New Zealand's
National Security System

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Purpose

One of the most important responsibilities of any Government is to ensure the security and territorial integrity of the nation, including protecting the institutions that sustain confidence, good governance, and prosperity.

In order that this responsibility can be discharged, a Government requires its national security machinery to be well led, strategically focused, co-ordinated, cost-effective, accountable, geared to risk management, and responsive to any challenges that arise and to the needs of Ministers.

This document sets out, for the first time, a comprehensive view of New Zealand's national security interests and describes how Government agencies will work together to manage and respond to national security issues. It addresses:

- the organising architecture within which national security strategies and policies can be developed and implemented; and

- the mechanisms for coordinating responses to security issues, including significant national crises.

What is National Security?

National security is the condition which permits the citizens of a state to go about their daily business confidently free from fear and able to make the most of opportunities to advance their way of life. It encompasses the preparedness, protection and preservation of people, and of property and information, both tangible and intangible.

Seven key objectives underpin a comprehensive concept of national security:

1. Preserving sovereignty and territorial integrity
    Protecting the physical security of citizens, and exercising control over territory consistent with national sovereignty

2. Protecting lines of communication
    These are both physical and virtual and allow New Zealand to communicate, trade and engage globally.

3. Strengthening international order to promote security
    Contributing to the development of a rules-based international system, and engaging in targeted interventions offshore to protect New Zealand's interests.

4. Sustaining economic prosperity
    Maintaining and advancing the economic well-being of individuals, families, businesses and communities.

5. Maintaining democratic institutions and national values
    Preventing activities aimed at undermining or overturning government institutions, principles and values that underpin New Zealand society.

6. Ensuring public safety
    Providing for, and mitigating risks to, the safety of citizens and communities (all hazards and threats, whether natural or man-made).

7. Protecting the natural environment
   Contributing to the preservation and stewardship of New Zealand's natural and physical environment.

National security policies were traditionally focused on protecting the State against military threats or political violence. While responding to any such threats remains a fundamental responsibility of government, modern concepts of national security manage civil contingencies and societal risks alongside these traditional priorities.

This broadening of the concept of national security in recent years has been driven by a number of factors. Globalisation and trans-boundary challenges such as pandemics, climate change, cyber-attack, terrorism and proliferation of weapons of mass destruction, mean that the risks faced by modern societies extend well beyond national borders. A more detailed description of the context of New Zealand's security is provided in Annex A.

The integrated and networked character of national and international infrastructures, such as electricity, gas and water grids, telecommunications networks, air, rail and shipping services, and the extent to which daily life depends on their efficient functioning, has created new points of vulnerability.

Principles

The Government's responsibility for national security involves balancing many competing interests, including short-term and long-term, domestic and external, public and private, and financial and non-financial. To help the Government strike an appropriate balance between these various interests, the following principles will be observed:

- The national security system should address all significant risks to New Zealanders and the nation, so that people can live confidently and have opportunities to advance their way of life.
- National security goals should be pursued in an accountable way, which meets the Government's responsibility to protect New Zealand, its people, and its interests, while respecting civil liberties and the rule of law.
- The principle of subsidiarity should be applied to national security decisions, which means that the responsibility and authority for decisions, and use of resources, ordinarily rests at the level of those closest to the risk and best able to manage it.
- New Zealand should strive to maintain independent control of its own security, while acknowledging that it also benefits from norms of international law and state behaviour which are consistent with our values, global and regional stability, and the support and goodwill of our partners and friends.
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THE EXISTING NATIONAL SECURITY SYSTEM

Scope

New Zealand identifies national security risks on an "all-hazards" basis. This means that all risks to national security whether internal or external, human or natural, are included within the ambit of the national security system.

Our response to national security risks has also evolved, shifting from threat-based assessments to the more active management of risk over time. Greater emphasis is now put on building local preparedness and encouraging resilience in communities, organisations, networks, and critical infrastructure.

Taking such a broad approach to risk identification and risk response has required a more open and transparent national security architecture. New Zealand's capacity to deal with the full range of national security challenges requires the system to be integrated, able to leverage partnerships between government agencies, local government, private companies, and individuals.

National security is managed with devolved arrangements to the greatest extent possible. But it is backed by a single, coherent, central framework which is capable of integrating all of the instruments of security management when required.

For some events it is possible to determine trends and likelihood in advance. In these instances the Government needs to be proactive in shaping events. Other national security events happen without warning, where the only option is for the Government to respond appropriately. An example of the former would be significant political or economic change in a neighbouring country. The latter might include a natural disaster. This distinction has particular relevance for the work of the intelligence community and where it should focus its resources across the spectrum of national security issues.

Risk Management

A risk management approach to national security is intended to:

- minimise the occurrence and scale of any significant harm or disruption;
- integrate preventive and protective measures;
- build contingent capacity and improve national resilience;
- respond quickly to adverse events and stabilize disruption; and
- return society to normal functioning quickly and efficiently.

Risk management is not a perfect science, but criteria and principles have evolved in many security disciplines so that those responsible can prioritise objectives and determine the optimum policies and processes to achieve those objectives.

Good practice requires metrics, standards, and transparency to ensure that any residual consequences are well understood by those who might be affected, and are within tolerable bounds.

The Spectrum of risks facing New Zealand is described in more detail in Annex B.

Subsidiarity

As a general principle, and wherever possible, risks are best managed at the level closest to those most directly affected. The principle of "subsidiarity" means that the information necessary to anticipate risks must be shared, and the capacity to respond effectively to risks must be built, across the security system.

The more complex the risk, the greater the need for active partnerships between multiple stakeholders.

With these points in mind, security issues in New Zealand are managed within a 3-tiered system comprising emergency services, local authorities, and central government. For some incidents these organisations may be assisted by public, private, and voluntary sector organizations and businesses.

Most security incidents and emergencies affecting individuals are dealt with by first-line responders such as police, using standard operating procedures. Circumstances such as major accidents requiring the interaction of several emergency services are managed within the Coordinated Incident Management System (CIMS) – a set of international protocols that have been adapted for local use and agreed by all New Zealand emergency services[1].

Larger events, such as a natural disaster affecting communities, are also managed using CIMS protocols, but are likely to have a layer of regional coordination as well. A civil defence emergency, for example, would be led at least initially by local authorities, usually in conjunction with volunteers and first-line responders, in accordance with the requirements of the Civil Defence Emergency Management Act, 2002. Similarly, a regional health matter would be managed by a District Health Board.

National security issues and major or complex situations are likely to require involvement by central government through a lead department or a group of government agencies. Straight-forward issues are typically managed by the lead Minister and department alone. More complicated problems may require whole-of-government coordination through the national security system.

Role of Central Government

Central Government has two distinct roles in respect of national security:

- **Maintain confidence in normal conditions**: to ensure that policy settings, state institutions, the regulatory environment and the allocation of resources together promote confidence in New Zealand society, and encourage ongoing national development

- **Provide leadership in crisis conditions**: to ensure that disturbances to the normal functioning of society and the economy, or interruptions to critical supplies or

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[1] The Coordinated Incident Management System was adopted in New Zealand in 1998 following the Emergency Services Review conducted in the mid-1990s. It is a simple and widely-used system to define roles and responsibilities for command, control, and coordination of resources at incidents and emergencies. It is used in one form or another every day in multi-service situations such as major road accidents, search and rescue, and other civil contingencies. Over time it has evolved to become the basis not only of first-line response but of higher level coordination arrangements, such as those used in the emergency operations centre of the Ministry of Health during the H1N1 epidemic in 2009. It is used widely throughout the world, which has allowed New Zealand to respond quickly with well-integrated contributions to emergencies in other countries (eg, the Australian bush-fires in 2009, and similar events in North America).

services, cause minimum impact and that a return to normality is achieved expeditiously.

