

## Hon Andrew Little

Minister of Health

Minister Responsible for the GCSB

Minister Responsible for the NZSIS

Minister for Treaty of Waitangi Negotiations

Minister Responsible for Pike River Re-entry

Lead Coordination Minister for the Government's Response to the Royal Commission's Report into the Terrorist Attack on the Christchurch Mosques



22 November 2022

Scott

fyi-request-20668-be29b4fa@requests.fyi.org.nz

Tēnā koe Scott

### Official information request

Thank you for your Official Information Act 1982 (OIA) request of 27 September 2022 seeking information that I hold on the classification system review and the release of the New Zealand Government Information Security Classification System Policy 2022 by the New Zealand Security Intelligence Service (NZSIS).

You were advised on 26 October 2022 that the time limit for responding to your request had been extended to 23 November 2022 because the consultations necessary to make a decision on your request were such that a proper response could not reasonably be made within the original time limit.

### Response

The report of the *Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain* (RCOI) included recommendations for updating the security classification system. Budget bids on updating the security classification system in Budgets 2021 and 2022 related to the RCOI's recommendations. The RCOI recommended that the Government direct intelligence agencies (including the Department of the Prime Minister and Cabinet) to improve intelligence and security information sharing practices, including:

- driving a change in approach to the need to know principle across relevant Public sector agencies, with special attention given to local government including the emergency management structures at the local and regional level, to ensure it enables rather than just restricts information sharing; and
- overseeing the implementation, within six months, of recommendations in the 2018 Review of the New Zealand Security Classification System.

Work to date on progressing this recommendation (recommendation nine) has delivered a range of tools, guidance, and training materials to New Zealand Government agencies to achieve the following objectives:

- improve adoption and correct usage of the New Zealand Government Security Classification system (the System);
- increase awareness of how classification leads to secure behaviours, better sharing of information, and transparency;
- improve security culture through education and communication;
- introduce improved classification principles and practices;

- increase awareness and capability to balance 'need-to-know' and 'need-to-share' to improve the sharing of information;
- have more information regularly and systematically declassified and released for public use; and
- measure and report on the function and performance of the System.

As you are aware, on 1 July 2022, the revised New Zealand Government Security Classification System policy came into effect.

You requested the following information:

*I would like to request a copy of the briefing the minister received to advise him of the outcome of NZSIS's recent review of the classification system and their proposals for updating the classification system.*

Please find enclosed the following documents relevant to this part of your request:

- **Briefing Note: Royal Commission Implications for Classification System Review** (February 2021). Some information in this paper has been withheld pursuant to the following sections in the OIA:
  - Section 6(a), as the making available of that information would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand; and
  - Section 9(2)(a), as the withholding of the information is necessary to protect the privacy of natural persons.
- I do not believe that the withholding of this information is outweighed by other considerations which render it desirable, in the public interest, to make that information available.
- **RCOI Information Sharing Project Minister Briefing Handout** (June 2022). This is from a verbal briefing the Protective Security Requirements Unit gave me on the project outcomes.

*The NZSIS Protective Security Requirements website refers to a proposal to simplify the classification system which did not receive Cabinet approval:*

*"We recognize that simplifying the System was identified as a high priority by all of the agencies involved in the review project in 2019 and 2020. That review found that simplifying the system will require significant resources across government to undertake. We did not receive approval from Cabinet to commit those resources at this time."*

*Quote on this webpage:*

*<https://protectivesecurity.govt.nz/resources-centre/common-questions/classification-system/what-has-changed-in-the-july-2022-policy/>*

*I would like to request a copy of all Cabinet material associated with the update of the classification system, including the proposal referred to above which did not receive Cabinet approval.*

In response to your question my officials submitted two funding options in Budget 2021 for the first phase of the classification system change. Treasury approved the option for \$840,000 so the Government could address RCOI recommendations 9a and 9b. I have enclosed an excerpt from a briefing I received in December 2020 related to initiatives in Budget 2021. This can be found on page four of this letter. You can read the approved Budget 2021 initiative on page 94 at the following link:

<https://www.treasury.govt.nz/sites/default/files/2021-07/b21-wellbeing-budget-v2.pdf>

My officials also provided information on the classification related Budget initiative to the Treasury who were responsible for the Treasury's final Budget 2022 package considered by Cabinet. As allowed for by section 16(1)(e) of the OIA, I have also enclosed excerpts in Appendix One on the classification review budget bid from the wider counter terrorism budget bid, to protect the interests of sections 6(a) and 9(2)(g)(i) of the OIA.

