

OFFICIAL



Australian Government

Office of National Intelligence

Submission to the Parliamentary Joint
Committee on Intelligence and
Security

Review of Administration and Expenditure No. 22
(2022–2023)

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. 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 National Intelligence Community (NIC) and forms a single point of accountability to the Prime Minister and the NSC on intelligence matters.

Organisational Structure

ONI's broader organisational structure has evolved over the past 12 months to better suit our business needs, and now consists of:

- › the Director-General of National Intelligence
- › two Deputy Directors-General
- › seven SES Band 2s, including the Chief Operating Officer

Corporate Governance

ONI operates a robust corporate governance framework to ensure organisational accountability and compliance with the requirements of the PGPA Act. And externally, ONI – like all other NIC agencies – is accountable to the Government and the Australian public through various oversight mechanisms and relevant legislation.

Committees

In 2022-23, ONI's committees supported the Director-General of National Intelligence (DGNI) to plan, manage and implement our business and strategic objectives, as well as ensuring we met our reporting responsibilities to government.

Executive Board

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

ONI Management Committee

The ONI Management Committee (OMC) oversaw the effective operation of all aspects of ONI's corporate management activities, in support of DGNI and the EB. The OMC facilitated effective and efficient decision-making at the operational and routine management level and provided the Office's interface with the Staff Consultative Committee.

Internal audit

The annual internal audit program delivered by the internal audit function is designed to provide assurance and improve ONI operations. The internal audit program reports its findings to the Audit and Risk Committee, which independently oversees implementation of any recommendations.

Fraud prevention and control

ONI has a 'zero tolerance' setting for dishonest, fraudulent and corrupt activity. The ONI Fraud and Corruption Control Plan documents the strategic and operational approach to controlling fraud and corruption within the agency. The Plan incorporates a fraud risk assessment reviewed on an on-going basis, incorporating cross-agency consultation to ensure current and emerging risks are identified and control effectiveness is managed.

ONI enhances the fraud awareness of staff through a mandatory training program that includes Fraud Awareness and Commonwealth Resource Management Framework eLearning modules.

Risk management

Risk management is an integral element of ONI's daily activities and supports informed decision-making across all organisational functions.

Aligning with the updated Commonwealth Risk Management Policy and the PGPA Act, ONI undertook a comprehensive review of the ONI Risk Management Framework in the reporting period.

People Management

During 2022-23, ONI continued to modernise its human resources (HR) function to improve service delivery to the agency and to further attract employees and build staff capability. Our focus included enhancing workforce planning based on improved data and analytical capability, streamlining and automating HR processes, expanding recruitment efforts, strengthening workforce policies and strategies, and improving corporate data analysis and reporting capabilities.

Workforce data

ONI's employees are ONI's key asset. We value critical skills and capabilities, while continuing 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, but also to sustain a robust and resilient organisational culture. ONI's HR planning focus includes strengthening attraction and retention strategies, building on our existing strong wellbeing initiatives, and boosting staff development and mobility to ensure we remain agile and responsive to both government needs and those 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 ONA Enterprise Agreement 2016-19 (the EA), which nominally 'expired' on 3 May 2019. Subsequent determinations made under section 24(1) of the PS Act have enabled annual wage increases since 2019 in accordance with government workplace relations policies. ONI applied a 3 per cent pay increase to non-SES base salaries with effect 4 May 2023, aligning with the government's Public Sector Interim Workplace Relations Policy 2022.

In March 2023, APS-wide bargaining under the Public Sector Workplace Relations Policy 2023 began.

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 particular skills and/or experience.

Diversity and inclusion

ONI remains focused on realising and promoting the opportunities that a diverse workforce provides.

ONI has five SES sponsors and five non-SES champions who 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.

ONI gender profile

	ONI all	EL2	SES
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
Women as at 30 June 2023	54% (182/335)	50% (59/117)	36% (14/39)

Learning and development

ONI’s learning and development initiatives continued to provide a solid foundation for the professional development of our workforce. Staff were encouraged to undertake a range of training programs.

