# HON PEENI HENARE, MINISTER OF DEFENCE

### RELEASE OF PAPERS: ESTABLISHING AN INDEPENDENT INSPECTOR-GENERAL OF DEFENCE – OCTOBER 2022

27 October 2022

This publication provides the proactive release of papers that relate to Cabinet's decision making process for the introduction of the Inspector-General of Defence Bill to Parliament. These papers contain significant detail on Cabinet's previous policy decisions (proactively released in Febuary 2021, November 2021 May 2022), the current status and key elements of the Bill, information regarding its development, consultation undertaken, and minor and technical policy changes that have been approved.

The pack comprises the following documents:

 redacted October 2022 Cabinet Paper: Inspector-General of Defence Bill: Approval for introduction, considered by Cabinet Legislation Committee on 20 October 2022 and the redacted Cabinet minute [LEG-22-MIN-0171].

This pack has been released on the Ministry of Defence website, available at: <a href="https://www.defence.govt.nz/publications">www.defence.govt.nz/publications</a>.

It has been necessary to withhold certain information in accordance with the following provisions of the Official Information Act 1982. Where information is withheld, the relevant sections of the Act are indicated in the body of the document. This is consistent with the approach taken for the release of the May 2022 and November 2021 Cabinet papers. Where information has been withheld in accordance with section 9(2) of the Act, no public interest has been identified that would outweigh the reasons for withholding it.

The redactions are related to advice about the detail of the legislative programme and timeframes for implementation which are still under consideration and subject to Government decision making.

The information is withheld in order to:

maintain the constitutional conventions for the time being which protect the confidentiality
of advice tendered by Ministers of the Crown and officials [section 9(2)(f)(iv)]



# **Cabinet Legislation** Committee

# Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

# Inspector-General of Defence Bill: Approval for introduction

**Portfolio** Attorney-General, Defence

On 20 October 2022, the Cabinet Legislation Committee:

- Attorney Gener 1 noted s9(2)(f)(iv)
- 2 **noted** that the Inspector-General of Defence Bill establishes the Inspector-General of Defence to oversee the New Zealand Defence Force in line with the Cabinet Government Administration and Expenditure Review Committee's (GOV) policy decisions of May 2022 [GOV-MIN-0009];
- agreed that the Inspector-General of Defence Bill once enacted will bind the Crown; 3
- authorised the Parliamentary Counsel Office to make minor or technical changes to the 4 Bill, in line with policy decisions agreed by Cabinet, up until the Bill is introduced;
- 5 **noted** that in May 2022, GOV authorised the Attorney-General and Minister of Defence to approve matters of detail in relation to the drafting of legislation, which were consistent with the general policy intent agreed by Cabinet [GOV-22-MIN-0009];
- **noted** the minor and technical changes recorded in Appendix 1 to the paper under 6 LEG-22-SUB-0171 that have been agreed by the Attorney-General and Minister of Defence;
- 7 approved the Inspector-General of Defence Bill for introduction [PCO 23476], subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- agreed that the Bill be introduced on the first available date after Cabinet approval;
  - **agreed** that the government proposes that the Bill be:

| 9.1 | s9(2)(f)(iv) |
|-----|--------------|
| 9.2 |              |
| 9.3 |              |

#### Present:

Hon Andrew Little (Chair) Hon Nanaia Mahuta

#### Officials present from:

Office of the Prime Minister Officials Committee for LEG

Released by the Minister of Defence and Attorney Centeral

Office of the Attorney-General

Office of the Minister of Defence

Chair, Cabinet Legislation Committee

# Inspector-General of Defence Bill: Approval for introduction

# **Proposal**

This paper seeks Cabinet's approval to introduce the Inspector-General of Defence Bill (the Bill).