Details on the approved Budget 2022 initiative can be found at the following link on the Budget 2022 website, on page 98: <https://budget.govt.nz/budget/pdfs/wellbeing-budget/b22-wellbeing-budget.pdf>.

### **Review**

If you wish to discuss this decision, please feel free to contact [a.little@ministers.govt.nz](mailto:a.little@ministers.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.

Ngā mihi

A handwritten signature in blue ink that reads "Andrew Little". The signature is written in a cursive, flowing style.

Hon Andrew Little  
Minister Responsible for the NZSIS

## Excerpts from Budget 2022 Initiative Summary –Royal Commission of Inquiry – Maintaining and Enhancing Cyber Security Services

**Review of New Zealand’s classification system** in support of recommendation nine of the RCOI

Recommendation 9 of the RCOI directed the Department of Prime Minister and Cabinet to improve intelligence and security information sharing practices. Meaningful delivery of this recommendation is dependent on NZSIS’s Protective Security Requirements (PSR) unit undertaking policy change in relation to PSR guidance and practices that govern New Zealand’s classification system.

This initiative seeks funding to build upon the current work underway to implement the information sharing recommendations set out by the RCOI. All relevant agencies have agreed the simplification of New Zealand’s classification system is the key enabler of improved intelligence and security information sharing practices. The classification system review is being undertaken by PSR and deliverables include:

- Design of the policy change and its implications to PSR guidance and practices (classification system, handling instructions, security clearance levels, and physical security zone changes to align with the simplified classifications)
- Development of education and training modules for the revised classification system plus guidance on how to map between the old classification system and the new.
- Generic transition planning for agencies moving from the old to the new system.

**Previous delivery experience**

**Classification Review Project:** This initiative would build upon previous work including a 2019/20 review of the classification system to understand the appetite for change, design a more fit-for-purpose Classification System, and assess the impacts of change on government. The initiatives have been effectively delivered, managed, and governed in partnership between NZSIS and the consulting firm involved.

## Excerpt from Briefing Note: Budget 2021 Initiative Submission (22 January 2021)

Beyond the three cost pressure initiatives I am submitting, the Royal Commission of Inquiry into the Terrorist Attack on Christchurch Mosques made recommendations around changing the New Zealand Security Classification System, which would have resourcing implications for NZSIS. My officials are working with the Department of the Prime Minister and Cabinet (DPMC) to ensure this issue is addressed in a February report-back to Cabinet on the next tranche of Royal Commission of Inquiry work streams.



New Zealand  
Security Intelligence  
Service  
Te Pā Whakamarumaru

## Briefing Note: Royal Commission Implications for Classification System Review

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**Date** 15 February 2021

**To** Hon Andrew Little  
Minister Responsible for the NZSIS

**From** Rebecca Kitteridge  
Director-General of Security

**For your** Approval

**Action by** 16 February 2021

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### Recommendations

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1	Note	That the Royal Commission of Inquiry into the Terrorist Attack on Christchurch Mosques recommended implementing, within six months, improvements to the New Zealand Government Classification System.	Yes/No
2	Note	That NZSIS has led a review of the Classification System and developed options for change.	Yes/No
3	Note	That the immediate next steps are to complete the detailed design and develop a business case, at an estimated cost of \$2.3 million, which cannot be managed within existing funding.	Yes/No
4	Agree	To seek permission, through an upcoming Cabinet paper on Royal Commission implementation progress, to submit a late initiative in the Budget 2021 process for the \$2.3 million cost.	Yes/No

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**Contacts for telephone discussion (if required)**

Name	Position	Telephone	1 <sup>st</sup> Contact
Rebecca Kitteridge	Director-General, NZSIS	s9(2)(a)	X

*Rebecca Kitteridge*

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

\_\_\_\_\_  
Hon Andrew Little  
Minister Responsible for the NZSIS

Date:

## Purpose

1. The Royal Commission of Inquiry into the Terrorist Attack on Christchurch Mosques ("the Royal Commission") made recommendations about changing the New Zealand Government Classification System ("the Classification System"), which would have immediate resourcing implications for the New Zealand Security Intelligence Service (NZSIS).
2. This briefing note sets out our preferred way of addressing this issue, s6(a)

