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# **OFFICE OF NATIONAL INTELLIGENCE**

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

Review of Administration and Expenditure  
No. 20 (2021–2022)

### **OFFICIAL SUMMARY**

February 2023

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## Agency Overview

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, continuing and expanding the functions of the former Office of National Assessments (ONA).

ONI's purpose is to give the Australian Government a decision-making advantage by helping it interpret world developments. ONI positions the Australian Government to respond to a changing and complex environment through the provision of all-source intelligence assessments, as well as the collection and analysis of open source information.

In parallel, ONI is responsible for enterprise-level leadership of the NIC and ensures a single point of accountability to the Prime Minister and NSC on intelligence matters.

The 2021-22 Portfolio Budget Statements (PBS) specify one Outcome for ONI: *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.*

These assessment, reporting and coordination activities are enabled by ONI's corporate functions, information and communications technology processes and business and security management systems.

## Organisational Structure

During the reporting period, ONI's senior organisational structure comprised of:

- › the Director-General
- › two Deputy Directors-General (SES Band 3)
- › eight SES Band 2s, including the Chief Operating Officer (COO)

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# Governance and Compliance

ONI promotes a culture of high standards and individual accountability, operating a robust corporate governance framework to ensure organisational accountability and support the Director-General in implementing the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Externally, ONI – like all other NIC agencies – is accountable through various oversight mechanisms and relevant legislation to the Australian Government and, ultimately, the Australian public.

## Committees

ONI's committees support the Director-General of National Intelligence (DGNI) to plan, manage and implement business and strategic objectives, as well as ensuring ONI meets its reporting responsibilities.

### ONI Management Committee

The ONI Management Committee (OMC) oversaw the effective operation of all aspects of ONI's corporate management activities, in support of the DGNI and the Executive Board. The OMC facilitated effective and efficient decision-making at the operational and routine management level.

### Audit and Risk Committee

The Audit and Risk Committee (ARC) provided independent assurance and advice to the DGNI and the Executive on the performance of ONI's governance framework, internal control systems, risk oversight, and compliance with internal and external accountabilities and responsibilities. Section 17(2) of the PGPA Rule requires that the functions of an audit committee must include reviewing the appropriateness of the accountable authority's financial reporting, performance reporting, system of risk oversight and management, and system of internal control.

The ARC met at least quarterly and comprised three members, including two external members – one of whom was the chair of the Committee. A representative of the Australian National Audit Office (ANAO) attended ARC meetings as an observer.

### Audit and Risk Committee Membership 2022

The composition of the Audit and Risk Committee ensures that all knowledge, skills and experience required for the effective function of the committee are covered.

## Internal audit

The ONI internal audit function delivers the Annual Internal Audit Program and reports its findings regularly to the ARC, which independently oversees implementation of any recommendations.

The internal audit function also manages ONI's liaison with the ANAO and works with it to ensure ONI meets its statutory obligations and implements best practice processes.

Each year, the Annual Internal Audit Program targets the ONI activities that present the greatest risk to achieving our performance objectives. A rolling annual program of audits examines various corporate and financial functions and makes recommendations for improvement where necessary.

## Fraud prevention and control

ONI takes exposure to fraud seriously and has a zero tolerance for its occurrence. The ONI Fraud and Corruption Control Plan outlines ONI's fraud prevention, detection, monitoring and reporting mechanisms. A fraud control risk assessment is reviewed at least quarterly to ensure it remains up-to-date and incorporates input from across the organisation. The ONI fraud and corruption control plan was reviewed and updated in the reporting period. ONI also participated in the annual Fraud Against the Commonwealth Census, facilitated by the Australian Institute of Criminology.

All ONI staff members were encouraged to increase awareness of their responsibilities in handling Commonwealth resources through eLearning modules, particularly 'Fraud Awareness' and 'Commonwealth Resource Management Framework'. Both are part of the ONI mandatory training program.

There were no incidents of fraud detected or reported during the 2021-22 reporting period.

