

**OFFICIAL**



Australian Government

# Office of National Intelligence

## Submission to the Parliamentary Joint Committee on Intelligence and Security

Review of Administration and Expenditure No. 23  
(2023–2024)

## OFFICIAL SUMMARY



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National Intelligence

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## ONI's Purpose and Functions

ONI is an independent statutory authority that falls within the Prime Minister's portfolio and reports directly to the Prime Minister. ONI was established by the *Office of National Intelligence Act 2018* (the ONI Act) in December 2018, which continued and expanded the functions of the former Office of National Assessments.

ONI's purpose is to give the Australian Government a decision-making advantage by helping it interpret world developments.

In parallel, ONI is responsible for enterprise-level leadership, coordination and evaluation of the National Intelligence Community (NIC), working towards a cohesive and world class intelligence community.

## Organisational Structure

ONI's broader organisational structure consists of:

- › the Director-General
- › two Deputy Directors-General
- › seven division heads (Senior Executive Service (SES) Band 2, including the Chief Operating Officer)

# Corporate Governance

ONI's robust corporate governance framework ensures organisational accountability and compliance with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Externally, ONI – like all other NIC agencies – is accountable to the government and the Australian public through various oversight mechanisms and relevant legislation.

## Committees

ONI's committees assist Director-General National Intelligence (DGNI) to plan, manage and implement our business and strategic objectives, as well as ensuring we meet our reporting responsibilities to government.

### Executive Board

The Executive Board (EB) – comprising DGNI, Deputy Directors-General and Chief Operating Officer – is the decision-making authority on high-level matters of strategic importance to ONI. The EB met monthly throughout the reporting period; urgent matters were considered out of session on a case-by-case basis as required.

### ONI Management Committee

The ONI Management Committee (OMC) oversees the effective operation of all aspects of ONI's corporate management activities, in support of DGNI and the EB. In 2023-24 the OMC continued to facilitate effective and efficient decision-making at the operational and routine management levels and provided the Office's interface with the Staff Consultative Committee.

## Privacy

ONI's Privacy Rules are issued by the Prime Minister under the ONI Act and ensure ONI acts with propriety and proportionality in the collection, retention, handling, and communication of identifiable information about Australian persons. To maintain compliance with the Privacy Rules, mandatory training is provided to new starters to ensure ONI staff are aware of their obligations and application of the Privacy Rules.

## Internal audit

The internal audit program developed each financial year is designed to add value and improve ONI operations. The Audit and Risk Committee independently oversees the annual program and implementation of any recommendations

## Fraud prevention and control

ONI takes all reasonable measures to prevent, detect and respond to fraud and corruption. Our fraud and corruption control plan aligns with the Commonwealth Fraud Control Framework and sets out the Department of Finance's arrangements for fraud and corruption prevention, detection, investigation and reporting. ONI continued to maintain appropriate fraud prevention, detection, investigation, reporting and data collection procedures in accordance with the PGPA Rule.

ONI continued to enhance staff awareness through mandatory training in relevant areas, including fraud awareness and the Commonwealth Resource Management Framework.

## Risk management

Appropriate engagement with risk enables timely and quality decision-making across the organisation and improves ONI support functions to government and the NIC.

Consistent with the requirements of the PGPA Act and the Commonwealth Risk Management Policy, ONI maintains a fit-for-purpose Risk Management Framework including a well-articulated risk appetite statement.

# Compliance

## Inspector-General of Intelligence and Security (IGIS)

The IGIS is an independent statutory office holder who reviews the activities of Australia's intelligence agencies, providing independent assurance that these agencies conduct their activities within Australian law, behave with propriety, respect human rights, and comply with ministerial guidelines and directions.

In 2023–24, IGIS undertook three inspections and started one preliminary inquiry into AI capabilities in the NIC, as well as providing findings for two inspections undertaken in the previous reporting period.

For the 2022–23 inspection findings released in 2023–24 concerned the Privacy Rules and Review for Cause. The Privacy Rules inspection looked at the application of ONI's rules to protect the privacy of Australians. The IGIS found 14 incidents of non-compliance. During the inspection period ONI did not conduct any review for cause processes.

In the current reporting period, IGIS's human-rights assessments and foreign-engagement authorities inspection made two propriety findings related to record-keeping, while the analytical integrity inspection had one propriety finding related to record-keeping.

The open source inspection commenced in the final quarter of 23–24; a summary of outcomes will be available in the next reporting period.

