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Department of Prime Minister and Cabinet
Critical Infrastructure Resilience team
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Feedback on the Critical Infrastructure Phase 1 Consultation Discussion Document, Strengthening the resilience of Aotearoa New Zealand's critical infrastructure system

Tēnā koe

Thank you for the opportunity to provide feedback on the discussion document *Strengthening the resilience of Aotearoa New Zealand's critical infrastructure system*.

Overall, we are supportive of the intent for a coordinated, systematic approach to building infrastructure resilience, and the step change approach to this. This is an area of significant complexity and has historically been affected by political changes in priority across all levels of government. Keeping a focus on the long term outcomes of the work in the face of this kind of change will be key for the work's success.

However, we think there are some additional things that need to be taken into account in the work.

We have seen the draft submission from Taituarā – Local Government Professionals Aotearoa, and support the comments made there.

In particular, we would like to note our support for the comments made by Taituarā that:
- additional engagement with local authorities is important
- governance as a critical service
- that as costs increase to deliver resilience of infrastructure these ultimately come back to the public as customer/taxpayer/ratepayer, which must be weighed with the cost of not making change
- that we need to establish what we expect from our critical infrastructure and assess its current state
- that population ageing, urbanisation, declining trust in government are also challenges to critical infrastructure
- that minimum standards must be robust that the currently fragmented regulatory regime would benefit from unifying oversight in a single lead agency.

Many of the points that we make in this submission are aligned to these. Our response, therefore, focuses on the high level proposals in the discussion document and highlights some of the areas of particular concern for us.

Proposals:
- **Establishing information sharing practice to build shared understanding**
- **Establishing clear accountabilities including a national agency (or agencies) with overarching policy and regulatory responsibility**

Roles and responsibilities
We agree that the new arrangements will need to provide clear enforcement roles and responsibilities to ensure the standards are followed to ensure the desired outcomes are achieved. This includes both who will be held to account for failure to meet standards, and who is responsible for monitoring the meeting of the standards.

We think the work needs to look across the different layers of responsibility from local, to regional, to national/central in defining roles and responsibilities.

Creating a central point of accountability and information sharing to that central point does not necessarily mean creating clear responsibility across the system. The creation of a central entity and increased information sharing proposed have benefits but also increase risk that entities will consider their responsibility ends once information has been shared.

Each layer of responsibility should work together to ensure risk is appropriately distributed, and they work together to build in protections across these different levels. Standards and information sharing practices should not just be developed at a national level but across local, regional and national levels to reduce the intensity of change needed at any single level.

Information sharing and a central point of accountability
We support the need for additional information sharing that helps build a shared understanding of current risks and issues to our critical infrastructure and the possible impacts on New Zealanders if these risks come to fruition.

We support the consideration of a central point of accountability. We think that this should include specialist expertise to provide advice to high level government decision makers. We consider that a centrally positioned expert commissioner or board may provide this, as well as oversight being maintained at a high level within government, such as within DPMC.

This is important to ensure that short term actions that lead to long term success continue to be prioritised. Current structures can be susceptible to prioritising the 'urgent' over the 'important'. When a significant event happens, a taxpayer/customer

In a democratically driven system, the 'social licence' for organisations to spend money to increase future resilience (on behalf of the taxpaying public/customer/shareholder) can be affected by this, especially where the upgrade of such infrastructure affects everyday activities.

Proposal: Establishing enforceable minimum standards for resilience

We support the establishment of enforceable minimum standards, but this needs to be done with careful consideration of what we are aiming to achieve, where different infrastructure systems are interdependent, and should be evidence-based.

What are we aiming for?
It will be important to start by determining what it is we want our critical infrastructure to be resilient to, and what we think a good outcome is across a range of scenarios. Different scenarios can have very different implications for minimum standards, along with the costs to ensure those standards are met. Designing a power system that is resilient to earthquake damage, may result in different decisions to the design of a power system that is resilient to cyclone damage.