# **Policy**

- 2 In 2018, the Attorney-General established the Government *Inquiry into Operation Burnham and other related matters* (the Inquiry).
- The Inquiry examined allegations of wrongdoing by the New Zealand Defence Force (NZDF) during operations conducted in Afghanistan in 2010 and 2011. It found that the NZDF's failure to provide full and accurate information to Ministers, and to adequately scrutinise or respond to information, disrupted the principles of democratic oversight of the military and ministerial accountability to Parliament.
- The Inquiry recommended establishing an Inspector-General of Defence (IGD) to provide independent, external oversight of the NZDF. Cabinet External Relations and Security Committee (ERS), with power to act, accepted this recommendation in principle in July 2020 [ERS-20-MIN-0025, refers].
- In February 2021, Cabinet agreed the Government's intended policy outcome and policy objectives for the IGD's establishment [CAB-21-MIN-0006, refers], and in November 2021, it agreed in principle to key design elements that would form the basis of the IGD (its scope, functions, powers and form), subject to the outcome of targeted consultation [CAB-21-MIN-0439, refers].
- In May 2022, Cabinet confirmed these key design elements, and authorised drafting instructions to be issued to Parliamentary Counsel Office (PCO) [CAB-22-MIN-0168, refers]. The Bill implements these final policy decisions.

#### Status of the Bill

- The Bill is still undergoing checks. Minor changes may be needed to settle drafting on technical matters in line with Cabinet's previous policy decisions and to incorporate feedback from PCO proofreading and quality control processes.
- 8 If changes are made, a replacement version will be provided for Cabinet to approve for introduction at its meeting on 25 October 2022.

#### Key elements of the Bill

Purpose, functions and scope

- 9 The Bill establishes the office of the IGD:
  - 9.1 to assist the Minister to account accurately to the House of Representatives for the activities of the NZDF; and
  - to assure the public that the activities of the NZDF are subject to independent scrutiny.

    irms the IGD's two core functions are: 9.2
- 10 It confirms the IGD's two core functions are:
  - to investigate and respond to issues that have occurred; and 10.1
  - 10.2 to assess NZDF procedures and policies, and identify gaps to prevent issues from occurring in future.
- 11 The Bill permits the IGD to exercise these functions:
  - on its own initiative, in relation to defined NZDF operational activities which have the most potential to cause harm, undermine public confidence in the NZDF, and carry reputational risks to New Zealand; or
  - 11.2 where an issue has been referred to it for investigation or assessment by the Minister of Defence, Chief of Defence Force or Secretary of Defence.
- The Bill confirms that functions undertaken by Veterans' Affairs New Zealand, 12 and the activities of foreign partners, coalitions, international entities or domestic agencies that the NZDF may work with, are outside scope.

Duties of the office of the Inspector-General

- 13 To guide the IGD's oversight and support its decision-making, the Bill requires the IGD to:
  - exercise its functions independently, impartially and in the public interest; 13.1
  - 13.2 take account of the military context in which the NZDF operates; and
  - take reasonable steps to avoid unnecessary duplication of existing oversight of the NZDF.

#### Powers and safeguards

- To ensure that it is able to undertake its functions effectively, the Bill requires the NZDF to provide the IGD with any reasonable assistance the IGD requests. This includes providing information to support the IGD's oversight and knowledge of NZDF operational activities.
- The Bill provides the IGD additional powers in the context of an investigation: 15

- 15.1 to compel any person to provide it with relevant information, documents or things;
- 15.2 to summon and examine any person on oath;
- 15.3 to access records in the NZDF's possession or control; and
- 15.4 to enter defence premises.
- The Bill imposes a range of safeguards on the IGD's powers, to protect information and participants, national security and international relationships. In particular, the Bill:
  - 16.1 imposes a duty on the IGD, and any person that may be employed or engaged by the office of the IGD to assist in performing its functions, not to use, make a record of, or disclose information obtained or received in the course of performing the IGD's functions;
  - 16.2 requires the IGD to secure all information, documents and other things it may receive in accordance with protective security requirements;
  - 16.3 permits the IGD to share information only with prescribed oversight bodies for the purposes of performing its functions, and if it is an NZDF record, only after consulting the Chief of Defence Force; and
  - 16.4 enables the Minister of Defence to certify that information cannot be shared, or only shared subject to certain conditions.

# Special protections for NZDF personnel

- To ensure that NZDF personnel can raise concerns and co-operate with the IGD without fear of reprisa, the Bill:
  - 17.1 confirms that current and former NZDF personnel who raise concerns or otherwise co-operate with the IGD in good faith are protected from discrimination relating to their employment or service; and
  - 17.2 establishes the IGD as the "appropriate authority" for protected disclosures involving classified defence information and allegations of serious wrongdoing.