IGIS's preliminary inquiry into AI found further inquiries weren't necessary at this time owing to the nature of agencies' current use of AI and practices in place to ensure legality, propriety and human rights risks are appropriately considered and addressed.

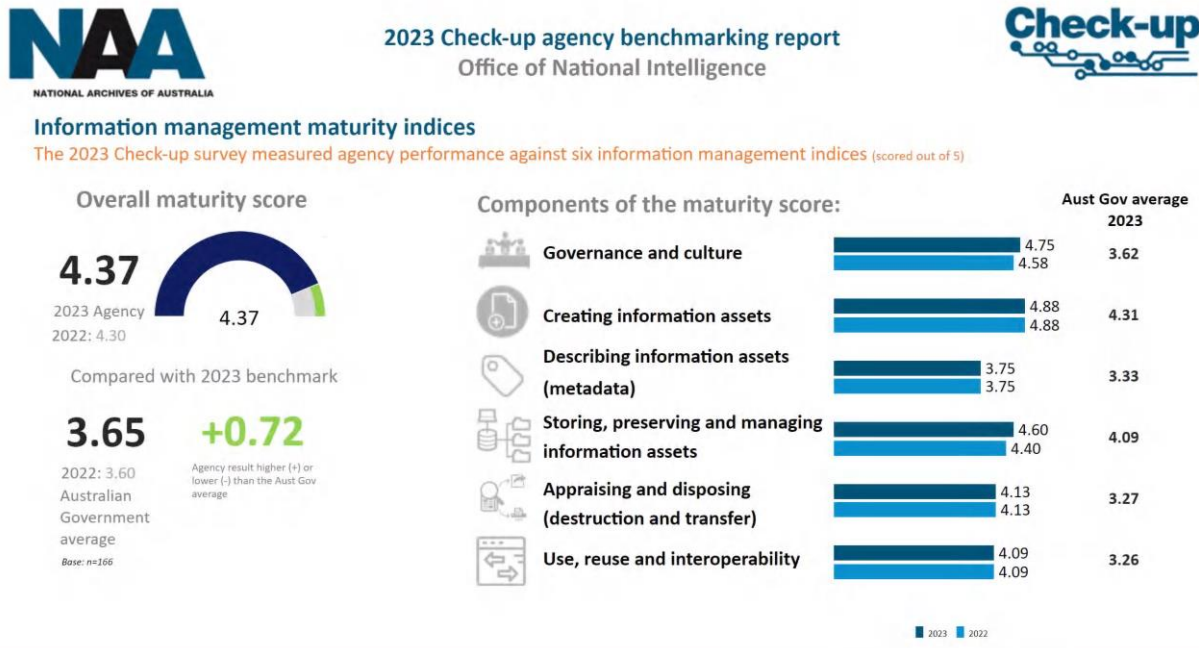
## Public interest disclosures

The *Public Interest Disclosure Act 2013* (PID Act) promotes integrity and accountability in the Australian public sector by encouraging the disclosure of information about suspected wrongdoing, protecting people who make disclosures and requiring agencies to act on such disclosures. The IGIS oversees the operation of the Public Interest Disclosure (PID) Scheme for ONI.

## Open Access requests

We received 75 requests to access ONI-controlled records in the open access period under the *Archives Act 1983* (section 40 requests).

ONI is required by the National Archives of Australia (NAA) to complete an annual self-assessment survey, 'Check-up', to measure our capabilities in managing information and data.



# People Management

During 2023–24, ONI's ongoing human resources modernisation agenda supported a stronger workforce capability and enhanced ONI's attractiveness as an employer. Despite the increasingly competitive labour market, our expanded and intensified talent attraction and recruitment efforts during the reporting period resulted in an increase in ONI's headcount compared with the previous reporting period. This staffing growth spanned the breadth of ONI's functions: analytical, technological and intelligence-enabling.

## Workforce data

ONI's employees are our key asset. We value critical skills and capabilities and continue our efforts to build the diversity of the ONI workforce to ensure we attract and employ the best possible talent. ONI's mission requires us to draw on a diverse range of views and perspectives to ensure the rigour and contestability of our work. Diversity also sustains a robust and resilient organisational culture. ONI's workforce planning priorities include strengthened attraction and retention strategies, expansion of our strong wellbeing initiatives, and a focus on staff development and mobility to ensure we remain agile and responsive to both government needs and the needs of our staff.

## Employment framework

ONI staff members are employed under the *Public Service Act 1999* (PS Act), other than DGNI, who is a statutory appointee with a fixed term of office.