## Background

### ***IGIS and NZSIS Reviews of NZ Government Classification System***

3. In 2018 the Inspector-General of Intelligence and Security (IGIS) conducted a review of the Classification System. The IGIS found that the Classification System is inconsistently applied, and is not well understood or supported by effective systems or processes across wider government.
4. In response, the NZSIS led a review to understand the appetite for change across government, to design a more fit-for-purpose Classification System, and to assess the impacts on government of changing the Classification System. This review found a strong appetite for change, and developed options for analysis:
  - Option A – Improved, standardised, and centralised education on the existing classification system; and
  - Option B – Change to the 'fit for purpose' classification system, with standardised education.
5. Option B was the overwhelmingly preferred option. It had an indicative 20 year cost of \$35 million (spread across 39 agencies), and a net present value of \$55 million. To provide greater choice around funding, a further option was developed, providing a phased approach to implementing Option B.
6. In October 2020 the Security Intelligence Board (SIB) gave in-principle support for moving to the fit for purpose solution. The next phase of work would be to complete the detailed design and develop a business case with implementation options, to support a funding decision by Cabinet.

### ***Royal Commission Recommendation on Classification System***

7. The Royal Commission's report was published on 8 December 2020. The report includes a recommendation that relates to the Classification System:

*Direct the new national intelligence and security agency, and in the interim the Department of the Prime Minister and Cabinet, to improve intelligence and security information sharing practices, including:*

- a) *driving a change in approach to the “need-to-know” principle across relevant Public sector agencies, with special attention given to local government including the emergency management structures at the local and regional level, to ensure it enables rather than just restricts information sharing; and*
  - b) *overseeing the implementation, within six months, of recommendations in the 2018 Review of the New Zealand Security Classification System:*
    - i. *expanding the classification system principles to provide that no information may remain classified indefinitely and that, where there is doubt as to the classification level, information is classified at the lower level;*
    - ii. *revising and strengthening Public sector agency guidance and developing training;*
    - iii. *adopting a topic-based approach to systematic declassification of historic records; and*
    - iv. *developing indicators of function and performance of the classification system.*
8. While the Royal Commission recommended that this work be done by the Department of the Prime Minister and Cabinet (DPMC), agencies agree that it sits better with NZSIS, given its protective security role.
9. The Government response to the Royal Commission’s report was to agree in principle to implement all of the recommendations, noting that implementing some of the recommendations will require further consideration.

### **Taking Forward the Royal Commission’s Recommendation**

10. The work that NZSIS has led in reviewing the Classification System stands us in good stead to take forward the Royal Commission’s recommendation.
11. That said, progressing with the immediate next steps would have resourcing implications for NZSIS. Completing the detailed design and developing a business case will cost an estimated \$2.3 million, which we cannot manage within existing funding.
12. The preferred route for agencies to seek additional funding is through the annual Budget process, so that initiatives can be considered and prioritised together. For Budget 2021, however, the Budget process is invitation-only, and the Minister of Finance has not invited us to submit an initiative for the Classification System review. This partly reflects timing: the Minister of Finance asked Ministers for indications of their priorities in late November 2020, which was before the Royal Commission’s report had been published. You did mention the Classification System review in your Budget 2021 submission letter to the Minister of Finance in late January, so he is at least aware of the funding issue.



13. There are choices to consider in addressing the funding issue:
- There is a question for Ministers about whether to proceed with the improvements to the Classification System at all. We support the change, but we acknowledge that this is a choice, particularly given the costs involved.
  - If Ministers do wish to proceed with the improvements to the Classification System, there is a choice about whether to provide new funding through the Budget process for the cost of the immediate next steps, or to ask agencies to meet the cost within existing funding. While NZSIS could not absorb the estimated \$2.3 million cost within baselines, the amount could be met more feasibly from the baselines of a wider group of agencies, such as SIB agencies.
  - There is also a choice around pace. If new money is needed from the Budget, and Ministers wish to progress quickly (bearing in mind the six month timeframe in the Royal Commission's recommendation), then Ministers might agree to accept a late initiative in the Budget 2021 process. Alternatively, if Ministers are content for this work to progress on a slower timeframe, an initiative could be submitted into the Budget 2022 process.
14. We see value in proceeding quickly, both in terms of acting with the urgency inherent in the Royal Commission's recommendation, and in terms of maintaining momentum with the project. With speed in mind we also prefer the approach of seeking new funding through the Budget process, rather than going through a club funding arrangement with SIB agencies.
15. We would like to discuss this matter with you s6(a)   to hear your preferences for how to proceed.
16. DPMC is preparing a Cabinet paper for you to take to the Cabinet Business Committee on 1 March in your capacity as Lead Coordination Minister for the Government's Response to the Royal Commission's Report. This paper will provide an update on progress with implementing the Royal Commission's recommendations. We have raised with DPMC the issues around funding for the Classification System review. Depending on your preferences, this Cabinet paper could be used as a vehicle for securing Cabinet agreement to a way forward.