In New Zealand the same governance and coordination mechanisms are used in both roles. This means that experience gained in managing one type of security problem can be readily applied to others, because the management usually involves the same people.

It also has the advantage of keeping policy linked to the realities of operations.

National Security Governance Structures

New Zealand's arrangements for dealing with national security issues have evolved through the system of Domestic and External Security Coordination (DESC).

This is a high level strategic structure that has been the foundation of national security governance and planning since 1987. It provides a mechanism for dealing with major crises or other situations requiring a whole-of-government response. Across New Zealand more generally, it is able to facilitate the coordination of all sectoral, regional, and government capabilities where national planning or a national response is required.

The national security system operates at three levels:

- The Cabinet Committee on Domestic and External Security Co-ordination – DES
- The Officials' Committee for Domestic and External Security Co-ordination - ODESC, a forum of central government chief executives with security responsibilities, chaired by the chief executive of the Department of the Prime Minister and Cabinet
- Watch Groups and Working Groups of senior officials as required

The Cabinet Committee on Domestic and External Security Co-ordination is the key decision-making body of executive government in respect of all issues involving security, intelligence, and crisis management. DES is chaired by the Prime Minister, and includes senior Ministers with relevant portfolio responsibilities. The membership of DES is flexible depending on the nature of the emergency viz pandemic, natural disaster, biosecurity emergency etc.

The functions of DES are:

- *To co-ordinate and direct the national response to a major crisis or to circumstances affecting national security (such as a natural disaster, bio-security problem, health emergency, or terrorist/military threat) within New Zealand or involving New Zealand's interests overseas;*

- *To consider issues of oversight, organisation and priorities for the New Zealand intelligence community and any issues which, because of their security or intelligence implications, the Prime Minister directs be considered by the committee;*

- *To consider policy and other matters relating to national security co-ordination.*

Cabinet has authorised the Domestic and External Security Co-ordination Committee to have standing authority, or Power to Act, so that where there is a need for urgent action and/or where operational or security considerations require, decisions can be made, or resources allocated, or responses implemented quickly without further reference to the full Cabinet.
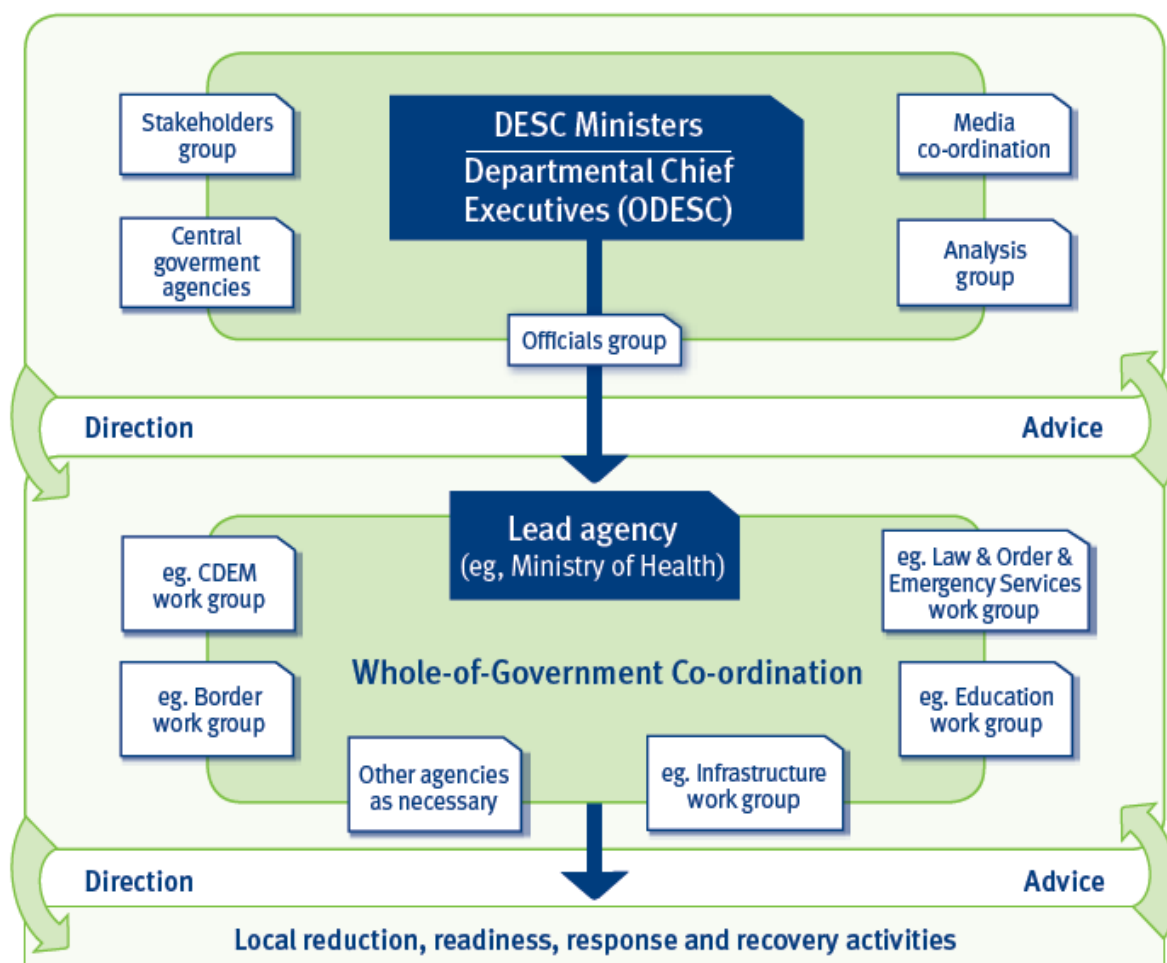
Diagram 1: The National Security Process

Role of Government Agencies

Through a mix of activities undertaken at departmental level, or coordinated through the ODESC system, government agencies undertake or support a range of risk management.

This means that a range of agencies are involved in monitoring emerging risks; identifying those that could become nationally important; gathering data or collecting intelligence where appropriate; interpreting risks and analysing possible control options; developing national policies and strategies; examining alternatives for mitigation or treatment of the risks; assessing costs and benefits against residual risks; fostering enhanced resilience both at community and at government level; and taking actions in response and recovery for unanticipated events.

For some situations, such as military intervention, this work may be undertaken in conjunction with other countries. In others, such as local disaster management, central government may provide resources to support the efforts of territorial authorities.

Frequently, developing issues are monitored through inter-agency watch groups under the ODESC umbrella.

Threshold for Central Government leadership

When national leadership or involvement is required, the high-level planning and strategic response is directed by the Prime Minister and senior members of Cabinet, working within the national security system.