The terms and conditions of employment for non-SES employees are set out in the Office of National Intelligence Enterprise Agreement 2024–2027 (EA), which came into force on 27 March 2024 after ONI's participation in APS-wide bargaining. The EA nominally expires on 28 February 2027. Under the new EA, annual wage increases are in accordance with government workplace relations policies, and include a 4% pay increase to non-SES base salaries with effect from 27 March 2024.

## SES remuneration

DGNI determines the conditions of employment for the SES under section 24(1) of the PS Act. General employment conditions largely mirror those outlined in the EA for non-SES. In accordance with the *Public Sector Workplace Relations Policy 2023*, ONI applied a 4% pay increase to SES base salaries with effect from 14 March 2024.

## Individual performance management

ONI's performance development framework outlines our approach to performance management. All employees are expected to participate in the program, which requires regular meetings with their managers to discuss, set, document and review work

priorities and development expectations. This framework ensures there is a strong relationship between staff performance and organisational objectives.

For non-SES staff, pay-point advancement within the salary bands for each APS classification (APS 1 to EL 2) is available to eligible staff at the end of the financial year.

ONI does not provide performance payments to staff; however, limited use is made of individual flexibility arrangements (IFAs). IFAs are used to supplement a staff member's employment conditions in recognition of particular skills, capabilities or additional responsibilities – or to meet special workplace circumstances, critical roles or operational requirements.

## Diversity and inclusion

ONI remains focused on realising and promoting the opportunities provided by a diverse workforce. ONI has six SES sponsors and nine non-SES champions who promote awareness and support disability, indigenous, neurodiversity, mental health, gender, LGBTQIA+ and cultural and linguistic diversity initiatives. During the reporting period, ONI recognised International Women's Day, Harmony Day, International Day Against Homophobia, Transphobia & Biphobia, National Reconciliation Week, Pride Day and NAIDOC Week.

ONI finalised work on refreshing its diversity and inclusion strategy with a new Diversity and Inclusion Strategy 2024–27, and consulted with employees and the ONI Diversity and Inclusion Committee (comprising sponsors, champions and key internal stakeholders). The Staff Consultative Committee acted as an additional forum to promote and champion diversity and inclusion via divisional representatives.

## Learning and development

ONI invests in continuous learning and development, preparing our employees and the organisation as a whole for future challenges and opportunities.

Our staff complete a comprehensive suite of induction and internal training programs. This early training focuses on core intelligence and tradecraft skills, language skills, subject-matter-specific knowledge and skills, corporate and administrative skills, and leadership skills. We support staff in a wide range of broader APS, international and private-sector professional and leadership training courses.

ONI recognises that our SES work and lead in a complex and dynamic operating environment. This reporting period our SES employees undertook an Executive Leadership Assessment and Development program aimed at enhancing individual and collective leadership effectiveness. We are developing further programs targeting middle management roles.



# Security Management

ONI's position within the NIC and our changing workforce composition reinforce the need to take a holistic and integrated approach to security.

## Personnel security

ONI's security management program is designed to manage personnel security risks in our unique operating environment. The program is underpinned by a comprehensive initial vetting and clearance maintenance process and supported by ongoing security awareness training, security monitoring and our Employee Assistance Program (EAP).

ONI assesses and maintains security clearances in accordance with the Protective Security Policy Framework (PSPF) and in the context of ONI's specific risk environment. Over the reporting period, ONI continued to focus on improving the efficiency of the vetting process, while maintaining the quality of security assessments.

## Security training for staff

All ONI new starters – employees, secondees and contractors – must undertake tailored security briefings, which include acknowledgement of their responsibilities under the ONI Act. Annual security awareness training is required of all staff, who must also meet their obligations as a security clearance holder. A revised Personnel Security Handbook is in development and will be published in 2024-25.

## Quality Assurance Office

ONI's Quality Assurance Office (QAO) independently assure the quality, consistency, and transferability of TS-PA (TOP SECRET-Privileged Access) security clearances, and drives the uplift of insider threat capabilities across TS-PA sponsors.

On 1 July 2023, amendments to the ONI Act came into effect to ensure ONI can lawfully undertake QAO activities.

Over time, the assurance provided by the QAO will strengthen and deliver a consistent TS-PA security clearance process, helping to remove the clearance transfer barriers historically experience by the National Intelligence Community. All existing ONI TSPV (Top Secret Positive Vetting) clearances will be transitioned to TS-PA clearances through the revalidation process or other agreed transition arrangements.

