



19 April 2024

[REDACTED]

Ref: OIA-2023/24-0681

Tēnā koe [REDACTED]

Official Information Act request for information relating to the Intelligence and Security Act review, countering foreign interference and critical national infrastructure

Thank you for your request made under the Official Information Act (the Act), received on 20 March 2024. You requested, (numbering added):

- [1]- Any advice produced for the Minister of National Security and/or the Intelligence Agencies Minister regarding the ISA review, since the National-coalition Government was sworn in.*
- [2]- Any advice produced for the Minister of National Security and/or the Intelligence Agencies Minister regarding the countering foreign interference work programme, since the National-coalition Government was sworn in.*
- [3]- Any advice produced for the Minister of National Security and/or other ministers regarding Critical National Infrastructure, since the National-coalition Government was sworn in."*

On 3 April 2024 we wrote to you advising that we had transferred Part [1] of your request to the Minister Responsible for the New Zealand Security Intelligence Service (NZSIS) and the Government Communications Security Bureau (GCSB). Your request for advice relevant to Part [1] of your request provided by the Department of the Prime Minister and Cabinet (DPMC) will be responded to by DPMC.

We have understood Part [3] of your request to relate to work being led by DPMC relating to critical infrastructure resilience reform.

Information released

Please find **attached** documents relevant to your request as set out in the table below:

Part of Request	Doc No	Date	Minister	Title	Decision
Part [1]	Doc 1	22/02/2024	National Security and Intelligence	Aide-Mémoire: National Security and Intelligence Meeting [remainder of title withheld under 6(a)]	Some information withheld under sections: 6(a) 9(2)(f)(iv) 9(2)(g)(ii) [Not in Scope]
Part [1]	Doc 2	23/02/2024	National Security and Intelligence	Briefing: Review of the Intelligence and Security Act – options for the government response	Some information withheld under sections: 9(2)(f)(iv)

Part of Request	Doc No	Date	Minister	Title	Decision
					9(2)(g)(i) 9(2)(g)(ii) 18(d)
Part [3]	Doc 3	25/01/2024	National Security and Intelligence	Briefing: Enhancing critical infrastructure resilience	Some information withheld under sections: 9(2)(g)(ii) 9(2)(f)(iv)
Part [3]	Doc 4	22/02/2024	Infrastructure	Aide-Mémoire: Critical infrastructure resilience – overview and upcoming milestones	Some information withheld under sections: 9(2)(g)(ii) 9(2)(f)(iv)

As noted in the table above and marked in the documents released to you, some information has been withheld under the following sections of the Act:

- section 6(a), to protect the security or defence of New Zealand or the international relations of the Government of New Zealand
- section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials
- section 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinion
- section 9(2)(g)(ii), to prevent improper pressure or harassment
- section 18(c)(i), as release of information would be contrary to the provisions of a specified enactment.
- section 18(d), as the information requested is or will soon be publicly available.

Some information not relevant to your request has also been redacted, as marked in the document.

Information publicly available

There is some information relevant to your request that is publicly available.

Under Document 2, the summary of recommendations from the report “*Taumarū: Protecting Aotearoa New Zealand as a free, open and democratic society*” is available on the DPMC website under Page 247 at: www.dPMC.govt.nz/sites/default/files/2023-05/Taumarū%20-%20Protecting%20Aotearoa%20New%20Zealand.PDF

Further information about the Review of the Intelligence and Security Act 2017 is available on DPMC’s website at: www.dPMC.govt.nz/our-programmes/national-security/intelligence-and-security-act-2017/2022-review-intelligence-and-security-act-2017

There is some information relevant to Part [1] of your request also available in “Briefing to the Incoming Minister for National Security and Intelligence (Nov 2023)”. This is available in DPMC’s website at: www.dPMC.govt.nz/publications/proactive-release-briefing-incoming-minister-national-security-and-intelligence-nov-2023

To the extent your request is for these documents, section 18(d) of the Act applies as the information is already publicly available.

