, MFAT, NZDF and Ministry of Defence, Police, and Customs.
- Readiness and response, which deals with civil defence and emergency management.

As Prime Minister and Minister of National Security and Intelligence, you lead the national security system. This includes responsibility for the overall policy settings and legislative framework for the sector. The mechanisms that support you in this role are the Cabinet Committee you chair (the new National Security Committee of Cabinet), and the Officials Domestic and External Security Committee (ODESC – to be renamed with the change in the Cabinet Committee structure), which is chaired by the Chief Executive of DPMC. The Security and Intelligence Group of DPMC supports the ODESC system, and also has the responsibility of leading the joined up approach of the NZIC. As Prime Minister you are also responsible for the National Assessments Bureau.

You know this framework by experience; on the emergency side you will recall the Canterbury earthquakes, and on the security and intelligence side through terrorist responses and New Zealanders in difficulty overseas, amongst other challenges.

In addition to maintaining sight on risks, planning future capabilities, and responding to issues as they arise, the ODESC system has responsibility for intelligence community planning and performance management.

You have particular responsibilities as Prime Minister under the NZSIS and GCSB Acts and the oversight legislation. They include:

- Recommending the appointment of the two Directors (the State Services Commission supports the process, but the decision is yours).
- Chairing the Intelligence and Security Committee.
- Recommending the appointment of the Inspector-General and Deputy Inspector-General of Intelligence and Security, and Commissioner of Security Warrants.

Minister responsible for GCSB and Minister in charge of NZSIS

Some of your responsibilities as Minister for the GCSB and NZSIS are the same as for any other Minister, including oversight of the agencies, and answering questions in the House.

The agencies' statutes contain specific information about the role of the Minister. The NZSIS Act defines the Minister as "the Minister in charge of the NZSIS". The GCSB Act defines the Minister as "responsible for the Bureau", and there are similar statutory provisions that say the functions of the agencies are "subject to the control of the Minister". In short this means:

- You have the final say about the focus of our efforts and what kind of functions we perform. We will make sure you have sufficient information about the threats, the intelligence priorities, the resources available, and the options for organising and directing those resources, so that you can make informed decisions as the Minister.
- The two Directors are responsible for the operational aspects of the departments.

Although as Minister you will not generally be involved in the operational activities of the agencies, you do have some specific functions under the two statutes that relate to operational activities. The most significant of these is the approval of warrants and authorisations for both GCSB and NZSIS. As part of this role, you can decide where some of our boundaries lie (those not already set by legislation) and, through the imposition of conditions, how we might carry out some aspects of these warrants and authorisations.

Warrants and authorisations provide the legal authority for much of our more sensitive operational activity. Once we have the authority of a warrant or we conduct most of that activity without further reference to you.

How we will keep you briefed and up to date

Depending on Ministerial requirements and subject to ODESC oversight

especially the
FIFA Under 20 World Cup and the Cricket World Cup, both of which will take place in the first half of 2015.

We would value an initial discussion with you and your offices about how you would like the relationship to work.

Once you have decided on
Cabinet Committee and Ministerial group arrangements, we can also discuss how we can best support those meetings.

We have been working on ways to

Engagement with the public

We have been developing a strategic communications plan to better inform the public of what we do and why it is so important. We have established a small communications team to support the three core NZIC agencies. There has been a lot of work setting up internal engagement programmes, supporting the Directors and DPMC Chief Executive with public engagements, establishing relationships with media and other government agencies, and establishing a NZIC website with information from the three core agencies in one place.

The new initiatives we are considering include in depth background briefings to journalists, more public speaking opportunities for the Directors, greater discussion of cyber issues, and a

We will engage with your offices as the programme develops. This external engagement focus is new for us and it goes against the cultural DNA of our organisations, which are still grounded in the "need to know" principle. Your support and encouragement would be very helpful.

Engagement with the Leader of the Opposition and Parliament

Special recognition is given to the role of Leader of the Opposition in the GCSB and NZSIS Acts. This reflects the traditional "bipartisan" approach to national security.

s. 9(2)(g)(i)

A bipartisan approach is particularly important during the passage of legislation, when investment is needed, or when responding to emerging situations.

s. 9 (2)(g)(i)

s. 6(a)

Summary

Overall, we are very optimistic about the direction of change the community has taken. The PIF told us we have a long way to travel, and we have an extensive change programme underway.

The threats facing New Zealand are real and are undoubtedly growing (not least the risks of onshore violent extremism and cyber security). Some of these threats we have never seen before. Our job is to grip these up and help you ensure the national security of New Zealand. We very much look forward to working with you and for you for the next three years.

Howard Broad
Deputy Chief Executive, DPMC

Ian Fletcher
Director, GCSB

Rebecca Kitteridge
Director of Security, NZSIS