## Risk management

Effectively engaging with and managing risk is central to ONI's achievement of its objectives. ONI has a comprehensive risk-management framework which aims not to eliminate risk, but rather to maximise opportunities while appropriately managing risk.

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# Legislative Changes and Litigation

## National Security Legislation Amendment Act 2022

The *National Security Legislation Amendment (Comprehensive Review and Other Measures No. 1) Act 2022* (the NSLA Act) implemented the Government response to a number of recommendations of the 2020 *Comprehensive Review of the Legal Framework of the National Intelligence Community* led by Dennis Richardson AC (the Comprehensive Review). It received Royal Assent on 1 April 2022, with various amendments affecting ONI:

- > From 2 April 2022, Schedule 7 of the NSLA Act amended certain provisions of the ONI Act that relate to ONI cooperating with international entities. The amendments extended the approval regime such that ONI must now obtain DGNI's approval before it can cooperate with public international organisations under s 13 of the ONI Act. The term 'public international organisation' has the same meaning as in section 70.1 of the Criminal Code.
- > Schedule 10, Part 3 of the NSLA Act also provided for certain amendments to commence on 1 October 2022 relating to ONI's privacy rules. These amendments implement recommendation 12 of the Comprehensive Review. The amendments require ONI to apply the privacy rules to the collection of personal information about an Australian citizen or permanent resident under ONI's open source function (ie paragraph 7(1)(g) of the ONI Act) and to the communication, handling and retention by ONI of intelligence information that is personal information about an Australian citizen or permanent resident. As a result, the privacy rules no longer apply to, for example, the communication of administrative and staffing information, which will instead be covered by other internal policies. ONI revised its current privacy rules to ensure that they reflect these changes and commence before 1 October 2022.

ONI did not pursue changes to the *Office of National Intelligence Act 2018* during the reporting period.

## Litigation matters

ONI was subpoenaed on 1 November 2021 by Mr Bernard Collaery, who had been charged with offences under the *Intelligence Services Act 2001*. However, this subpoena was set aside on 16 May 2022 in *R v Collaery (No 12) [2022] ACTSC 108*.

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# Human Resource Management

ONI staff are employed under the *Public Service Act 1999* (PS Act), excluding the 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 ONA Enterprise Agreement 2016-19 (the EA). The EA nominally 'expired' on 3 May 2019. A subsequent determination under section 24(1) of the PS Act was made to apply annual wage increases from 2019 to 2021 (Determination 2019/01). Following staff consultation in early 2022, ONI implemented a new determination under section 24(1) of the PS Act providing annual wage increases for 2022-24 in accordance with the Public Sector Workplace Relations Policy 2020.

For SES officers, the terms and conditions of employment are set out in subsection 24(1) determinations made under the PS Act.

## Staffing profile

As at 30 June 2022, ONI had 292 employees – an increase of 11 from 30 June 2021.

Of the ONI workforce:

- > 43 were part-time (including 7 casual employees)
- > 284 were located in Canberra, plus 4 inter-state and 4 posted overseas (excluding locally engaged staff (LES) overseas)
- > 52 per cent were women.

## Recruitment and retention

All of ONI's recruitment and internal movement decisions are carefully considered in the context of organisational growth, budgeted Average Staffing Level (ASL) targets, resourcing of ONI's strategic priorities, and our desire to support secondments and transfers across the NIC. ONI faces the challenge of a small talent pool as it seeks applicants who are based in Canberra, with the requisite skills and capabilities and the ability to hold and maintain a security clearance. The long lead time to recruit employees in roles which require Positive Vetted (PV) security clearance presents a challenge for ONI.

In 2021 we initiated a significant program of reform in the human resources and vetting functions to increase efficiency and enhance candidate care throughout the recruitment process. We also embarked on a broad range of initiatives (highlighted below in Table 3) to build the appeal of careers in national intelligence and attract new entrants to both ONI and the NIC.

The ONI People Strategy 2022-2026 sets out the strategic direction for our workforce through the investment in people across the core stages of the employee lifecycle (attract, recruit, retain, develop, and transition). To ensure we have a workforce which enables us to continue to deliver on our mission, staff retention, development and transition to alumni (rather than transitioning out), are of equal focus as attraction and recruitment.