#### Offences

- 18 The Bill establishes offences for:
  - 18.1 wilfully obstructing, hindering, or resisting the IGD in the exercise of its powers;
  - 18.2 wilfully making false statements, misleading or attempting to mislead the IGD in the exercise of its powers;
  - 18.3 wilfully refusing or failing to comply with any lawful requirement of the IGD:

- 18.4 wilfully failing to comply with a duty of confidentiality (including a certificate issued by the Minister of Defence, per paragraph 16.4); and
- 18.5 knowingly failing to comply with a confidentiality or privacy order made by the IGD.

Additional policy matters have been resolved since Cabinet decisions

We are authorised by Cabinet to take decisions on matters of detail required to finalise the Bill [GOV-22-MIN-0009, 66]. Decisions we have made, consistent with the overall policy intent agreed previously by Cabinet, are noted in **Appendix 1**.

The policy decisions reflected in the Bill are not expected to be contentious

We do not anticipate that the policy decisions reflected in the Bill will be contentious. Targeted consultation in late 2021 demonstrated broad overall support for the establishment and design of the Inspector-General of Defence (summarised below in paragraph 22).

New legislation is required to establish the office of the IGD

- 21 The policy matters agreed by Cabinet cannot be implemented without new legislation. This aligns with the Inquiry's findings and recommendations that:
  - 21.1 an office of the IGD should be established in legislation to provide independent and external oversight of NZDF; and
  - 21.2 independence is best emphasised and maintained where the independent office or entity has a statutory underpinning.

#### Consultation

- The Ministry of Defence sought feedback on the initial policy proposals in late 2021 via a targeted consultation process. The Ministry of Defence invited 36 individuals and organisations with a range of perspectives to comment on the initial policy proposals, and the consultation document was published on the Ministry of Defence's website. In total, 15 responded, with seven submissions from academics and four from civil society groups. Submissions were also received from the Inquirers, the authors of *Hit and Run*, and the Human Rights an IGD and of its key design features. The policy was amended in response to the feedback received ahead of Cabinet's final policy approvals in May 2022.
- The following agencies were consulted during policy development, and have also been consulted on this paper and the draft Bill: NZDF; Department of the Prime Minister and Cabinet; Crown Law Office; Te Kawa Mataaho; Ministry of Justice; Ministry of Foreign Affairs and Trade; Ministry for Primary Industries; New Zealand Customs; New Zealand Police; Government Communications Security Bureau; New Zealand Security Intelligence Service; Parliamentary

Counsel Office; Inspector-General of Intelligence and Security; the Office of the Ombudsman; the Office of the Auditor-General; the Office of the Privacy Commissioner; the Independent Police Conduct Authority; and the Human Rights Commission. The Department of Internal Affairs and the Treasury were consulted during policy development. The Legislation Design and Advisory Committee (LDAC) provided advice on early policy proposals and an early draft of the Bill.

The agencies which administer the legislation the Bill makes consequential amendments to have also been consulted on these changes: the Ministry of Health; Ministry of Business, Innovation and Employment; and Department of Corrections.

### **Binding on the Crown**

25 The Bill will bind the Crown.

# Creating new agencies or amending law relating to existing agencies

- 26 The Bill establishes the IGD and Deputy IGD as independent statutory officers.
- 27 Cabinet agreed in May 2022 that the IGD will have bespoke governance and accountability arrangements [CAB-22-MIN-0168, refers]:
  - 27.1 The IGD will report publicly on its activities in an annual work programme and annual report. These will be shared with the Minister of Defence, tabled in the House of Representatives, and published on the IGD's website.
  - 27.2 The IGD will be subject to judicial review, Ombudsman oversight, and Privacy Commissioner oversight.
  - 27.3 The IGD will be subject to the Public Records Act 2005 and monitored by Archives New Zealand.
  - 27.4 To protect the IGD's ability to seek and gather information in confidence, the Official Information Act 1982 will apply to the IGD, except where information relates to an investigation, assessment or enquiry (including information the IGD receives in evidence, and correspondence with other oversight bodies, public service agencies and Ministers). The Office of the Ombudsman was consulted on this policy prior to Cabinet decisions.
  - 27.5 The IGD will not be a "public entity" under the Public Audit Act 2001, exempting the IGD from annual auditing by the Auditor-General.
  - 27.6 The IGD will be exempted from obligations to prepare end-of-year performance information under the Public Finance Act 1989.