Information withheld in full

There is a briefing identified in scope of Part [2] of your request dated 18 January 2024 "*Briefing: Countering Foreign Interference*". This briefing has been withheld in full under the following sections of the Act:

- section 6(a), to protect the security or defence of New Zealand or the international relations of the Government of New Zealand
- section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials.

Where section 9 has been applied, in making my decision, I have considered the public interest considerations in section 9(1) of the Act. No public interest has been identified that would be sufficient to outweigh the reasons for withholding that information.

You have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the Act.

This response will be published on DPMC's website during our regular publication cycle. Typically, information is released monthly, or as otherwise determined. Your personal information including name and contact details will be removed for publication.

Yours sincerely



Bridget White
Executive Director, National Security



Coversheet

Aide-Mémoire: National Security and Intelligence

Meeting on ^{6(a)} [REDACTED]

Date:	22/02/2024	Report No:	DPMC-2023/24-752
		Security Level:	[REDACTED]
		Priority level:	Routine

	Action sought	Deadline
Rt Hon Christopher Luxon Minister for National Security and Intelligence	discuss issues	6(a) [REDACTED]

Name	Position	Telephone		1 st Contact
Bridget White	Executive Director, National Security National Security Group	9(2)(g)(ii) [REDACTED]	9(2)(g)(ii) [REDACTED]	✓
Halia Haddad	Acting Director, National Security Policy	9(2)(g)(ii) [REDACTED]	N/A	

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes/No

Aide-Mémoire

National Security and Intelligence Meeting on

6(a)

To:	Rt Hon Christopher Luxon Minister for National Security and Intelligence		
From:	Bridget White, Executive Director, National Security	Date:	22/02/2024
Briefing Number:	DPMC-2023/24-752	Security Level:	RESTRICTED

Purpose

1. This aide-mémoire provides an overview of the items for discussion at your National Security and Intelligence (NSI) meeting with DPMC National Security Group (NSG) officials, 6(a)
2. There are two substantive items on the agenda, which is included at **Attachment A**:
 - a. Review of the Intelligence and Security Act 2017
[Not in Scope]