In general terms, government engages proactively and reactively if risks are such that they could lead to, or cause, a major crisis, event, or circumstance that might adversely and systemically affect:

- New Zealand's sovereignty, reputation, or critical interests abroad
- the security or safety of New Zealand people
- the economy, environment, or community functioning

The criteria for issues to be managed at the national level tend to fall into two broad categories. These relate either to the characteristics of the risks, or to the way in which they need to be managed.

Risk Characteristics

Within the overall context set out above, government takes a particular interest in risks that have:

- unusual features of scale, nature, intensity, or possible consequences
- challenges for sovereignty, or nation-wide law and order
- multiple or inter-related problems which when taken together constitute a national or systemic risk
- a high degree of uncertainty or complexity such that only central Government has the capability to tackle them
- interdependent issues with potential for cascade effects or escalation

Management Requirements

Government may also lead the response to, or the planning for the management of, risks, where any of the following conditions apply:

- response requirements are unusually demanding of resources
- there is ambiguity over who has the lead in managing a risk, or there are conflicting views on solutions
- the initial response is inappropriate or insufficient from a national perspective
- there are cross-agency implications (ie, holistic or a whole-of-government response needed)
- there is an opportunity for government to contribute to conditions that will enhance overall national security

The following table sets out these considerations in more detail:

TABLE 1: RISK RESPONSE THRESHOLDS			
Responsibility	First-line responders	Local authority or local lead agency such as DHB	Central government led: • lead agency alone • multi-agency • whole-of-government coordinated
Characteristics	• Small scale • Local • Single events • Limited impact • Occur regularly • Boundaries known	• Small-middle scale • Occur periodically • Local or Regional effects • Community impacts	• Large scale and/or complex • Occur occasionally • Boundaries may be ill-defined • Unfamiliar impacts • Little recent experience • Multivariate & interconnected • Unpredictable cascade effects • Serious societal impacts • Wide-spread apprehension • May get worse before better
Resources	• Local Responses • Standard resources • Straightforward to mitigate & manage	• Integrated local and regional resources • National assistance may be required	• Needs significant resources • Requires adaptive responses • Difficult to predict or mitigate • Manage by building resilience • Coordinated response required • Resource intensive & high cost • Long-duration recovery

RECENT IMPROVEMENTS TO THE SYSTEM

Although a broader concept of national security has influenced New Zealand's planning and coordination since the mid-1990s, some institutions and practices have remained compartmentalised or narrowly focused.

Government has therefore made a number of decisions to improve integration and alignment across parts of the national security spectrum.

In particular, Cabinet endorsed a number of new measures to give effect to the recommendations of the 2009 reviews of intelligence and security. These were intended to:

- reinforce and extend the earlier mandate for the national security system
- enhance strategic planning across government (especially at the nexus of intelligence and security)
- strengthen governance and improve the efficiency with which those services are delivered
- integrate planning across the interface of domestic and foreign issues.

These changes require adjustments to the mechanisms of the national security system, and to the practices and processes used by all members of the intelligence and security communities.

Under the new arrangement a specialised sub-committee of ODESC, known as the Intelligence Governance Committee, has been established. Cabinet directed that this committee should oversee governance and assurance in the intelligence community. It comprises the Chief Executives of three central agencies plus two others representing the interests of key customers of the intelligence community.

There are seven important components which lead to a successful national security system: leadership, accountabilities, lead agencies, intelligence community, value for money, balancing security and liberty, and external relationships.

I   Leadership

The broader definition of national security means that government agencies today have to monitor and assess a widening range of security risks. There is a greater need for improved assessment practices based on common principles, language, and methodologies, and to coordinate strategic planning and response activities across government agencies and wider networks.

This requires strong policy leadership from the centre, not just to coordinate strategic direction and align departmental efforts but also to address structural impediments to improved performance. It is recognised that there are legitimate limitations which have been placed around the functions and responsibilities of some departments engaged in efforts to assure national security, for example those involved in intelligence collection.

The 'centre' needs to be able to drive thinking among agencies, to generate agreed national level strategic policies, and to ensure that responsible departments work to agreed policies.

This responsibility is assigned to ODESC. ODESC is the vehicle to ensuring that Ministers and the DES receive coordinated advice from senior officials on security issues.

ODESC's role also includes taking a strategic approach to identifying national security priorities and developing policies for integrated management of those issues across government.

The Terms of Reference for ODESC have been revised to reflect these wider roles. Details are set out in Annex C. In summary, the primary roles are:

- Provide coordinated advice to government on matters of national security, intelligence, and crisis management

- Exercise policy oversight, strategic planning, and priority setting across all matters of national security, intelligence, and crisis management

- Oversee the development of national and sector strategies for treating major security risks, addressing critical vulnerabilities, and enhancing national resilience

- Work to ensure that government agencies are prepared and have plans for comprehensive risk management of portfolio and national security issues, including civil contingencies

- Co-ordinate government's strategic response to major crises, threats, or circumstances affecting New Zealand or New Zealand's interests abroad

- Provide governance and assurance in respect of the New Zealand Intelligence Community (NZIC), with a focus on systemic governance including strategic direction, performance, monitoring, oversight, priority setting, and allocation of resources

- Facilitate interagency co-operation within the New Zealand Intelligence Community and coordinate joint projects

- Advise the Prime Minister and assist the work of the Domestic and External Security Committee of Cabinet by commissioning and organising papers, and ensuring their quality.

These changes sit alongside a range of national planning strategies, policies, and operational arrangements that are well-established and functioning effectively.

The changes do not over-ride the existing statutory or other responsibilities of Ministers, departments, agencies, or local authorities. They are aimed at breaking down the compartmentalization that exists in the security and intelligence sectors, so that all relevant departments can coalesce around a common concept of national security, provide properly coordinated advice to Ministers and, when necessary, a well coordinated response to a national security event.

National Security Advisor

The logic of this framework suggests that there needs to be a senior official responsible for delivering advice on national security to Government, and providing leadership to and coordination of whole-of-government efforts. While this need has been met in a number of jurisdictions through the establishment of a National Security Advisor, in New Zealand, this role sits with the Chief Executive of the Department of the Prime Minister and Cabinet, in the well-established capacity as Chair of ODESC. Two new senior positions have been established in DPMC following the review of the intelligence agencies in 2009 - the Director of Security and Risk and the Director of Intelligence Coordination. As a consequence, the Chief Executive of DPMC is better supported than previously to lead the national security agenda.

National Security Statement

The Government will occasionally publish a National Security Statement. Such a Statement would put national security interests in the context of the Government's overall objectives and set priorities for managing the various risks that face the nation. It would also confirm under what circumstances central government would assume leadership of a national security issue, and the strategic nature and limits of that role.