# **BRIEFING FOR THE MINISTER FOR NZSIS ON THE RCOI INFORMATION SHARING PROJECT**

CLASSIFICATION SYSTEM CHANGES TO DELIVER ON RCOI  
RECOMMENDATION 9 ON INFORMATION SHARING

## RCOI RECOMMENDATION 9

DRIVE CHANGES TO THE NEW ZEALAND SECURITY CLASSIFICATION SYSTEM TO DELIVER ON RECOMMENDATION 9 ON INFORMATION SHARING BY THE ROYAL COMMISSION OF INQUIRY INTO THE TERRORIST ATTACK ON CHRISTCHURCH MASJIDAIN

- 9a) Drive a change in approach to the “Need to Know” principle to enable rather than restrict information sharing.
- 9b) Implement the following recommendations identified by the IGIS in the 2018 Review of the New Zealand Security Classification System:
  - i. Expand the System principles so that no information may remain classified indefinitely and that where there is doubt, information is classified at the lower level.
  - ii. Revise and strengthen public sector agency classification guidance and develop training.
  - iii. Adopt a topic-based approach to systematic declassification of historic records.
  - iv. Develop indicators of function and performance of the System.

## PURPOSE AND DESIRED OUTCOME

- Overcome the barrier to effective information sharing caused by inconsistent use of the New Zealand Government Security Classification System. This can lead to a culture of secrecy, over-classification and applying severe information sharing restrictions.
- The aim of the project is to realise three key benefits:
  - More consistent and effective use of the Classification System
  - More purposeful information sharing, facilitating reduced national security risks and improving delivery of government services
  - Continued increase in transparency and public engagement through regular declassification of information.

## KEY PROJECT DELIVERABLES (COMES INTO EFFECT 1 JULY 2022)

#	Deliverable	Description
1	New Zealand Government Security Classification System Policy 2022	Revised the current policy to introduce higher level principles and refined requirements to drive systems level change in support of Recommendation 9 on Information Sharing
2	Classification System guidance (PSR Website Content)	Revised the practitioner guidance to support the revised policy and provide guidance on the steps agencies should take to adopt the new principles and recommended practices.
3	Online training modules	Created eLearning modules geared towards all staff within agencies to drive greater understanding and consistency of use of the Classification System. 1) Introduction to classification 2) How to classify information 3) How to protect information 4) <i>National security information (coming in latter part of 2022)</i>
4	Declassification guidance Information sharing guidance	Created new practitioner guidance to support agencies to adopt a systematic approach to declassification and improve their information sharing capability.
5	Classification System performance measurement framework	Revised the PSR Capability Maturity Model and self-assessment moderation framework to establish the indicators and evidence of performance and measurement for the classification system capability in line with other protective security capability development. Agencies will report back on their plans in March 2023 and measure their capability in March 2024 in the PSR annual assurance report.
6	Change management support	Created a launch plan, PSR-led workshop sessions for agencies, campaign tools, and change toolkit for agencies to use when implementing the revised policy in their environment. The agency workshops will be held in end June 2022.