Item 1: Review of the Intelligence and Security Act 2017

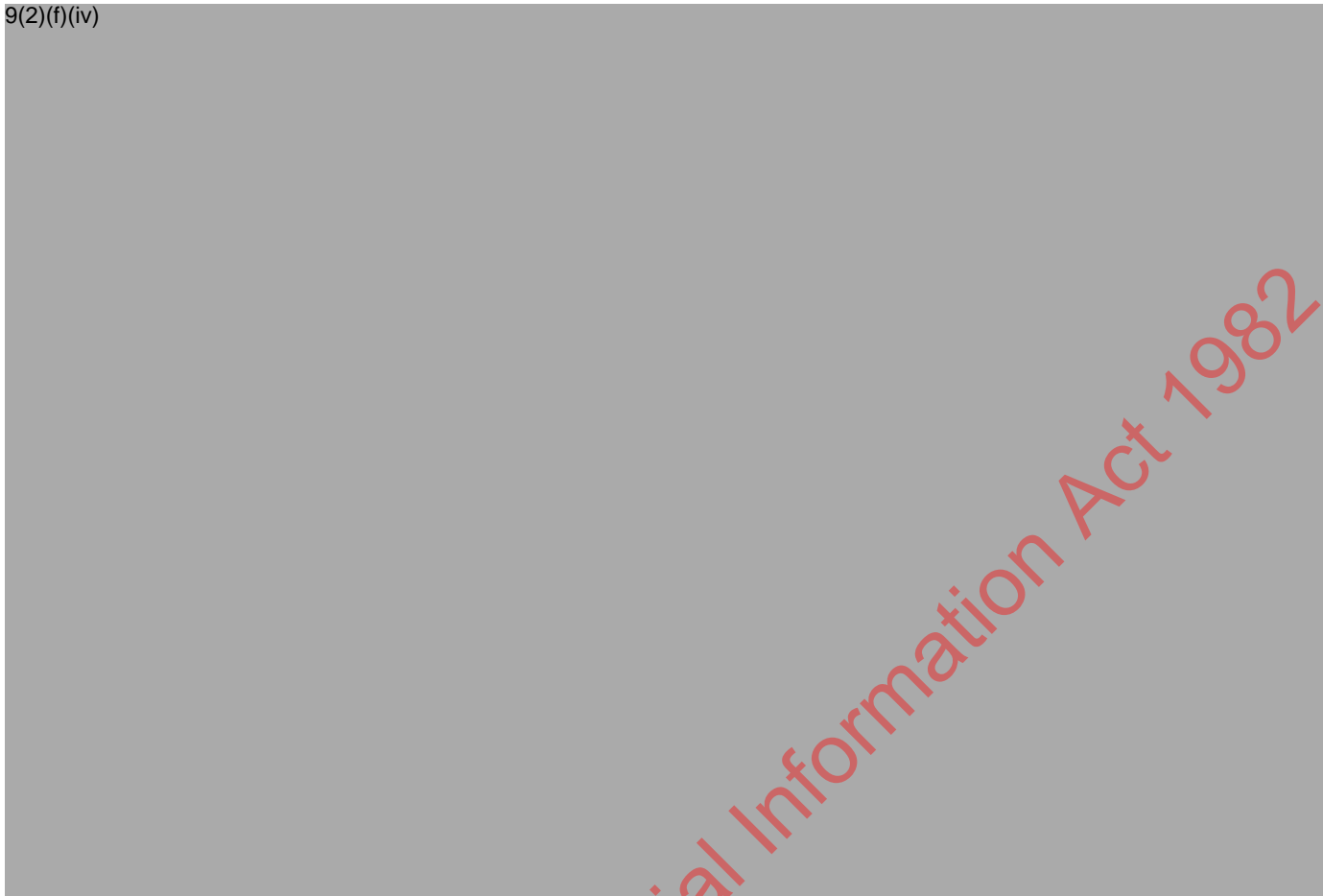
3. The Government response to the Review of the Intelligence and Security Act 2017 (the Review) is underway. The previous Cabinet agreed to the objectives for the government response and an approach to the first five recommendations. The remaining 47 recommendations have not yet been considered by Cabinet.
4. It is timely to reconsider the approach to the government response in light of:

9(2)(f)(iv)

5. We recommend the previous Government's decisions on the objectives, 9(2)(f)(iv) be confirmed. 9(2)(f)(iv)

6. The previous Government agreed to an approach which considered each of the recommendations in turn. This approach is resource intensive, especially in relation to the many recommendations that propose significant policy work to consider whether legislative change is needed. 9(2)(f)(iv)

9(2)(f)(iv)



11. **We also recommend you delegate joint responsibility** for the response to the Review to the Minister Responsible for the GCSB and NZSIS.
12. The NSI officials' meeting will provide an opportunity to discuss these issues in more detail, and to understand your preferred approach. A paper setting out this proposed approach for your decision has been provided in advance of this meeting [DPMC-2023/24-425].

[Not in Scope]



[Not in Scope]

9(2)(g)(ii)

Bridget White
Executive Director
National Security Group

22/02/2024

Rt Hon Christopher Luxon
Minister for National Security and
Intelligence

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Attachment:	Title	Security classification
Attachment A:	NSI Officials Meeting Agenda 6(a)	RESTRICTED

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Aide Mémoire: National Security and Intelligence Meeting on 6(a)

DPMC-2023/24-752

Attachment A

NSI Officials Meeting Agenda ^{6(a)}

Date/Time	6(a)
Venue	
Lead Official/Facilitator	Rebecca Kitteridge (CE DPMC) Paul Winter (NSI PS)
Attendees	Rt Hon Christopher Luxon
Invited Officials	Bridget White (Executive Director, National Security Group, DPMC) Brendan Gage (Policy Advisor, Policy Advisory Group, DPMC) Halia Haddad (Acting Director National Security Policy, DPMC) Pip Swaney (Manager, Security and Intelligence Policy, DPMC)
Apologies	TBC