II   Accountabilities

The figure below depicts the main processes and relationships within New Zealand's system for managing national security. It shows that there are two broad processes through which national security issues are managed:

-   everyday management of risks by departments and the intelligence community, involving activities from the collection of information through to actions taken by a lead agency
-   whole-of-government management of risks, which, as required, need close high-level coordination across agencies, using the national security system
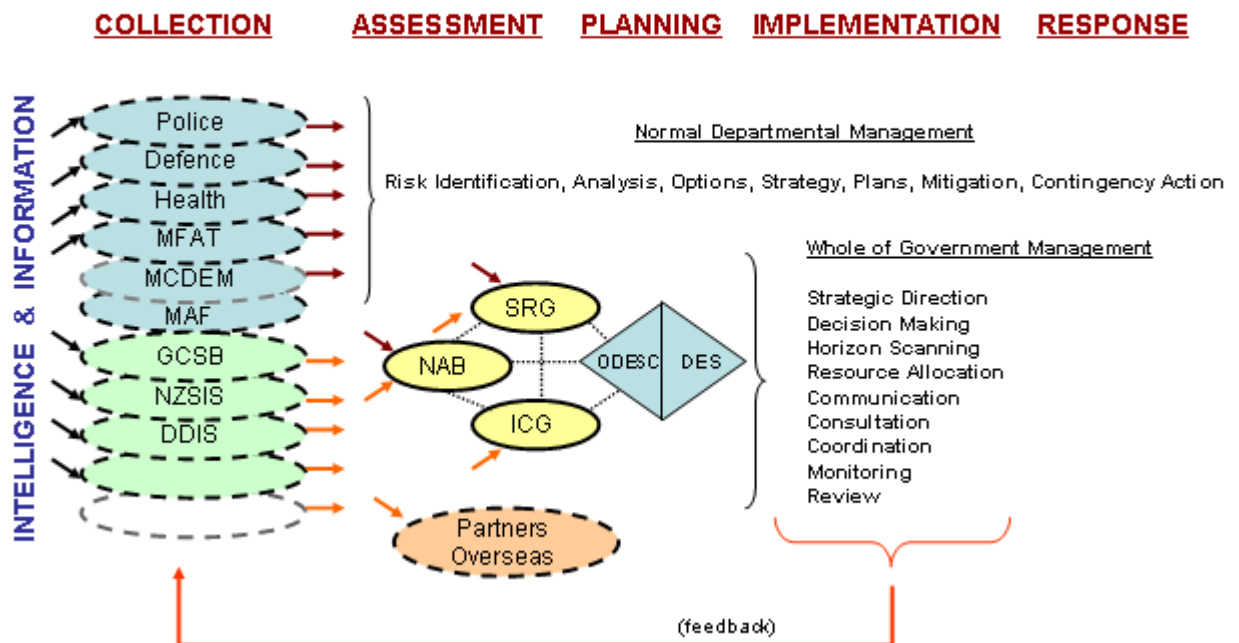
In its support of the Cabinet Domestic and External Security Committee, or for meeting other requirements, ODESC may establish and define responsibilities for any officials' committees, sub-committees, working groups or watch groups, it considers necessary to assist in performing its functions[2]

ODESC is already required to assess the quality of strategic national security risk management advice coming to government from agencies. As part of this process it needs periodically to validate whole-of-government prioritisation and planning. ODESC also agrees and oversees a national security exercise programme designed test responses to the most likely contingencies. This exercise programme has proved invaluable in recent years, testing national regimes to handle various natural calamities (earthquakes, tsunami, volcanic eruptions), a pandemic, a bio-security alert, and a cyber attack. ODESC will establish

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[2] The National Assessments Committee, an interagency committee that reviews intelligence products, is one such standing committee. The Committee on Security is another.

processes for continuous improvement in preparedness and exercising, benchmarking itself against entities of similar size and function. To support its work at Chief Executive level, ODESC will establish a working-level Committee tasked with identifying national priorities, developing policies for integrated management across government and driving efficiency in the sector to result in a more strategic approach.

A further role for ODESC, delegated to the ODESC G Committee, is to implement new accountability provisions in the New Zealand Intelligence Community to ensure that government derives the maximum benefits possible from its investment in intelligence and security.

III   Lead Agencies

For any national security risk, a lead agency can be identified. That agency has the expertise, authority and experience to manage the risk. In many cases, incidents can be managed within the resources of a single department, or at a local level. If incidents or emergencies require the support or involvement of multiple agencies, or are more serious or complex, then wider whole-of-government response systems are activated. In these circumstances it is the role of ODESC, and the ODESC agencies, to stand alongside the lead agency and offer any coordinated support that might be necessary to deal with the contingency.

The operational aspects of national security management have been confirmed by the 2009 intelligence review.

The principal reasons for having nominated lead agencies, and setting clear expectations of them, are as follows:

- To ensure clarity and certainty about responsibilities and leadership at time of crisis
- To ensure responsibilities for horizon scanning, and risk mitigation are assigned properly
- To give early warning, and more time for decision-making
- To facilitate prompt response, and thereby avoid compounding damage
- To give clarity on communications lines, and the provision of necessary information
- To ensure structures and coordination are in place before crises occur
- To have designated responsibilities for both pro-active and reactive risk management.

Annex D contains a list of lead and supporting agencies based on the national objectives and risks outlined earlier. It spans the full range of issues that have the potential to affect the security of the state, including those in overlapping areas of regional and international security.

The exact role and contribution of a lead agency will depend on the scale of risks involved and the character of the crisis.

Routine risks will usually be managed by the lead agency alone.

For unusual risks, or situations requiring the support of other departments, the lead agency will work within the national security system.

Where there is ambiguity, or where a risk or an actual disaster requires an exceptional response, the lead agency is expected to consult with the CEO of the Department of the Prime Minister and Cabinet at the earliest opportunity in order to resolve doubt and confirm arrangements.

IV   Intelligence Community

Timely, quality flows of relevant intelligence drawn from open and classified sources can provide valuable and tailored input into operational security decisions. Intelligence can assist in identifying sources of harm, reducing vulnerabilities in society, and developing counter-measures.

Traditionally most intelligence agencies have operated relatively independently of each other and have not been well-aligned with broader national security objectives. Work is underway to change this so that intelligence agencies have even closer relationships with, for example, law enforcement agencies such as Police, Customs and the Immigration Service.

The review of the intelligence community in 2010 has resulted in a new emphasis on coordination, setting clear priorities, ensuring efficiency and undertaking evaluation. The Intelligence Coordination Group in the Department of the Prime Minister and Cabinet was established to achieve this.

While the range of national security issues has broadened significantly over recent years - to include new challenges such as cyber security, people smuggling, identity theft, and international terrorism - it will be important moving forward to ensure that intelligence requirements, capabilities and outcomes are firmly anchored in the national security systems.

V   Value for Money

Without appropriate performance indicators, it is difficult to measure the success of the national security agencies. That also impedes the search for efficiency improvements.

Defining value for money in the national security space is not straight-forward because aspects of the security agenda are classified and information cannot be made public. Also, crude numerical targets can distract from the horizon-scanning role that is needed for effective long-term security assurance. But given the significant spending on national security, government needs to ensure that it is getting value for money and that it is achieving its goals in the most efficient manner possible.

It is possible to devise proxies for performance measures, or to establish some metrics that quantify the characteristics wanted across government agencies in dealing with contemporary security issues. The experience of systems thinking in the engineering world may offer some indicators. They have typically five attributes of fitness within successful systems:

- *coherence* across all elements;
- *connectedness* between elements, and with other systems;
- *completeness* so every significant element is included;
- *clarity* of understanding about the total system;
- *consistency* in terms of processes and standards applied.