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**Table 1**

<b>Attract</b>	<ul style="list-style-type: none"> <li>Review ONI’s employee value proposition (EVP) to ensure it continues to support attraction and retention, and positions ONI as an employer of choice.</li> <li>Broaden outreach through social media, marketing, and enhanced brand awareness.</li> <li>Develop strategies to attract a more diverse workforce, considering diversity of demographic background, and experience.</li> </ul>	Invest in corporate data capture, business information systems and analytic capability to support organisational decision making and strategic planning through enhanced business intelligence insights, forecasting and modelling.	Implement digital enhancements that improve the experience of candidates and employees, and optimise HR processes and delivery.
<b>Recruit</b>	<ul style="list-style-type: none"> <li>Plan, prioritise, execute and evaluate a healthy recruitment pipeline aligned with current and future capability needs.</li> <li>Optimise candidate experience and engagement throughout the recruitment process.</li> <li>Implement programs that support the development of future talent pools such as entry level recruitment and employee alumni programs.</li> </ul>		
<b>Retain</b>	<ul style="list-style-type: none"> <li>Review and set an intentional organisational culture, with a narrative of shared purpose, trust, and inclusion.</li> <li>Revise wellbeing and diversity and inclusion strategies to meet workforce needs and build resilience for the future.</li> <li>Review work practices and job design, and identify and pilot modern ways of achieving work.</li> </ul>		
<b>Develop</b>	<ul style="list-style-type: none"> <li>Develop capability and performance frameworks that support a holistic view of our workforce capabilities and enable strategic capability planning and uplift.</li> <li>Develop leadership capability that enables our future operating needs.</li> <li>Refresh learning and development curriculum to replace outdated curricula with modern, digital and practical on-the-job learning to meet increasingly changing skill needs.</li> </ul>		
<b>Transition</b>	<ul style="list-style-type: none"> <li>Develop programs and career structures that facilitate workforce mobility to cater to people at every stage of their career.</li> <li>Enhance employee care element of the separation model ensuring positive ONI sentiment upon exit (validated through employee survey).</li> <li>Increase touch points with alumni that foster future re-engagement.</li> </ul>		

ONI’s attraction and recruitment strategy is focused on strengthening our brand awareness in industry, business, the broader APS and emerging centres of expertise to attract more diverse talent; using a data informed approach to optimise the pipeline and re-engineer attraction and retention strategies with the constantly evolving market scenario; and increasing entry-level recruitment to grow our future workforce.

ONI recognises that an inclusive workplace is integral to attaining a skilled and diverse workforce, and continues to invest in initiatives that enhance cultural competence and inclusive decision making, increase workforce representation, and ensure everyone has equal access to opportunities and are equitably rewarded and recognised for their contributions.

**Retention**

ONI has a relatively mobile workforce with an average tenure of approximately four years, and a number of positions reliant on temporary (non-ongoing) funding. We continue to invest in our workplace settings to establish ourselves as an employer of choice, and optimise employee engagement and performance.

ONI uses the APS employee census survey results, along with internal pulse surveys to monitor staff satisfaction and identify areas for adjustment.

Some of the actions and initiatives delivered over the past 12 months include:

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- > Enhanced onboarding and induction program.
- > Leadership training provided to all SES and EL2 employees to support leadership in a disrupted environment.
- > Creation of a new Staff Consultative Committee to facilitate better engagement and communication between staff and the executive.
- > A broad range of diversity and inclusion initiatives including an active events program.
- > Focus on mental health and wellbeing – including an expanded program of in-house workshops, seminars and external speakers on health-related topics.

## Workplace diversity

### Diversity and inclusion

Through the ONI diversity champions and co-champions, ONI has continued to promote awareness and support disability, indigenous, mental health, gender, 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.

The newly established Staff Consultative Committee (SCC) has provided an additional forum to promote and champion diversity and inclusion via the divisional representatives.