Item	Topic	Lead
1	Introductions	Rebecca Kitteridge
2	National Security Legislation Priorities (15 minutes) <ul style="list-style-type: none">Response to the Review of the Intelligence and Security Act	Rebecca Kitteridge
3	[Not in Scope]	Bridget White
4	Close and Action Points	Rebecca Kitteridge

~~RESTRICTED~~

**DEPARTMENT OF THE
PRIME MINISTER AND CABINET**
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

Coversheet

Briefing: Review of the Intelligence and Security Act – options for the government response

Date:	23/02/2024	Report No:	DPMC-2023/24-425
		Security Level:	RESTRICTED
		Priority level:	Routine

	Action sought	Deadline
Rt Hon Christopher Luxon Prime Minister Minister for National Security and Intelligence	agree to recommendations forward to Hon Judith Collins, Minister Responsible for the GCSB and NZSIS	For discussion at NSI meeting 6(a)

Name	Position	Telephone	1 st Contact
Bridget White	Executive Director National Security Group	9(2)(g)(ii)	
Lynda Byrne	Principal Policy Advisor	9(2)(g)(ii)	✓
9(2)(g)(ii)	Senior Policy Advisor	9(2)(g)(ii)	

Departments/agencies consulted on Briefing
The Government Communications Security Bureau and the New Zealand Security Intelligence Service were consulted. The options for the response and the preferred approach were discussed with the Inspector-General of Intelligence and Security.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

~~RESTRICTED~~

Briefing

Review of the Intelligence and Security Act – options for the government response

To: Rt Hon Christopher Luxon
Prime Minister, Minister for National Security and Intelligence

Date	23/02/2024	Security Level	RESTRICTED
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Purpose

1. This briefing seeks your decisions on the government response to the Review of the Intelligence and Security Act 2017. These decisions are:
 - a) confirming past Cabinet decisions on the government response;
 - b) agreeing a revised approach to responding to the remaining recommendations;
 - c) discussing recommendations relating to the Intelligence and Security Committee (ISC) with the ISC; and
 - d) delegating joint responsibility for the response to the Minister Responsible for the GCSB and the NZSIS.

Key Points

2. The government response to *Taumaruru: Protecting Aotearoa New Zealand as a Free, Open and Democratic Society: Review of the Intelligence and Security Act 2017* (the Review) is underway. The previous Cabinet agreed to the objectives for the government response and an approach to the first five recommendations. The remaining 47 recommendations have not yet been considered by Cabinet.

3. 9(2)(f)(iv), 9(2)(g)(i)

4. The previous government agreed to an approach which considered each of the recommendations in turn. This approach is resource intensive, especially in relation to the many recommendations that propose significant policy work to consider whether legislative change is needed. 9(2)(f)(iv), 9(2)(g)(i)

5. 9(2)(f)(iv), 9(2)(g)(i)