In addition, we redeveloped the staff induction program, delivered in-person analytical training for new analysts, curated and advertised a selection of external courses, and developed training resources and other material aimed at staff professional development.

Cultural and Linguistic Diversity

ONI is currently developing a new Diversity and Inclusion Strategy to cover 2024 - 2027 of which attracting and retaining CALD staff is a priority diversity focus area. Actions that will be pursued under the Strategy include language proficiency allowance for staff with native language skills (or who meet language proficiency requirements) as well as cultural leave, Harmony Day celebrations, networking across the NIC through CALD networks and a workplace cultural diversity assessment.

Security Management

The health and wellbeing of our people and the security of information and assets are central to ONI's mission.

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 – receive security induction training on their first day of work at ONI. The initial security induction training is reinforced with one-on-one personnel security check-ins held approximately six months after commencement, in addition to mandatory annual security awareness training for all staff.

Security policy

During the reporting period, ONI undertook a comprehensive review of the agency's personnel security policy framework and instructions. These are now being updated to ensure they are fit for purpose and, where relevant, directly map to the PSPF.

Quality Assurance Office

The Quality Assurance Office (QAO) is a new ONI function, established as part of the national TOP SECRET–Privileged Access (TS-PA) capability. Commencing on 1 December 2021, the QAO is responsible for independent assurance of the quality, consistency and transferability of TS-PA security clearances, and driving the uplift of insider threat capability for TS-PA clearance sponsors across government.

During the reporting period, the QAO commenced auditing TS-PA security clearances. This was an important step in delivering assurance for a growing capability, and the QAO is continuing to work closely with the TS-PA Authority and sponsoring agencies to expand its assurance and insider threat uplift activities into 2023-24

Performance

ONI's Performance Matrix for 2022-23

Outcome	Programs	Activities	Intended Results	Performance Measures
PBS Outcome 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	PBS Program 1 Assessment and Reports Provide assessments and reports to interpret a complex world for the Prime Minister, senior ministers and officials	Activity 1.1 Analysing and anticipating change in international and other matters of political, strategic and economic importance to Australia for decision-makers, drawing on all sources	Intended Result 1.1.1 ONI provides high-quality intelligence assessments to policy customers to inform key government decision-making	Performance Measure 1.1.1a ONI assessments inform the Prime Minister, Cabinet and major government decision-making processes and bodies, including the National Security Committee Performance Measure 1.1.1b ONI's assessments are timely, accurate and relevant
			Intended Result 1.1.2 ONI provides strategic warning to government on international developments that will impact on Australia's national interests	Performance Measure 1.1.2 ONI assessments anticipate developments of importance to Australia in the international political, strategic and economic environment
		Activity 1.2 Collecting and analysing publicly available information through the Open Source Centre	Intended Result 1.2 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	Performance Measure 1.2a ONI's open source analysis informs government decision-making on key issues relevant to Australia's national interests Performance Measure 1.2b The Open Source Centre derives intelligence value from publicly available information that informs the NIC
	PBS Program 2 Coordination and Evaluation Lead the national intelligence enterprise in service of Australia's national interests, through effective coordination and evaluation of the National Intelligence Community (NIC)	Activity 2.1 Leading, coordinating and evaluating the NIC	Intended Result 2.1.1 Leadership and Coordination ONI improves the NIC's effectiveness, efficiency and interoperability	Performance Measure 2.1.1a ONI introduces and maintains coordination mechanisms that are effective at facilitating forward planning, enhancing collaboration and managing effort across the NIC Performance Measure 2.1.1b ONI's enterprise leadership contributes to the NIC's ability to meet government expectations and requirements
			Intended Result 2.1.2 Prioritisation and Evaluation 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	Performance Measure 2.1.2a 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 Performance Measure 2.1.2b ONI's evaluation advice enables the National Security Committee to make informed decisions regarding the NIC, including on issues of resourcing, prioritisation and capability