# Performance

## Collecting performance information

Performance for the 2023–24 reporting period was determined through routine metrics including:

- DGNI's interaction with the Prime Minister and other Cabinet ministers
- routine feedback from ONI's customers
- collection of quantitative data regarding the number and types of assessments ONI published
- internal reviews conducted of the key judgments contained in ONI's published Intelligence Assessments.

## ONI's Performance Matrix for 2023-24

Outcome	Programs	Activities	Intended Results	Performance Measures
<b>PBS Outcome</b> Advancement of Australia's national interests through increased government awareness of international developments affecting Australia and integration, coordination and evaluation of Australia's national intelligence capabilities	<b>PBS Program 1 Assessment and Reports</b> Provide assessments and reports to interpret a complex world for the Prime Minister, senior ministers and officials	<b>1.1</b> Analysing and anticipating change in international and other matters of political, strategic and economic importance to Australia for decision-makers, drawing on all sources	<b>1.1.1</b> ONI provides high-quality intelligence assessments to policy customers to inform key government decision-making	<b>1.1.1a</b> ONI assessments inform the Prime Minister, Cabinet and major government decision-making processes and bodies, including the National Security Committee  <b>1.1.1b</b> ONI's assessments are timely, accurate and relevant
			<b>1.1.2</b> ONI provides strategic warning to government on international developments that will impact on Australia's national interests	<b>1.1.2</b> ONI assessments anticipate developments of importance to Australia in the international political, strategic and economic environment
		<b>1.2</b> Collecting and analysing publicly available information through the Open Source Intelligence Branch	<b>1.2</b> ONI's collection and analysis of publicly available material provides high-quality open source insights for policy and intelligence customers to inform government decision-making	<b>1.2a</b> ONI's open source analysis informs government decision-making on key issues relevant to Australia's national interests  <b>1.2b</b> The Open Source Intelligence function derives intelligence value from publicly available information that informs the NIC
	<b>PBS Program 2 Coordination and Evaluation</b> Lead the national intelligence enterprise in service of Australia's national interests, through effective coordination and evaluation of the NIC	<b>2.1</b> Leading, coordinating and evaluating the NIC	<b>2.1.1 Leadership and Coordination</b> ONI improves the NIC's effectiveness, efficiency and interoperability	<b>2.1.1a</b> ONI introduces and maintains coordination mechanisms that are effective at facilitating forward planning, enhancing collaboration and managing effort across the NIC  <b>2.1.1b</b> ONI's enterprise leadership contributes to the NIC's ability to meet government expectations and requirements
			<b>2.1.2 Prioritisation and Evaluation</b> ONI supports the government in setting intelligence priorities, and effectively evaluates – and provides high-quality advice to government on – the NIC's performance against these priorities	<b>2.1.2a</b> ONI's evaluation efforts provide a robust and useful assessment of the NIC's performance as a whole in relation to the Australian Intelligence Missions  <b>2.1.2b</b> ONI's evaluation advice enables the National Security Committee to make informed decisions regarding the NIC, including on issues of resourcing, prioritisation and capability

## Finance

ONI's operations are funded through departmental appropriations. Total annual departmental appropriations received in 2023-24 were \$144.419 million, which included operating funding of \$133.889 million, departmental capital budget funding of \$4.506 million and equity injections of \$6.024 million. ONI also received \$10.382 million of administered funding for the NIC Research Grant Program and grants related to intelligence diplomacy.

### Overview of financial performance

ONI remained in a sound financial position, operating within its appropriation and with sufficient cash reserves to fund its debts as and when they fall due. The departmental operating result for 2023-24 was a surplus of \$24.960 million, adjusted for depreciation and amortisation and principal repayments on leased assets.

### Expense impacts

The increase in departmental operating expenditure for 2023-24 was in line with the increase in revenue from government. The majority of ONI's operating budget expenditure was on workforce related costs associated with employees and contractors.

Underspend against employee and contractor funding is the main driver of ONI's surplus. A highly competitive labour market and long recruitment timeframes has hampered ONI's ASL growth. ONI is developing and implementing initiatives to attract talent, build and retain our workforces, and boost diversity.

### Grants

Under the ONI Act, ONI may enter into grant arrangements if they support the performance of ONI's functions, and the constitutional risk assessment of the grant activity is assessed as low – meaning that under section 61 of the Constitution, no legislative authority (other than a valid appropriation) would be required. For all grant activities to date, ONI has engaged the Australian Government Solicitor for advice on constitutional risk. ONI is exempt from reporting grant arrangements on Grant Connect.