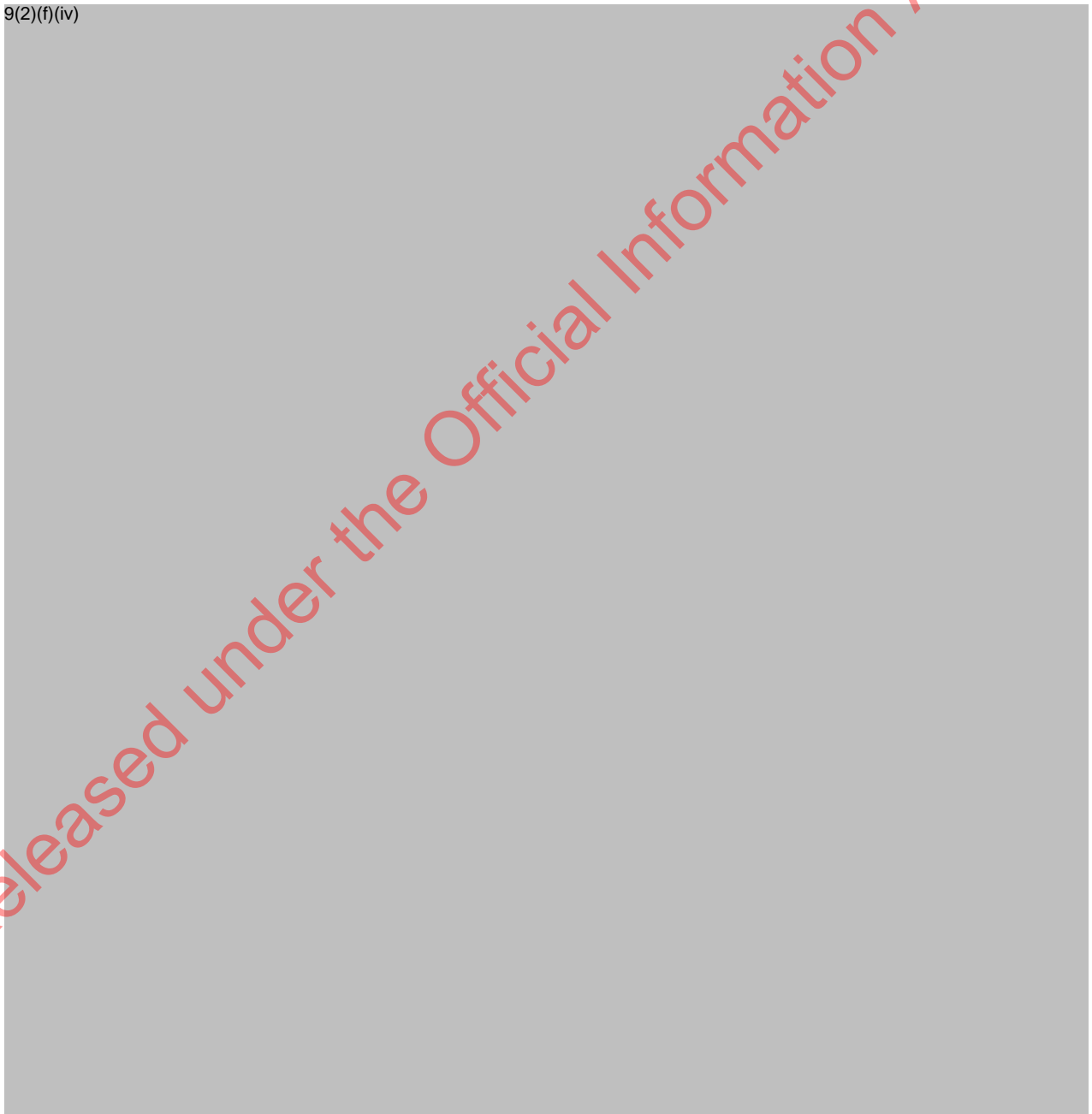
Recommendations

We recommend you:

1. **note** that the government response to the review of the Intelligence and Security Act 2017 (the Review) is underway;
2. **agree** that the objectives for the government response agreed by the previous Cabinet continue to apply to the response (see paragraph 10 and Cabinet External Relations and Security Committee Minute of Decision ERS-23-MIN-0045 at Attachment B);
3. **agree** to the following **proposed approach** to Cabinet's previous decisions relating to the government response to the Review (see Table 1 and Attachment B):

YES / NO

9(2)(f)(iv)



4. 9(2)(f)(iv)

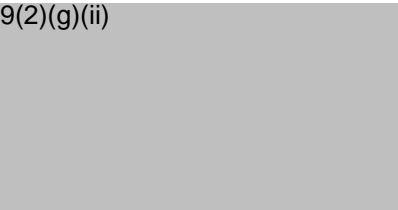


5. **agree** to discuss the recommendations the Review made about the Intelligence and Security Committee (ISC) with the ISC at a future meeting; YES / NO

6. **agree** to delegate joint responsibility for the response to the Review to the Minister Responsible for the GCSB and NZSIS; and YES / NO

7. **forward** this briefing to the Minister Responsible for the GCSB and NZSIS. YES / NO

9(2)(g)(ii)