ONI is coordinating and participating in a significant National Intelligence Community scholarship program in 2022. This program has already created and funded seven full academic scholarships for female students to undertake a Masters program through the Australian National University’s National Security College.

**Table 2: ONI gender profile 2022 (not including LES)**

	ONI (all)	EL2	SES
Women as at 30 June 2018	50% (95/191)	42% (22/42)	37% (7/19)
Women as at 30 June 2019	51% (124/243)	46% (30/65)	36% (8/22)
Women as at 30 June 2020	53% (134/261)	46% (33/71)	32% (7/22)
Women as at 30 June 2021	50% (140/282)	44% (36/82)	42% (13/31)
Women as at 30 June 2022	52% 151/292	47% 47/99	41% 14/34

### Indigenous employment and initiatives

Over the course of the year, ONI’s Indigenous representation held at <1%. We remain focused on participation in NIC diversity initiatives, including an Indigenous Network event, and seek to develop and implement a Reconciliation Action Plan specifically for ONI. The development of a new Diversity and Inclusion Strategy is underway which will build on the achievements of the former strategy (2019-2022) and identify gaps and barriers to indigenous participation in ONI’s workplace.

### Disability

Our public ONI internet site is accessible to people with disability and our SES disability champion promotes disability issues. The internet page has been designed to meet Australian Government standards, meeting all Level A, Level AA and Level AAA success criteria set out in the Web Content Accessibility Guidelines of the World Wide Web Consortium (W3C).

We have worked with the building consulting teams to ensure accessibility for the renovated work environments of our Canberra offices.



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## Learning and development

ONI's learning and development initiatives and our performance development framework continue to provide a solid foundation for the professional development of our workforce despite the challenges presented by COVID restrictions on education and training delivery. During the ACT's COVID lockdown, the team supported a pivot to online training, facilitating in-house seminars, streamlining processes and curating a selection of external courses, training resources and reading material aimed at staff professional development. We also worked on extending briefing and engagement capabilities across the Office. A series of dedicated courses and workshops were designed and delivered for this purpose.

We continued to provide support for:

- > corporate and administrative skills training;
- > language training (including payment of allowances to eligible staff);
- > subject matter-specific and tradecraft-related courses;
- > leadership training; and
- > tertiary studies.

### Leadership development

ONI continued to offer newly appointed Executive Level (EL) and SES officers access to the APSC and the National Security College executive management and training programs to develop their leadership skills. In 2021-22, ONI emphasised SES and EL2 development through tailored leadership and management programs for these cohorts.

### Studies assistance program

Our studies assistance program provides financial support and study leave for employees undertaking tertiary courses that support their work at ONI and their broader public service careers.

## 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) to provide additional remuneration or allowances (or both) to help attract and retain staff with specific skills and/or experience.

## Staff behaviour

There were no formal unacceptable behaviour, bullying or harassment complaints during 2021-22. Similarly, there were no investigations into suspected breaches of the APS Code of Conduct.

## Accommodation and facilities

### National Security Precinct update

ONI is working closely with the Finance-led project design team on the development of a National Security Office Precinct (NSOP) at York Park in Barton, ACT, in which ONI will be a tenant. The NSOP is currently in the design phase of its multi-year development, and a Managing Contractor responsible for the development of the precinct is expected to be announced early to mid-2023.



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## Business Continuity: COVID-19 and other operational risks

ONI's business continuity plan reflects the unique work patterns and outputs across its divisions. ONI continues to review work health and safety requirements and procedures aligning to ACT Government, ACT Health and APSC advice.

ONI's return to work guidance aligned with Commonwealth and ACT government health advice, and saw most staff members return to the office from 1 November 2021. ONI developed a *Pathway for Transition to COVID-Normal Work* which outlined the working arrangements, including the COVID-safe measures to be implemented in ONI's ACT facilities. The measures were a guide and subject to change on advice from the Minister for Health, relevant authorities and the APS Commissioner. The phased approach occurred over three stages from Phase 1: blue / green approach, Phase 2: gradual transition back to the office and Phase 3: normal attendance in the office, subject to individual circumstances and business requirements. ONI has continued to offer flexible working arrangements for staff with serious health concerns or those with vulnerable family members.