These arrangements are based on the need to safeguard the IGD's ability to seek and receive information to perform its functions, the IGD's small starting size, and on the high likelihood of disproportionate administrative burden.

- 28 The Bill makes consequential amendments to:
  - 28.1 the legislation relating to the Inspector-General of Intelligence and Security, the Privacy Commissioner and the Ombudsman, to enable consultation and reciprocal information-sharing relevant to the performance of the IGD's functions.
  - 28.2 the Corrections Act 2004, to enable the IGD to receive phone calls and correspondence from prisoners, to support the IGD's ability to receive information relevant to its functions.
  - 28.3 the Health Act 1956, to enable the NZDF to disclose health information to the IGD, to support the IGD's ability to receive information relevant to its functions.
  - 28.4 the Mental Health (Compulsory Assessment and Treatment) Act 1992, to enable the IGD to correspond with a patient, to support the IGD's ability to seek and receive information relevant to its functions.
  - 28.5 the Official Information Act 1982, to make the IGD subject to this Act except where information relates to its investigations or assessments (including information it receives in evidence, and correspondence with other oversight bodies, public service agencies and Ministers).
  - 28.6 the Ombudsmen Act 1975, to confirm that the IGD is subject to Ombudsman oversight.
  - 28.7 the Privacy Act 2020, to exempt the IGD from Information Privacy Principles 6 and 7 (obligations to provide access to, and correct, personal information), except where the personal information relates to a current or former IGD employee.
  - 28.8 the Protected Disclosures (Protection of Whistleblowers) Act 2022, to establish the IGD as the appropriate authority for all protected disclosures from current and former NZDF personnel.
  - 28.9 the Remuneration Authority Act 1977, to enable the Remuneration Authority to determine the IGD and Deputy IGD's remuneration.

#### Allocation of decision-making powers

- 29 The IGD and Deputy IGD will be appointed by the Governor-General on the recommendation of the House of Representatives. As agreed by Cabinet, the Bill gives the IGD the ability to appoint ad hoc advisors and an advisory panel, to support the delivery of its functions.
- The IGD's decision-making powers will be limited to establishing facts, and making findings and recommendations for the improvement of the NZDF in the context of an investigation or assessment. The Bill does not allow the IGD to make determinations of civil, criminal or disciplinary liability. This does not preclude the IGD from, for example, assessing the NZDF's compliance with the

- law, including New Zealand's human rights and international humanitarian law obligations, or from commenting on the propriety of the NZDF's actions.
- 31 The IGD's recommendations will not be binding. Following an investigation or assessment, the Chief of Defence Force will be required to notify the Minister of Defence, the IGD and the Secretary of Defence of any action to give effect to, or the reasons to depart from or not implement any IGD recommendation.

# Associated regulations and other instruments

The Bill provides that its provisions may be brought into force by Order in Council. It does not contain any other secondary legislation-making powers.

# Definition of Secretary of Defence, Chief of Defence and Defence Force

- 33 The Bill defines:
  - 33.1 "Secretary of Defence" as the "chief executive of the Ministry of Defence":
  - 33.2 "Chief of Defence Force" as "the officer appointed as Chief of Defence Force under section 8 of the Defence Act 1990"; and
  - 33.3 "Defence Force" as "the New Zealand Defence Force constituted by section 11(1) of the Defence Act 1990".
- 34 Cabinet Office has been consulted on these definitions.

#### Commencement of legislation

- The Bill would come into force on a date set by Order in Council, or on the first anniversary of the date on which the Bill receives Royal assent.
- This transitional period is required, as an Inspector-General will need to be appointed and the office stood up before the IGD is able to begin exercising its functions (and in particular, receive protected disclosures as a new appropriate authority).

#### **Impact Analysis**

A Regulatory Impact Assessment was prepared in accordance with Cabinet requirements, and was submitted at the time that GOV approval of the policy relating to the Bill was sought [GOV-22-SUB-0009, refers].