The importance of understanding interdependency
We think interdependency within the critical infrastructure system need to be mapped before minimum standards are determined, so the standards are not siloed. Some of the infrastructure we will want to continue to function in all events can have more complex overlapping critical infrastructure needs. The heath system, for example, will likely require the continued function of power, water, telecommunications, data storage, media, food and medical consumable supplies as well as roads and transport to get medical staff to the facilities. What we might need in our minimum standards, and who is responsible for ensuring continued functionality will need to reflect that complexity. Minimum standards imposed on telecommunications, for example, will need to reflect not only their importance for other sectors, but at these kinds of critical complex intersections as well.

Let's build on what has already been done
This work is not starting from scratch; a lot of work has already been done on infrastructure resilience and planning (for example work done by the Wellington Lifelines Group in the Wellington Region). The Department of Prime Minister and Cabinet (DPMC), and whichever agency or agencies are ultimately responsible for this work should be careful not to lose this in the changes being made. They will also need to consider the full suite of existing requirements on organisations responsible for critical infrastructure. For example, requirements under the National Adaptation Plan for climate change, and the requirement for infrastructure strategies under the Local Government Act 2002.

We appreciate the notes throughout the discussion document on the relationship between the Emergency Management Bill proposals and this work. We note that the

Bill is an initial step that begins work on critical points of change that are intended to be further built on through the further work discussed in this document.

Flexibility to account for future change
It will also be important to ensure that there is flexibility built into the minimum standards and associated processes. Fast moving technological and social changes have meant that losing power and telecommunications can be one of the biggest issues facing communities following an event, leading to no communications ability and no ability to access their money to pay for anything. We should expect that there will continue to be societal change and consider how this can be addressed in the proposed framework.

Evidence-based
We would also encourage DPMC to think about how an evidence-based approach will be built into the framework. A central, agreed 'source of truth' on the likelihood and risk of the range of events likely to impact critical infrastructure could be helpful to inform minimum standards and prioritisation decisions.

Proposal: Giving the government additional tools to intervene in cases of national security risk as a last resort

We recognise the need for the government to have tools to support intervention, where that is responsibly used and proportionate to the risk posed.

We note this proposal largely focuses on the management of national security threat, for which our national security agencies may be best informed and able to respond. However, regarding the management of risk posed by foreign investment in critical infrastructure, we think such risks may also be increased if infrastructure standards are applied too rapidly without good understanding of financial implications for asset owners.

Funding considerations
We note the discussion on the distribution of cost in paragraph 65 of the discussion document, and especially the comment on shifting costs from a 'taxpayer back up' approach represented by the management of failure. However, we would highlight that taxpayers are also customers, employees and shareholders. Taking a system view, the cost continues to be borne by the taxpayer/customer regardless of the stage the expense is incurred at.

Resilience for infrastructure includes built in redundancies or safety mechanisms that also require maintenance over time. This can conflict with an approach that prioritises efficiency in spending, which is highly valued in current funding approaches for central government and private businesses. This implies the streamlining of services in infrastructure to ensure consistent operation in normal circumstances.

You acknowledge DPMC should carefully consider these incentives for responsible organisations and decision makers. Where funding and expenditure decisions were made on this basis, these settings may need to be considered in the context of

resilience, to take into account additional costs. This is an existing tool for government that will particularly need to be considered in the case of publicly funded assets, where the government will ultimately bear the cost of failure as well.

Conclusion

As noted in the Taituarā submission, local authorities like Kāpiti Coast District Council have a role in infrastructure resilience as both a provider of critical infrastructure services, a regulator, through resource management law and as a representative of our community's needs. In addition, we face the consequences of critical infrastructure failure for our communities in our role in emergency management.

From these perspectives, we support the consideration of measures that will increase our critical infrastructure resilience overall and on that basis are supportive of DPMC's work on this. We also support the careful consideration of how this should occur, so that the changes that are made have the right longevity to keep our infrastructure safe over the long term.

We look forward to future engagement on this topic as the work progresses.

Yours sincerely

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