A model like the Performance Improvement Framework which is applied to individual agencies responsible for a national security sector might be aggregated to provide insights on these issues across the sector.

VI Balancing Security and Liberty

In keeping with modern expectations of open and accountable government, it is necessary to continually examine whether existing checks and balances within the national security system are sufficient. From time to time, national security decisions require a careful balancing between the rights of individuals and the need to provide security for society as a whole. The Auditor-General maintains a general financial and performance oversight of this area of government. In addition there are specific provisions for oversight of the intelligence agencies. The Commissioner of Security Warrants has a statutory role, with the Prime Minister, for the joint issuance of interception warrants. The Inspector General of Intelligence and Security investigates any complaints from the public and ensures the Government Communications and Security Bureau and the New Zealand Security Intelligence Service undertake their functions properly and lawfully. And these core intelligence agencies are also subject to scrutiny by the Privacy Commissioner and the Ombudsmen.

It is important that all activities in the national security area are examined for their collective effects on core values – justice, freedom, legitimate and accountable government, the rule of law, tolerance, opportunity for all, and human rights (including privacy).

Regular reporting to the Domestic and External Security Committee, and periodic public statements will reassure those members of the public who hold concerns, and will build the trust that is going to be needed between government and the public for each to play its part in managing the new national security agenda.

VII External Relationships

New Zealand's interactions with overseas partners are largely managed at present through a set of individual relationships between agencies with similar interests.

These are the result of long-established linkages between individual agencies responsible for national security issues such as the Ministry of Foreign Affairs and Trade, the New Zealand Defence Force, New Zealand Police, Customs, New Zealand Immigration Service, MInistry of Agriculture and Forestry, the intelligence agencies and their external counterparts. Each agency has links in different countries, making a total of several dozen bilateral arrangements.

New Zealand derives considerable benefits from these relationships. They extend our information base and, in times of emergency, supplement our response capability. But they are not well understood collectively, in terms of costs and benefits, and there is no mechanism to understand the relative value of each.

This is an area where a more coordinated approach through ODESC will ensure that the full costs and benefits of such relationships are realised. It is an opportunity to ensure that the benefits of international partnerships do not remain solely with one agency but flow through to the New Zealand national security system as a whole.

CONCLUSION

The New Zealand national security system has traditionally relied on a relatively small network of experienced practitioners who, over time, have developed good habits of cooperation and collaboration. This has served the national interest well.

Like many other countries, however, New Zealand is facing a more demanding national security environment. The international and domestic risk outlook is increasingly complex. Citizens and their representatives expect a system which is able to understand, mitigate and respond effectively to the full breadth and depth of contemporary security issues. Fiscal pressures mean that a sharper focus is being put on delivering value for money. And as more central and local government entities become involved in national security issues so there is a compelling need for more strategic prioritisation, resource coordination, unambiguous leadership, and sharper accountabilities.

This paper recognises and retains the best of a long-standing system while at the same time pointing the way forward to strengthen that system and position it to confront a set of demands and expectations that will be more challenging.

ANNEX A: CONTEXT

This section outlines a context for New Zealand's security. While security interests change over time, and questions of criticality are never all that predictable, the themes set out below provide a backdrop for our national security, and have shaped our approach to managing the main issues. The 20 points below are set out in a rough order from those that affect us as individuals through to those that are global in character. They are not ranked according to risk levels; that is done in Annex B.

1. New Zealanders live in a relatively benign country, but face regularly changing levels of risk from a broad range of hazards and threats – natural and man-made; accidental and deliberate; national and international. These have the potential to cause loss of life, economic impacts, or disruption to the normal functioning of society.

2. Demographic changes, particularly urbanisation, are leading to improved societal and economic conditions, but at the same time unusual exposures to risks as people concentrate in ever-larger communities and increase their reliance on stretched services.

3. Many communities, and much industry and infrastructure, have been built in locations that have hydrological or geological risks (flood plains, river mouths, coastal sites, harbours, fault-lines). Flooding is the most common natural hazard in New Zealand, and geophysical hazards (earthquakes, volcanoes, landslides, and tsunamis) potentially the most damaging, as the Christchurch earthquake has shown.

4. Our increasing reliance on infrastructure and technology has opened up opportunities for development, but at the same time created vulnerabilities (with, for example, ever more closely-coupled infrastructure such as electricity supply and telecommunications that have interdependencies or can contribute to cascade failure). Computers, in particular, have created dependencies and risks that are not well understood (eg, high reliance on the internet for financial transactions; cyber threats; and international communications over just a few vulnerable trans-oceanic fibre optic cables).

5. Modern business practices have generated efficiencies in production and services, but often involve complex networks with potential systemic risks, such as those associated with out-sourcing and 'just in time' production, where the limitations or assumptions may not be fully understood.

6. Because of our dependence on agriculture, forestry, and marine resources, bio-security has long been important to our economy. With the rapid growth of tourism and trade, there are many pathways for animal and plant diseases, and pests, to become established in New Zealand. Recent experiences have shown how difficult and costly it can be to eradicate these problems. New biological agents and bio-engineering practices are also becoming important as possible vectors of harm.

7. More generally, food safety represents a developing but under-recognised national risk. As the largest contributor to the New Zealand economy, the food and beverage sector is critical to our prosperity. Public safety, as well as our international trade, could be affected by a very wide range of food contaminants such as chemical residues, infectious pathogens, and mycotoxins.

8. Protection of the environment and maintaining our clean-green reputation are important for New Zealanders. Notwithstanding our high level of environmental awareness, the environment is at risk from many forms of pollution and sources of contamination. Pesticides, defoliants, and petrochemicals all have the potential for large area contamination. A marine oil spill from a ship accident or an off-shore drilling rig would present a major challenge.

9. New Zealand is ethnically diverse with a number of former refugee communities. This diversity is a significant advantage in a globalised world. However, international experience has highlighted that poor integration and poor economic prospects for immigrants can be precursors to self-radicalisation, sympathy with extremist positions, or support for terrorism.

10. The ease with which New Zealanders now travel and work abroad is a growing consideration for security. At any time, twenty percent or more of our people may be out of the country, some of whom could require government to provide assistance or evacuation in times of crisis.

11. International travel has also increased the speed with which human diseases can spread globally and infect a nation. The SARS epidemic in 2003, and the early onset of H1N1 here in 2009, both demonstrated how difficult it is to prevent an influenza virus from spreading. At best, its arrival can be slowed, and its progress moderated. Our experience in 1918 of high death rates from the Spanish 'flu' has shown that pandemics represent one of the greatest risks to New Zealanders.

12. Global connectivity has other security implications, including border challenges such as illegal migration, illicit trafficking of people and harmful goods, and the promotion of violent extremist ideologies. In a globalised world, other states, and non-state actors, can seek to exert influence within New Zealand, harm New Zealand's economic interests, compromise democratic governance, and constrain the ability of New Zealanders to live their lives free from foreign interference.

13. New Zealand depends on very long supply lines from other countries for essential commodities (eg, oil, pharmaceuticals, chemicals, electronics, and some food items). In many cases these are now critical for our day-to-day living, and so reliable overseas sources, international transport, and supply chain security are of high importance.