Collecting performance information

ONI collects performance evaluation information through

- › interviews and surveys of our senior customers
- › liaison with the Prime Minister and other Cabinet ministers and their offices
- › routine collection of oral and written feedback from ONI's customers and stakeholders throughout the year
- › regular internal reviews of ONI's assessments, including open source reporting, and enterprise management objectives and performance
- › the collection of quantitative data regarding the number and types of assessments ONI published, how these were disseminated, and to whom they were disseminated
- › the capture of the outcomes of Inspector-General of Intelligence and Security (IGIS) evaluations of both ONI and the NIC more broadly

Accountability

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, respect human rights, and comply with ministerial guidelines and directions. In 2022-23, IGIS undertook six inspections of ONI and completed two that had commenced in 2021-22.

The *Crimes Act 1914* allows ONI to use assumed identities for the purpose of carrying out its open source function under paragraph 7(1)(g) of the ONI Act. ONI's assumed identities capability became operational in January 2021. In November, the OIGIS conducted its first inspection of files relating to ONI's use and management of Assumed Identities. The inspection team identified no issues of legality; nor were there any concerns regarding the management and use of Assumed Identities. One identified propriety issue was identified in the guidance material.

In January 2023, the OIGIS commenced its inspection of Open Source Intelligence functions. The team identified no legality concerns.

The IGIS reviewed ONI's submissions to the Prime Minister across all areas of its activities, as well as briefing material prepared by ONI for meetings of Cabinet. The inspection identified that the ONI Rules to Protect the Privacy of Australians (the Privacy Rules) were not being considered for the possible communication about Australian persons by the Director-General of National Intelligence (DGNI) in Cabinet meetings. ONI undertook to ensure that the Privacy Rules were applied in support of future meetings.

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. During the reporting period the IGIS allocated one disclosure to ONI for handling. The matter is under investigation and will be reported in 2023-24.

Open Access requests

We received 67 requests to access ONI-controlled records in the open access period under the *Archives Act 1983* (section 40 requests). Most were agency referrals covering ONI equities.

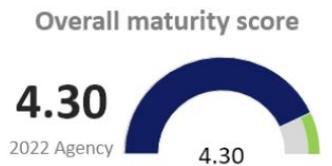


2022 Check-up agency submission report Office of National Intelligence



Information management maturity indices

The 2022 Check-up survey measured agency performance against six information management indices (scored out of 5)



Compared with 2022 benchmark



Components of the maturity score:

Component	Agency Score	Aust Gov average 2022
Governance and culture	4.58	3.51
Creating information assets	4.88	4.28
Describing information assets (metadata)	3.75	3.29
Storing, preserving and managing information assets	4.40	4.02
Appraising and disposing (destruction and transfer)	4.13	3.29
Use, reuse and interoperability	4.09	3.22

Finance

ONI's operations are funded through departmental appropriations. Total annual departmental appropriations received in 2022-23 were \$137.917 million, which included operating funding of \$115,404 million, departmental capital budget funding of \$5.857 million and equity injections of \$16.656 million. In 2021-22 ONI received \$8.549 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 2022-23 was a surplus of \$18.205 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.

Expense impacts

The increase in departmental operating expenditure for 2022-23 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 and vetting timeframes have constrained ONI's ASL growth. ONI is developing and implementing initiatives to streamline recruitment and security vetting, attract talent and boost diversity.

Grants

Under the ONI Act 2018 ONI may enter into grant agreements if they support the performance of ONI's functions and the constitutional risk assessment of the grant activity is assessed as low, meaning under s61 of the Constitution, no legislative authority (other than a valid appropriation) would be required. For all grant activities undertaken to date, ONI has engaged the Australian Government Solicitor (AGS) for advice on constitutional risk. ONI is exempt from reporting grant arrangements on Grant Connect.