# Compliance

- 38 The Bill complies with:
  - the rights and freedoms contained in the Bill of Rights Act 1990 and the Human Rights Act 1993 (see paragraphs 40 and 41 below).

- 38.2 the disclosure statement requirements. A disclosure statement has been prepared and is attached to this paper.
- 38.3 the principles and guidelines set out in the Privacy Act 2020 (see paragraphs 42 and 43 below).
- 38.4 the Legislation Guidelines (2018 edition), which are maintained by the Legislation Design and Advisory Committee.

#### Bill of Rights Act 1990

- The Bill grants the IGD broad powers to compel information from individuals and to enter premises for the purposes of an investigation. These powers engage section 14 (freedom of expression) and section 21 (unreasonable and search and seizure) of the Bill of Rights Act 1990.
- These powers seek to achieve, and are rationally connected to, the Bill's key objective establishing an independent oversight function that will strengthen democratic accountability and civilian control of the military, and increase public confidence in the NZDF. The restrictions on freedom of expression and the right to be free from unreasonable search and seizure are proportionate and reasonably necessary to achieve this objective.

#### Privacy Act 2020

- The Bill permits the IGD to gather information for the purpose of performing its functions. This could allow it access to personal information protected under the Privacy Act 2020.
- The Bill requires the IGD to comply with the principles of the Privacy Act 2020, but exempts it from Information Privacy Principles 6 and 7 (obligations to provide access to, and correct, personal information) in order to reduce the risk that requests for personal information could be used to access the IGD's investigation files. This exemption will not apply to the internal functions of the office, for example, requests made by a current or former IGD employee to access or correct their personal information.
- The Office of the Privacy Commissioner (OPC) was consulted on these settings during policy development. The OPC supported the IGD being provided with reasonable powers to obtain information, and the IGD being subject to the Privacy Act 2020 as described above. The Bill aligns with provisions exempting the Auditor-General from Information Privacy Principles 6 and 7.

#### Timing of parliamentary stages

| 44 | We propose that the Bill should | be | introduced | as | soon | as    | practicable | after |
|----|---------------------------------|----|------------|----|------|-------|-------------|-------|
|    | Cabinet agreement, and enacted  |    |            |    | s9   | (2)(f | )(iv)       |       |
|    | to ensure that:                 |    |            |    |      |       |             |       |

- 44.1 an independent oversight function is in place to support democratic oversight of the military and ministerial accountability to Parliament and
- 44.2 the public has certainty and comfort that failings identified by the Inquiry have been appropriately addressed \$\square\$ \$\square\$ (2)(f)(iv)\$.



# **Publicity**

- 47 We intend to issue a press release following the introduction of the Bill.
- We also intend to proactively release this paper (subject to redactions in line with the Official Information Act 1982) within 30 working days as required by CO 18(4).

#### Recommendations

The Attorney-General and the Minister of Defence recommend that the Committee:

- 1 **note** s9(2)(f)(iv)
- 2 **note** that the Inspector-General of Defence Bill establishes the Inspector-General of Defence to oversee the New Zealand Defence Force, in line with Cabinet's policy decisions in May 2022 [CAB-MIN-0168 refers];
- approve the inspector-General of Defence Bill for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- 4 **agree** that the Inspector-General of Defence Bill once enacted will bind the crown;
- agree that Parliamentary Counsel Office can continue to make minor changes to the Bill, to settle drafting on technical matters in line with Cabinet's previous policy decisions and to incorporate feedback from PCO proofreading and quality control processes, up until the Bill is provided to Cabinet for approval for introduction;
- 6 **note** that the minor and technical policy matters recorded in **Appendix 1** have been resolved since Cabinet policy approvals;
- 7 agree that the Bill will be introduced on the first available date after Cabinet

approval;

8 agree that the Government proposes that the Bill be:

Released by the Minister of Defence and Attorney Centeral s9(2)(f)(iv) 8.1

10

Appendix 1: Minor and technical policy matters agreed by the Attorney-General and Minister of Defence

| Topic               | Minor and technical policy change incorporated in the IGD Bill  | Rationale   |
|---------------------|---|---|
| POWERS AND OFFENCES | The Bill allows the IGD to receive any information relevant to the performance of its functions, even if it would not be classed as "wrongdoing" per se.  | This change supports the IGD's ability to perform its functions effectively   |
|                     | The Bill grants the IGD the power to issue an order to prevent publication, broadcasting, distribution or other disclosure of IGD information, and makes failure to comply an offence.  | This change merges an offence agreed by Cabinet for disclosing IGD information without authorisation into the IGD's power to make confidentiality orders. This change ensures a sufficient nexus between the offence and a confidentiality obligation.                      |
|                     | The Bill makes it an offence for the IGD to fail to comply with terms and conditions imposed by the Minister of Defence related to disclosure of information.   | This change clarifies that failing to comply with terms and conditions imposed by the Minister of Defence contravenes the IGD's duty of confidentiality, enhancing protections for sensitive information that the IGD may receive or access in the course of its functions. |
| ES                  | The Bill details procedures in the event there is a vacancy in the office of the Inspector-General.   | This is necessary to ensure continuity in the role. The Bill's provisions align with procedures for vacancies in the office of the Inspector-General of Intelligence and Security.  |
| PROCEDURES          | The Bill requires the IGD to follow the same standard procedures for the development of terms of reference when launching an investigation into a matter that has been the subject of a Court of Inquiry as for other investigations. | This change encourages more consistency and transparency in the administrative procedures for commencing IGD investigations.  |
| _                   | The Bill grants the IGD discretion to decline, defer or refer an assessment.  | This change aligns the procedure for IGD assessments and IGD investigations.  |

| Topic      | Minor and technical policy change incorporated in the IGD Bill  | Rationale   |
|------------|---|---|
|            | The Bill grants the IGD discretion to make a public announcement after it has decided to accept a referral for investigation or assessment.   | Placing this discretion with the IGD, and not the referring party, enhances the IGD's independence.   |
| PROCEDURES | The Bill requires the IGD to provide reasons to a referring party when it declines, defers or refers a request to investigate or assess a matter.   | This change enhances the IGD's transparency and accountability.   |
|            | The Bill permits the IGD to share investigation and assessment reports ahead of publication with Ministers with a portfolio interest in its contents, with permission from the Minister of Defence, but not with the Foreign Affairs, Defence and Trade Select Committee. | The Foreign Affairs, Defence and Trade Committee already has the means to request or receive any information contained in a pre-publication report. This change would remove any possibility of more than one version of an IGD's report being publically released and support the IGD to reach its conclusions independently, preserving the integrity of IGD proceedings. This change also aligns postassessment procedures with post-investigation procedures. |
|            | The Bill grants the IGD discretion to destroy copies of information, documents or things, rather than returning them.   | This change will support administrative efficiency.   |
|            | The Bill requires the IGD to notify the Chief of Defence Force (CDF) where its request to visit an operational theatre for an investigation is no longer required.  | Under Cabinet's policy decisions, it was not clear how a request to visit an operational theatre should lapse. The IGD is best placed to judge when a request is no longer relevant.  |

| Topic       | Minor and technical policy change incorporated in the   | Rationale  |
|-------------|---|--|
|             | IGD Bill  |  |
| PROCEDURES  | The Bill allows the CDF to deny a request to visit an operational theatre on the grounds that it would risk the security of the defence area.   | This clarification ensures that the CDF can act to protect the security of a defence area, as well as the safety of the IGD and NZDF personnel in an operational theatre.  |
| SNOI        | The Bill confirms that both past and current NZDF personnel are protected from discrimination in their employment or service for providing information to, or otherwise co-operating with, the IGD.   | Cabinet previously agreed that this protection would be available to current NZDF personnel when providing information to the IGD. This change will encourage full participation in IGD proceedings.   |
| PROTECTIONS | The Bill confirms that individuals must comply with an IGD's request for information in an investigation, even if the information could incriminate them in an offence. In most cases, any evidence provided to the IGD would not be admissible in a subsequent legal proceeding. | Cabinet previously agreed that an individual could refuse to comply with a request for information that could incriminate them if they had been charged with an offence already. This change aligns the IGD with settings in NZDF Courts of Inquiry, and will encourage full participation in IGD proceedings. |
|             | Released by the Minister  | 13   |