14. Trans-national criminal networks are becoming sophisticated, technologically capable, and resilient. Their activities represent a challenge to national security as well as to law enforcement. The mass importation of drugs and other illicit commodities causes serious harm and social problems for victims and families, as well as generating significant wealth for criminals. Where these activities grow unchecked, they can create fear in society.

15. New Zealand has maritime security and sovereignty interests over a very wide area, encompassing the approaches to New Zealand, our Exclusive Economic Zone (and the EEZs of Niue, Cook Islands and Tokelau), our extended continental shelf area, and the Southern Ocean and Antarctica.

16. The Pacific region is likely to continue to face economic, environmental, development, and security challenges. The capacity of many governments in the Pacific to make headway in meeting these challenges is severely limited. Dysfunctional governance, state failure and civil disorder in Pacific island countries

would be of concern for many New Zealanders, and could generate expectations of a national response.
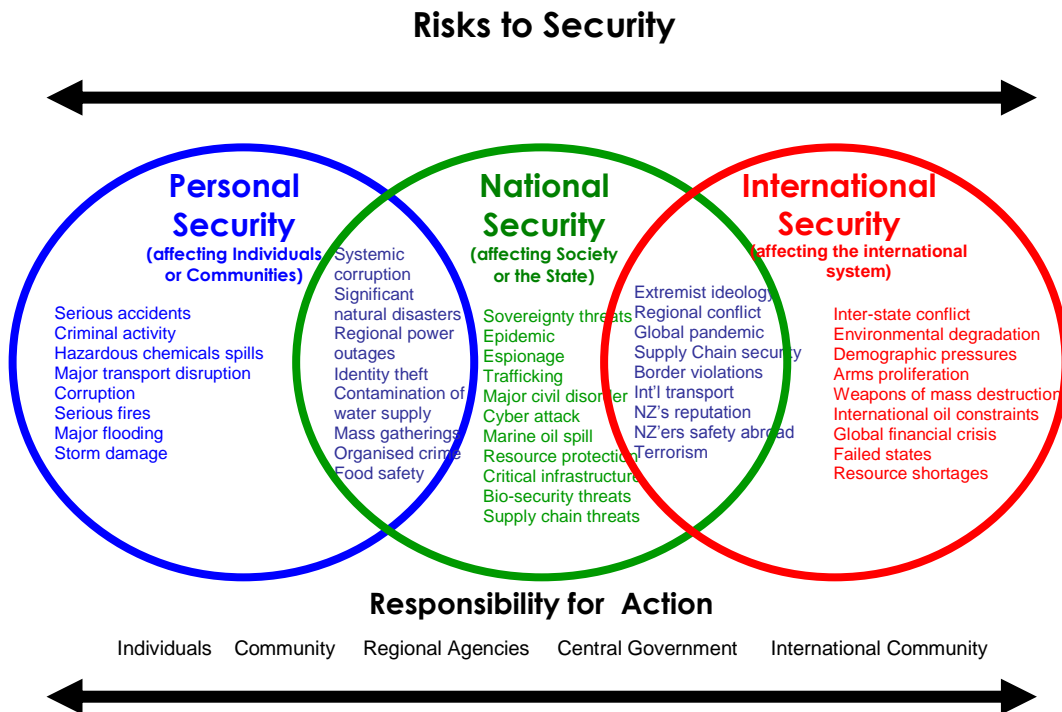
17. Instability and conflict, including in parts of the world far away from New Zealand, may affect our security interests directly and indirectly. New Zealand's economic interests, in particular, extend to all parts of the world, and our economic security is dependent on maintaining international trade and economic linkages.[3]

18. Recent years have seen a major shift in the distribution of global economic power. These shifts in economic power are not superficial but structural, and the relevant shift in economic weight is expected to continue. This will have implications for the distribution of global military power, as those states with growing economies are able to allocate more resources to military spending.

19. Peace and security in East Asia rests significantly on the actions of the major powers. Tensions related to the Korean Peninsula, Taiwan, and the South China Sea will continue, as will pressure points in South and Southeast Asia. Security structures in the Asia-Pacific region will continue to evolve. New Zealand derives significant benefits from a stable and prosperous Asia. It is in our national interest to uphold and contribute to that favourable environment by supporting regional peace and security.

20. As well as changes in the balance of power between states, there has been a diffusion of power away from governments. Even where the will exists, the ability of governments and multilateral institutions to address effectively national and international security challenges is in many cases more limited than it once was.

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[3] Contributing to international security is not just about protecting New Zealand, our people, and our interests from harm. New Zealand's contributions to international security, and recognition of such contributions from bilateral partners and the international community, serve to advance our wider foreign policy interests.

ANNEX B: RISKSCAPE

The context set out in Annex A frames a security setting that involves a mix of traditional and newly emerging risks. While in global terms the risks of state-to-state conflict or large-scale warfare appear to have declined over the past few decades, and are no longer the central planning assumption for most governments, a number of new vectors of harm are emerging that have the potential to affect security at the personal as well as state level.

The figure[4] below brings these issues into a common spectrum of risks from personal through to international. All of the issues in the central ring lie at the heart of national planning in New Zealand, and have the potential to directly affect society or the state to a significant degree. These are our primary national security issues. They are typically of a scale or complexity that can only be managed at the national level.

Risks to Security

Personal Security
(affecting Individuals or Communities)

Serious accidents
Criminal activity
Hazardous chemicals spills
Major transport disruption
Corruption
Serious fires
Major flooding
Storm damage

Systemic corruption
Significant natural disasters
Regional power outages
Identity theft
Contamination of water supply
Mass gatherings
Organised crime
Food safety

National Security
(affecting Society or the State)

Sovereignty threats
Epidemic
Espionage
Trafficking
Major civil disorder
Cyber attack
Marine oil spill
Resource protection
Critical infrastructure
Bio-security threats
Supply chain threats

Extremist ideology
Regional conflict
Global pandemic
Supply Chain security
Border violations
Int'l transport
NZ's reputation
NZ'ers safety abroad
Terrorism

International Security
(affecting the international system)

Inter-state conflict
Environmental degradation
Demographic pressures
Arms proliferation
Weapons of mass destruction
International oil constraints
Global financial crisis
Failed states
Resource shortages

Responsibility for Action

Individuals   Community   Regional Agencies   Central Government   International Community

The regions of overlap are managed at several levels. At one side they overlap with matters that can affect individuals and businesses, for which the responsibility is likely to be shared with regional agencies such as local councils or district health boards. At the other side there is overlap with matters that may have implications for New Zealand but which are also dealt with at an international level or through foreign policy instruments.