ONI has encouraged staff to be vaccinated and receive boosters, in line with Department of Health and ACT Government advice. Office protocols on social distancing, reporting, cleaning, sanitising and good hygiene continue.

ONI SES maintained regular communication with staff, with key information distributed via all staff emails and intranet updates. ONI staff were to advise ONI via a dedicated COVID-19 email address if they were considered at 'High', 'Moderate' or 'Low' risk of being exposed to COVID-19, or when they undertook testing for COVID-19.

## Security Management

ONI continued to place a high priority on the protection of our information, assets and people. An ongoing program to identify potential physical, cyber and personnel security threats positioned us to make informed assessments of risk and to implement proportionate measures to enhance security and safety. The strength of ONI's security culture contributed to ONI avoiding any significant security violations<sup>1</sup> in 2021-22.

### Protective Security Policy Framework

ONI maintains a comprehensive suite of security directives, policies and instructions that reflect the substance and intent of the PSPF. These policies and instructions are updated regularly to ensure they remain current and where relevant, directly map to the PSPF. To contribute to, and remain aware of changes to the PSPF, we participate in a range of security forums and Attorney General's Department-led communities of practice.

### Security clearances

We continue to assess and maintain security clearances in accordance with the PSPF and factoring in our risk environment.

### Security training and policies

Security training remains a key focus for ONI, with regular updates to the security awareness training packages delivered in-person for new staff. All ONI new starters - employees, secondees and contractors - received security induction training on their first day. New staff were provided with follow-up security awareness packs directing them to ONI's suite of security policies and instructions. We reinforced the initial security induction training with one-on-one personnel security check-ins held approximately six months after commencement, as well as security reminder publications. Annual security awareness training is mandatory for all staff and is published as an e-learning course. Mandatory annual security e-learning training material has also been updated. The Security team provides customised security services to ONI staff as required.

The Security team regularly liaises with individual staff to provide advice and responses to specific situation-based queries and issues.

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<sup>1</sup> A significant security violation is a deliberate, negligent or reckless action that leads, or could lead to, the loss, damage, compromise, corruption or disclosure of official resources. A security violation can have wide-ranging and critical consequences for the ONI and the Australian Government.

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# Performance Evaluation and Accountability

ONI is publicly accountable through various mechanisms: the publication of our PBS; annual reporting to the Parliament by the PJCIS; review by the Inspector-General of Intelligence and Security; and the appearance of the Director-General before the Senate Finance and Public Administration Legislation Committee.

The Australian National Audit Office (ANAO) audits ONI's Annual Financial Statements. The Audit Report for 2021-22 can be found at Appendix 2.

## Performance evaluation

ONI draws on a broad repository of qualitative and quantitative data from:

- › the annual survey of our senior customers
- › liaison with the Prime Minister and other Cabinet Ministers and their offices
- › the collection of verbal and written feedback from ONI's customers and stakeholders, both formally and informally throughout the year
- › regular internal reviews of ONI's performance through ONI's quarterly performance reporting (QPR) scheme
- › the collection of quantitative data regarding the number and types of assessments that ONI has published, and how and to whom these were disseminated
- › the capture of the outcomes of Inspector-General of Intelligence and Security (IGIS) evaluations of ONI.

## Reporting

ONI's performance measurement framework is set out in our Corporate Plan. A key part of this, our Intended Results and Performance Measures – as mapped against our PBS Programs and Activities – are shown below.