## REFERENCE GROUP STAKEHOLDERS ENGAGED

Classification & Education		Information Sharing		Information Declassification		Performance Measurement
Members: 54 people, 21 orgs		Members: 43 people, 23 orgs		Members: 32 people, 18 orgs		Members: 30 people, 14 org
Provided feedback: 15 C + 16 Ed		Provided feedback: 19		Provided feedback: 9		Provided feedback: (due 20/5)
CAA/AVSEC DIA / Archives DPMC GCSB MBIE MFAT MFE MOE MOH MOJ	MPI MSD NEMA NZ Customs NZDF NZ Police NZSIS NZTA Ombudsman RBNZ Treasury	CAA/AVSEC DIA / Archives DPMC FENZ GCSB IRD MBIE MFAT MFE MOH	MOJ MOT MPI MSD NEMA NZ Customs NZDF NZ Police NZSIS NZTA Ombudsman Privacy Commissioner RBNZ	DIA / Archives DPMC GCSB MBIE MFAT MFE MOH MOJ MPI MSD NEMA	NZ Customs NZ Police NZDF NZSIS NZTA Ombudsman RBNZ	DPMC MBIE MFAT MFE MOH MSD NEMA NZ Customs NZDF NZ Police NZSIS NZTA Ombudsman RBNZ

We want to extend our heart-felt thanks to their involvement and feedback as it was instrumental to getting a fit-for-purpose and fit-for-use set of deliverables.

# 3 EXAMPLE SLIDES FROM ONLINE TRAINING MODULES

PSR | Protective Security Requirements

Classification Guidance

## HOW TO PROTECT INFORMATION

This module will describe how to protect government information through marking, using, storing, transporting, archiving, and disposing.

This is the third module in the Classification Guidance Training.

Module 1: Introduction to Classification  
 Module 2: How to classify information  
 Module 3: How to protect information  
 Module 4: National security information  
 Module 5: Good classification behaviours

START COURSE

This module should take 15min

MODULE 3 HOW TO PROTECT INFORMATION

## LEARNING OUTCOME

This module is separated into two sections. On completion of this module you will understand:

1. How to protectively mark information
2. How to securely handle classified information

This module covers what you need to know to protect classified information at IN CONFIDENCE, SENSITIVE, and RESTRICTED classification levels.

The next module (Module 4 National security information) will cover these topics for the higher classification levels.

BACK CONTINUE

PSR | Protective Security Requirements

SLIDE 4: 0

MODULE 3 HOW TO PROTECT INFORMATION

## WHO CAN HANDLE CLASSIFIED INFORMATION

Handling of classified information may be restricted due to its sensitivity.

A national security clearance is required before anyone can access information marked as CONFIDENTIAL, SECRET or TOP SECRET.

Access to any classified information will be based on a clear need-to-know requirement further restricting access.

BACK CONTINUE

PSR | Protective Security Requirements

SLIDE 4: 0F 23

SECTION 2 PROTECTIVE MARKINGS

## APPLYING CLASSIFICATION MARKINGS

The classification markings must be applied consistently across your communications:

- > Documents
- > Paragraphs
- > Email
- > Verbal

BACK CONTINUE

PSR | Protective Security Requirements

SLIDE 4: 0F 23

MODULE 3 HOW TO PROTECT INFORMATION

## NOW YOU HAVE A GO...

Tony needs to assess and mark the report to the right. Using what you have learnt in the previous Modules, help Tony mark the report correctly.

Drag and drop the correct marking on the document to the right in all appropriate places.

SENSITIVE	(Sen)
IN CONFIDENCE	(IC)
UNCLASSIFIED	(U)

Proceedings Update  
 Date: 15 June 2022  
 RE: John F Cooper

John works as a contractor for a number of construction and maintenance firms in Levin.

John (36) was born in Napier in 1986, moving to the Wellington region in 2012 after the death of his mother in a car crash. He has two children, (8) and (6) and lives with his partner at 215 Brown St Levin. He has a historical criminal record for possession of cannabis, he is known to Police.

John is affiliated with a local gang (Red Scorpions) in Levin. He is the lead whistle-blower in a gang related shooting between the Red Scorpions and a new gang moving into the territory. There would be serious consequences for John if the Scorpions knew he was working with authorities.

QUESTION 1 OF 3

PSR | Protective Security Requirements

MODULE 3 HOW TO PROTECT INFORMATION

## ON THE DRIVE TO THE TRAIN STATION

REMEMBER TO PICK UP THE BIRTHDAY CAKE FOR ANDREW'S MORNING TEA.

THIS WILL JUST TAKE A MINUTE...

WHAT DO YOU DO?

LEAVE THE LAPTOP ON THE SEAT, YOU WILL ONLY BE 10 MINUTES...

TAKE THE LAPTOP WITH YOU...

PSR | Protective Security Requirements

SLIDE 4: 0F 23