Relative Risks

In New Zealand's case, government began moving in this direction in the mid-1990s with the modernisation of arrangements for emergency services and civil defence. Most of those

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[4] Diagram adapted from Canada's national security policy.

ideas have become the basis of current practices, and some have been formalised in legislation such as the Civil Defence Emergency Management Act (2002). This framework is intended to assist a similar transformation in strategic doctrine and management in New Zealand's security sector.
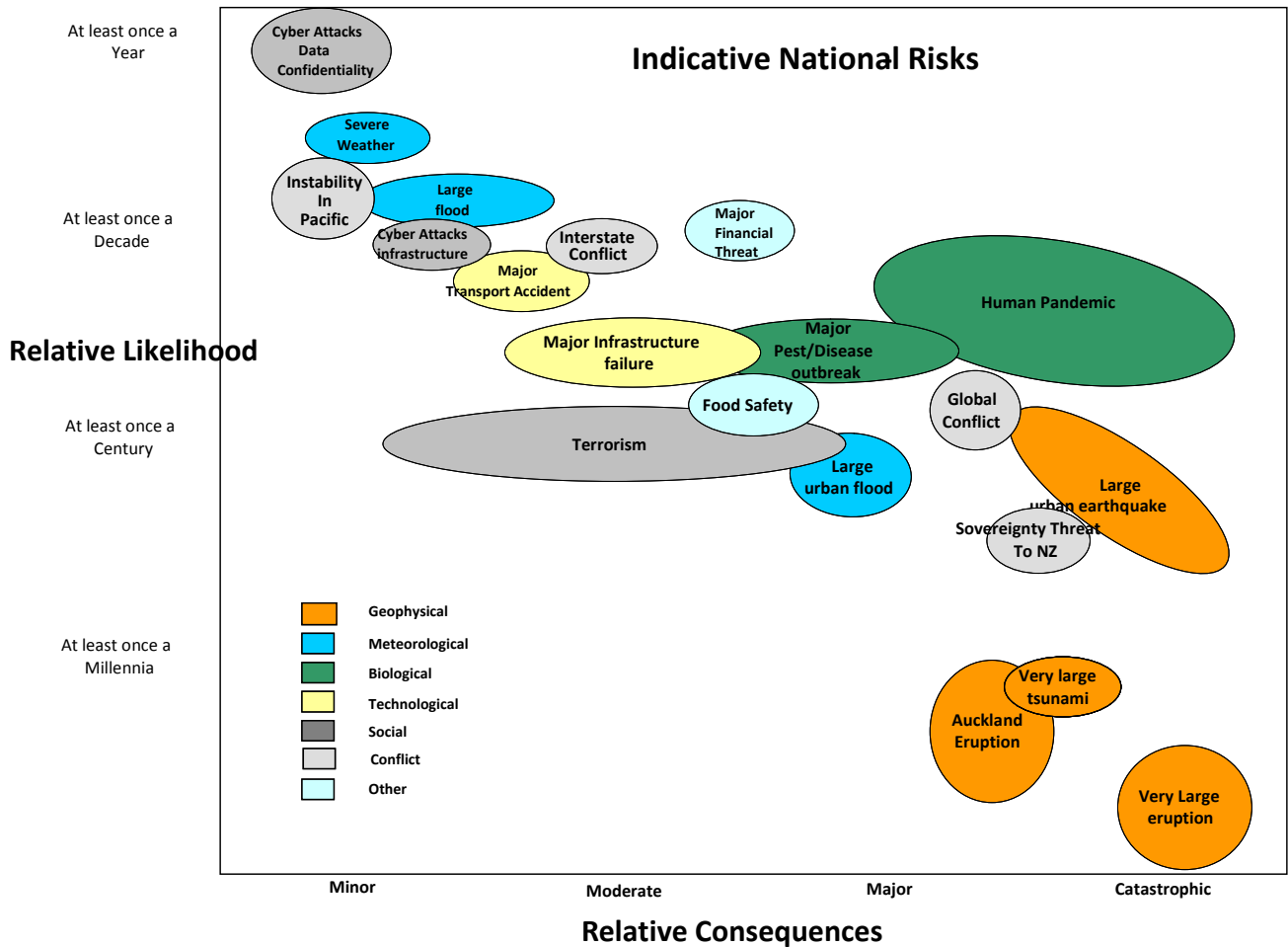
The relative risk figure above depicts the types of contingencies that feature in New Zealand's national planning. It includes representative examples of risks from various sectors that could result in significant casualties, damage, costs, or disruption. Its primary purpose is to provide a visual comparison of the approximate scale of the main components of significant risks – likelihood and consequence - in order to indicate for planning purposes the relative importance of the issues. Risk, expressed as the product of likelihood and consequence, increases towards the upper right of the figure. It is not meant to be an accurate portrayal of risks, because there is inadequate data in some cases, and nor does it depict worst-case examples. Because it represents averages across all of New Zealand it should not be used for regional planning.

In this illustration, risk increases towards the top right hand corner. Each axis is logarithmic in scale, meaning that each step is of a value ten times higher than the previous one. For Likelihood this is presented in terms of likely occurrence in intervals of time. So, *At least once in a Decade* is equivalent to a 10% chance in any one year, and *At least once a* Century is equivalent to a 1% chance of occurrence in a year. The Consequences axis also steps up in factors of ten, each level being 10 times the consequences of the previous one. Consequences were considered across the physical environment, social (including health), economic, and built/infrastructure environments, as well as consideration of issues of international reputation and confidence in public administration.

ANNEX C: OFFICIALS COMMITTEE FOR DOMESTIC AND EXTERNAL SECURITY COORDINATION

ODESC TERMS OF REFERENCE

Purpose

- Ensure coordinated advice to government on matters of national security, intelligence, and crisis management

- Exercise policy oversight, strategic planning, and priority setting across all matters of national security, intelligence, and crisis management

- Oversee the development of national and sector strategies for treating major security risks, addressing critical vulnerabilities, and enhancing national resilience

- Work to ensure that government agencies are prepared and have plans for comprehensive risk management of national security issues, including civil contingencies

- Co-ordinate government's strategic response to major crises, threats, or circumstances affecting New Zealand or New Zealand's interests abroad

- Provide governance and assurance in respect of the New Zealand Intelligence Community (NZIC), with a focus on systemic governance including strategic direction, performance monitoring, oversight, priority setting, and allocation of resources

- Facilitate interagency co-operation within the NZIC, and coordinate joint projects

- Advise the Prime Minister and assist the work of the Cabinet Committee on Domestic and External Security Co-ordination by commissioning and organising papers, and ensuring their quality.

Membership

ODESC is a generic committee of chief executives of government agencies chaired by the Department of the Prime Minister and Cabinet, whose membership reflects the coordination roles of the Cabinet Committee on Domestic and External Security Coordination. Attendance at meetings of ODESC, or sub-groups it may establish, is by invitation of the Chair, depending on the matters to be dealt with or the nature of any threat or crisis. ODESC I is one sub-group which meets regularly to consider issues relating to national security which have an intelligence component.

In addition ODESC has a standing committee for intelligence governance, ODESC G. Its membership consists of the Chief Executives of the three central agencies and two Chief Executives representing the interests of key customers of the intelligence community. At present its membership comprises:

- CE, Department of the Prime Minister and Cabinet (Chair)
- Secretary to the Treasury
- State Services Commissioner

- Commissioner of Police
- Chief of Defence Force

Directors of the intelligence agencies will attend when matters are being considered that impact upon their priorities, plans, outputs and resources, except where a conflict of interest arises, or the Chair elects to hold a 'members only' session. Directors may be invited to attend on other matters impacting on the New Zealand Intelligence Community at the invitation of the Chair.

Activation

Activation of the national security system can be by the Chief Executive DPMC on his/her own initiative, or in response to a recommendation from a departmental chief executive or agency head. Meetings are held when needed, and usually for a specified purpose. The Prime Minister's approval is required to convene the Cabinet Committee on Domestic and External Security.