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## ONI's Performance Matrix for 2021-22

Outcome	Programs	Activities	Intended Results	Performance Measures
<p><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</p>	<p><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</p>	<p><b>Activity 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</p>	<p><b>Intended Result 1.1.1</b> ONI provides high-quality intelligence assessments to policy customers to inform key government decision-making</p>	<p><b>Performance Measure 1.1.1a</b> ONI assessments inform the Prime Minister, Cabinet and major government decision-making processes and bodies, including the National Security Committee</p> <p><b>Performance Measure 1.1.1b</b> ONI's assessments are timely, accurate and relevant</p>
			<p><b>Intended Result 1.1.2</b> ONI provides strategic warning to government on international developments that will impact on Australia's national interests</p>	<p><b>Performance Measure 1.1.2</b> ONI assessments anticipate developments of importance to Australia in the international political, strategic and economic environment</p>
		<p><b>Activity 1.2</b> Collecting and analysing publicly available information through the Open Source Centre</p>	<p><b>Intended Result 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</p>	<p><b>Performance Measure 1.2a</b> ONI's open source analysis informs government decision-making on key issues relevant to Australia's national interests</p> <p><b>Performance Measure 1.2b</b> The Open Source Centre derives intelligence value from publicly available information that informs the NIC</p>
	<p><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 National Intelligence Community (NIC)</p>	<p><b>Activity 2.1</b> Leading, coordinating and evaluating the NIC</p>	<p><b>Intended Result 2.1.1 Leadership and Coordination</b> ONI improves the NIC's effectiveness, efficiency and interoperability</p>	<p><b>Performance Measure 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</p> <p><b>Performance Measure 2.1.1b</b> ONI's enterprise leadership contributes to the NIC's ability to meet government expectations and requirements</p>
			<p><b>Intended Result 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</p>	<p><b>Performance Measure 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</p> <p><b>Performance Measure 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</p>

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### Corporate plan

ONI develops a classified Corporate Plan annually that outlines how we intend to achieve our purpose in the current environment, define our performance measures and capture our capability outlook.

### Quarterly performance reporting

During the reporting period, ONI produced QPRs to capture ONI's achievement against its three key Activities (all-source assessment, operating the OSC and enterprise management of the NIC), as well as ONI's corporate performance (management, accountability and expenditure).

This regular capture of performance data provided the ONI senior executive with detailed, timely information to assist them to make informed decisions on organisational resourcing, priorities and direction.

### Annual report

Each year we prepare a classified Annual Report and an Annual Performance Statement for the Prime Minister, containing detailed information on the activities, performance and achievements of the office.

The ONI Annual Report 2021-22, including the Annual Performance Statement and Annual Financial Statements, was provided to the Prime Minister in November 2022.

## Accountability

### Parliamentary Joint Committee on Intelligence and Security

Parliamentary oversight of ONI's administration and expenditure is the responsibility of the Parliamentary Joint Committee on Intelligence and Security (PJCIS). The hearing for April 2022 did not occur.

### Senate Finance and Public Administration Legislation Committee

The Senate Finance and Public Administration Legislation Committee oversees the Senate Estimates process and covers the Prime Minister and Cabinet portfolio. ONI appeared at the Budget Estimates hearing in April 2022.

### Inspector-General of Intelligence and Security

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, comply with ministerial guidelines and directions, and respect human rights.

As with other business areas, the IGIS inspection schedule for ONI was slowed by COVID-19; only two of the planned inspections were commenced, and the Compliance with ONI's Privacy Rules was the only inspection completed. This review included a full audit of those instances where ONI needed to collect or communicate this information properly to perform its functions. The inspection identified no legality concerns, and IGIS stated they observed good compliance overall with ONI internal Privacy Rules procedures. However, the IGIS identified several propriety and administrative findings, and made recommendations to ONI regarding relevant policy updates to remediate these issues. The issues identified were four instances of non-compliance with ONI's internal guidelines; delayed approvals to communicate information in reporting; administrative errors; and some inconsistency with how Privacy Rules forms are used and cleared within ONI.

In March 2022, the IGIS commenced inspection on ONI's compliance with the arrangements of the AUSTRAC Memorandum of Understanding, which ONI uses to access and share financial intelligence information – collected under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* – for the purpose of providing intelligence assessments. While completed outside of the reporting period, the inspection team identified no issues of concern.

Aside from inspection and compliance investigation activities, the IGIS also reviewed ONI's policies and procedures relevant to ONI's compliance with legislation or other directions. In November 2021 ONI provided the IGIS with copies of its updated policies covering cooperation with approved foreign authorities. The IGIS made no findings or recommendations from its review of these policies and procedures.