Support

The national security system is supported by the Security and Risk Group of DPMC, and for intelligence purposes, by the Intelligence Coordination Group of DPMC.

ANNEX D: LEAD AGENCIES

The list of lead and supporting agencies for managing national security issues set out below is based on the national risks outlined earlier. It spans a range of issues that have the potential to affect the security of the nation and its people, including those in overlapping areas of regional and international security. Its weighting is to those matters that are mainly national in character, and does not include matters outside that span such as those that affect mainly individual security or international security. It is arranged around the set of six broad national objectives defined earlier. Within those objectives, the listing covers the individual events or circumstances that might threaten national objectives or create uncertainty about their realisation. As this is the first time that such a list has been compiled for security issues in New Zealand, it should be regarded as indicative only pending detailed consultation. It also needs to be noted that (i) while one agency may be designated the lead often the successful handling of an issue will require two or more agencies to lead work together and (ii) the lead will sometimes change on an issue as events develop.

ISSUE	LEAD AGENCY	SUPPORTING AGENCIES
Preserving sovereignty and territorial integrity		
Territorial claims	MFAT	NZDF, Police, LINZ, DPMC
Armed conflict	NZDF	MOD, DPMC, MFAT, GCSB
Maritime threats (NZEEZ, etc)	NZDF	MOD, NMCC, GCSB, MFAT, MNZ
Illegal migrants/People trafficking	DOL	Customs, Police, NZDF, MFAT, GCSB,
Border violations	Customs	DOL (Immigration), Police, MFAT
Smuggling - arms & drugs	Customs	Police
Illegal Fishing	MFish	NZDF, NMCC, MFAT
Strengthening international order to promote security		
Security of NZ's interests abroad	MFAT	DPMC
Peacekeeping	NZDF	MOD, MFAT
Regional disasters	MFAT	DPMC, MCDEM, MOH, NZDF,NZFS
International initiatives	MFAT	NZAID, NZDF
International terrorism	MFAT	Police, DPMC, NZSIS, GCSB, NZDF
Sustaining economic prosperity		
Public transport failure	MOT	Police, NZFS
Int'l sea lane and air lane closures	MOT	MaritimeNZ, NZDF, MFAT
Global financial crisis	Treasury	Reserve Bank, MFAT
Banking services failure or attack	Res Bank	Treasury, MFAT
Commodities price collapse	MED	Treasury, Reserve Bank, MAF, MFAT
International supply chain failure	MED	MFAT, DPMC
Essential commodities	MED	MFAT
Fuel supply	MED	MFAT
Critical infrastructure & assets	MED	MFAT
Ownership/Control of critical land assets	LINZ/TSY	MFAT
Energy security	MED	MFAT
Telecommunications	MED	MFAT
International communications loss	MED	
Structural collapse (eg dam)	MED	MCDEM, MAF, NZFS

Industrial Espionage	MED	Police, NZSIS, GCSB
Science and Technology	MSI	MED, MFAT
Loss of Intellectual Property	MED	MFAT
Bio-security (plant/animal disease)	MAF	Police, MFAT, Reserve Bank, NZDF, MoH
Cyber-security	MED	GCSB, DIA, MFAT
Internet manipulation or restraint	DIA	
Maintaining democratic institutions and national values		
Insurgency	Police	NZDF, NZSIS
Para-military activities	Police	NZDF
Terrorism	NZSIS/Police	NZDF, NZSIS, GCSB
Civil unrest	Police	
Trans-national crime	Police	NZSIS, Customs, MFAT
Organised violence/crime	Police	
Siege/hostage	Police	NZDF
Government systems		DPMC
Protecting elected representatives	Police	
VIP protection	Police	DIA, MFAT
Management of systemic risk	DPMC	
Domestic extremism	NZSIS/Police	
Ensuring public safety		
Food safety	MAF	
Pandemic human influenza	MOH	MAF, MSD, MCDEM, MFAT
Public health crisis	MOH	
Chronic disease	MOH	
Earthquake disaster	MCDEM	Police, NZFS, NZDF, MOH, MSD,MFAT
Volcanic eruption	MCDEM	Police, NRFA, NZDF, MOH, MSD, NZFS,MFAT
Tsunami	MCDEM	Coastguard, Maritime NZ, NZFS, NZDF,MFAT
Extreme meteorological event	Metservice	MCDEM, NZFS
Flooding	MCDEM	Police, NRFA, NZDF, MOH, MSD
Drought	MAF	NRFA, MSD, NZFS
Hazardous materials	NZFS	ESR, NRL, NPC, NZDF
Mass gatherings (eg, RWC)	Police	NZSIS, MED
Mass casualties	MCDEM	Police, MOH, NZDF, NZFS
Mass evacuation	MCDEM	Police, NZDF, NZFS
Protecting the natural environment		
Environmental catastrophe	MfE	Regional Councils, ERMA, DOC, NZFS
Wildfire	NRFA	NZFS, Regional Councils, NZDF
Major marine oil spill	MNZ	NZFS
Pollution	MfE	Regional Councils, MNZ, ERMA, DOC, NZFS
Biosecurity (plant/animal pest/disease)	MAF	Police, MFAT, Reserve Bank, NZDF, MoH

ANNEX E: ODESC SUPPORT GROUPS

Under the new arrangements, ODESC will be supported by three groups in DPMC, covering assessments, intelligence coordination, and national security planning. They work closely together.

National Assessments Bureau

The National Assessments Bureau (NAB) provides policy-relevant assessments to the Prime Minister, other Ministers and senior officials on events and developments that bear on New Zealand's interests, especially in regard to national security matters. These assessments may call on the resources of the whole intelligence community. They are co-ordinated with the policy and operational work of other government agencies, and are intended to support the government's national security and external relations agendas and to help inform government decision-making. The NAB director is responsible for developing a national assessment programme shaped around those priorities and for establishing quality standards across the intelligence community for intelligence assessment and analysis.

Security and Risk Group

The Security and Risk Group (SRG) combines policy and operational roles, and provides leadership and co-ordination across government on national security issues. It is responsible for developing a coherent, whole-of-government approach to the preparation of national security strategies. It provides guidance on policies and preparations for strengthening national security, and for dealing with various civil contingencies, in particular through a comprehensive approach to risk management. In this regard it has an advisory role for national security issues across departments and agencies that have operational responsibilities for managing such risks. It co-ordinates the government's response to situations that have significant consequences for New Zealand's national security or interests. On behalf of government, it provides support and co-ordination around all major security issues.

Intelligence Co-ordination Group

The Intelligence Co-ordination Group (ICG) leads collaboration within, and co-ordination of, the New Zealand intelligence community. The ICG works closely with the DPMC Chief Executive, providing advice that will assist in fulfilling the Chief Executive's responsibility to be accountable to the Prime Minister for the systemic performance of the intelligence community. The ICG also assists the Chief Executive in leading New Zealand's intelligence representation and diplomacy with key offshore partners (complementing in this regard the regular engagement between the core intelligence agencies and their respective international counterparts). The ICG provides support to the Officials Committee on Domestic and External Security (Governance) in carrying out its roles of systemic governance, including performance monitoring, oversight, priority setting and allocation of resources across the intelligence community.