### *Compliance Incidents*

ONI self-reported one compliance incident to the IGIS. The incident related to an administrative aspect of ONI's assumed identities arrangements, as governed by the *Crimes Act 1914*, which constituted a non-compliance with s15LG(2). ONI is required to conduct an audit of its assumed identities records every 6 months. Additionally, the DGNI must submit a report to the IGIS as soon as practicable after the end of each reporting period providing an overview of the assumed identities activities. Although ONI completed its audit and report to the IGIS within the statutory timeframes set out in the *Crimes Act 1914*, the auditor was not formally appointed until after the statutory timeframe due to an administrative oversight. ONI subsequently

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appointed a person under s15LG(2) of the *Crimes Act 1914* and we have updated our procedures to minimise the risk of recurrence of this issue. The IGIS is satisfied ONI is complying with its legislative obligations but will review ONI's use of assumed identities in a dedicated inspection on 2022-23.

### 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. In accordance with the requirements set out in the PID Act, ONI participated in the IGIS's annual survey of intelligence agencies' compliance with the PID Act. ONI reported that there had been no PID investigations undertaken during 2021-22.

## Public Relations

### Media and communications

ONI continues to respond to requests for media engagement and an ongoing demand for DGNI and other senior ONI officials to speak at key events.

ONI engages an external media monitoring company to provide a daily NIC-focused media summary, keeping ONI officers informed on public issues relevant to the NIC. ONI also maintains access to talking points from a range of government agencies whose work overlaps with ONI's domestic and international interests.

### External engagement

ONI embeds analytical rigour, integrity and contestability in all our analytical work and products. We use internal processes and external consultation with business, academic and think tank counterparts to ensure our judgments are informed by the widest evidence base possible, and are suitably reviewed and challenged.

## Financial Performance

ONI's operations are funded through departmental appropriations. Total annual departmental appropriations received in 2021-22 were \$98.934 million, which included operating funding of \$92.726 million departmental capital budget funding of \$5.115 million and equity injections of \$1.093 million.

In 2021-22 ONI received \$4.344 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 2021-22 was a surplus of \$11.863 million. In monitoring financial performance, ONI excludes depreciation and amortisation, as well as changes in asset revaluation surplus that affect the operating result, and includes principal repayments on leased assets.

Expenditure driven by the engagement of personnel, employees and contractors is the primary driver of the underspend. Unspent funding is accounted for against appropriations receivable and is managed in line with Department of Finance RMG 100 Guide to Appropriations.

### Expense impacts

The increase in departmental operating expenditure for 2021-22 was in line with the increase in revenue from government. The majority of ONI's operating budget expenditure was on staff salary costs.

ONI operated in an environment that continued to be constrained by COVID-19. Interruption to business as usual reduced our expenditure on travel, representation activity and employee expenses.

### COVID-19 ongoing impacts on administration and expenditure

The impact of COVID-19 had a continuing downward effect on expenditure. Staff travel had not recovered to pre-pandemic levels, a number of ONI-hosted conferences were postponed or cancelled, and activities

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requiring face-to-face engagement, such as training and engaging with external consultants or contractors, were limited.

## Revenue impacts

Departmental revenue from government increased in 2021-22 by \$0.819 million owing to additional funding received for new policy proposals offset by a reduction in funding from the JCF.

ONI remains exempt from the efficiency dividend and was not impacted by any savings measures during this reporting period.

We prepare our annual financial statements in accordance with provisions of the PGPA Act. The ANAO scrutinises our accounts and audits our financial statements in line with the Australian Accounting Standards. ONI accounts were issued an unmodified audit report by the ANAO again this year.

## Grants

During 2021-22, ONI had 18 active grant arrangements in place.

Under the ONI Act 2018 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 s61 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 (AGS) for support to ensure compliance with the Commonwealth Grant Rules and Guidelines. ONI is exempted from reporting grant arrangements on Grant Connect.