Bridget White
Executive Director
National Security Group

23/02/2024

Rt Hon Christopher Luxon
Prime Minister
Minister for National Security and Intelligence

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The Review of the Intelligence and Security Act 2017

1. The Intelligence and Security Act 2017 (the ISA) governs the activities of New Zealand's intelligence and security agencies (the New Zealand Security Intelligence Service, NZSIS and the Government Communications Security Bureau, GCSB) (the Agencies). It also governs the role of the Inspector-General of Intelligence and Security (IGIS), the Commissioners of Intelligence Warrants, the Intelligence and Security Committee (ISC) and the intelligence functions of the Chief Executive of the Department of the Prime Minister and Cabinet (DPMC). DPMC's National Security Group administers the ISA.
2. The ISA is required to be reviewed every five to seven years by two reviewers appointed by the Prime Minister. The first periodic review of the ISA started in March 2022, and was conducted by Hon Sir Terence Arnold KNZM KC and Matanuku Mahuika, and a special advisor, Dr Penelope Ridings MNZM.
3. The Review was not intended to be a first principles review of the ISA. The Terms of Reference stated its purpose was to:
 - determine whether improvements could be made to the ISA to ensure it continues to be effective, clear, and fit for purpose; and
 - consider the recommendations and issues related to the ISA that were raised in the Report of the *Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019* (the Royal Commission Report).
4. Prior to the Review, DPMC, the Agencies, and the IGIS agreed that, while there are improvements that could be made, the ISA works well overall.
5. The reviewers did not identify any issues with the ISA that require urgent legislative change, nor did they consider there was anything fundamentally wrong with the Act that stops the agencies from doing their job. However, the reviewers believed '*several significant changes to the Act are required... to ensure the Act is fit for purpose and remains true to the guiding principle of protecting New Zealand as a free, open and democratic society*'.
6. The Review's recommendations are set out in full at **Attachment A**. The Review made 52 recommendations (33 main recommendations and 19 'routine improvements'), varying in significance and type. The Reviewers also considered the four recommendations on the ISA from the Royal Commission Report, which relate to the way the ISA operates in respect of the counter-terrorism effort.
7. The ISC concluded its consideration of the report in May 2023, at which time it was made public.

We seek confirmation of past Cabinet decisions on the government response

8. The previous government agreed to consider policy decisions on the 52 Review recommendations via a series of thematically-grouped Cabinet papers, addressing them all in turn.
9. In August 2023 Cabinet considered the first of these papers, setting out the overall approach to the response, a set of objectives for the response, and decisions on the first five recommendations. 9(2)(f)(iv)

We recommend the agreed objectives continue to guide the government response

10. The past Cabinet decisions included a set of objectives to guide the government response, which we propose continue to apply:

- Promote clear and fit for purpose legislation that enables effective intelligence and security agencies and the robust oversight of those agencies;
- Maintain New Zealand's long-standing commitment to te Tiriti o Waitangi/Treaty of Waitangi (the Treaty), human rights, democracy, accountability, and the rule of law for this multicultural country;
- Enhance public trust and confidence in the intelligence and security agencies that meets expectations of transparency, through a robust policy process, with effective engagement, as appropriate;
- Strengthen and promote a bi-partisan consensus on intelligence and security issues;
- Ensure legislation continues to facilitate effective engagement and cooperation with New Zealand's domestic agencies and international security partners;
- Ensure any resulting legislation is adaptable to changing circumstances and is technology-neutral;
- Ensure the intent of the recommendations is fully understood and the responses are well considered, and recognising that legislative change should only be recommended when it is the most appropriate means of achieving the policy objective.

9(2)(f)(iv)



9(2)(f)(iv)

9(2)(f)(iv)

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9(2)(f)(iv)

15. The remaining 47 recommendations have not yet been considered by Cabinet. We have been working through these to understand their underlying intent, operational impacts, and implications for oversight. Many of the recommendations propose the government undertakes further policy work to form a view on whether legislative change is needed.

9(2)(f)(iv), 9(2)(g)(i)

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9(2)(f)(iv), 9(2)(g)(i)

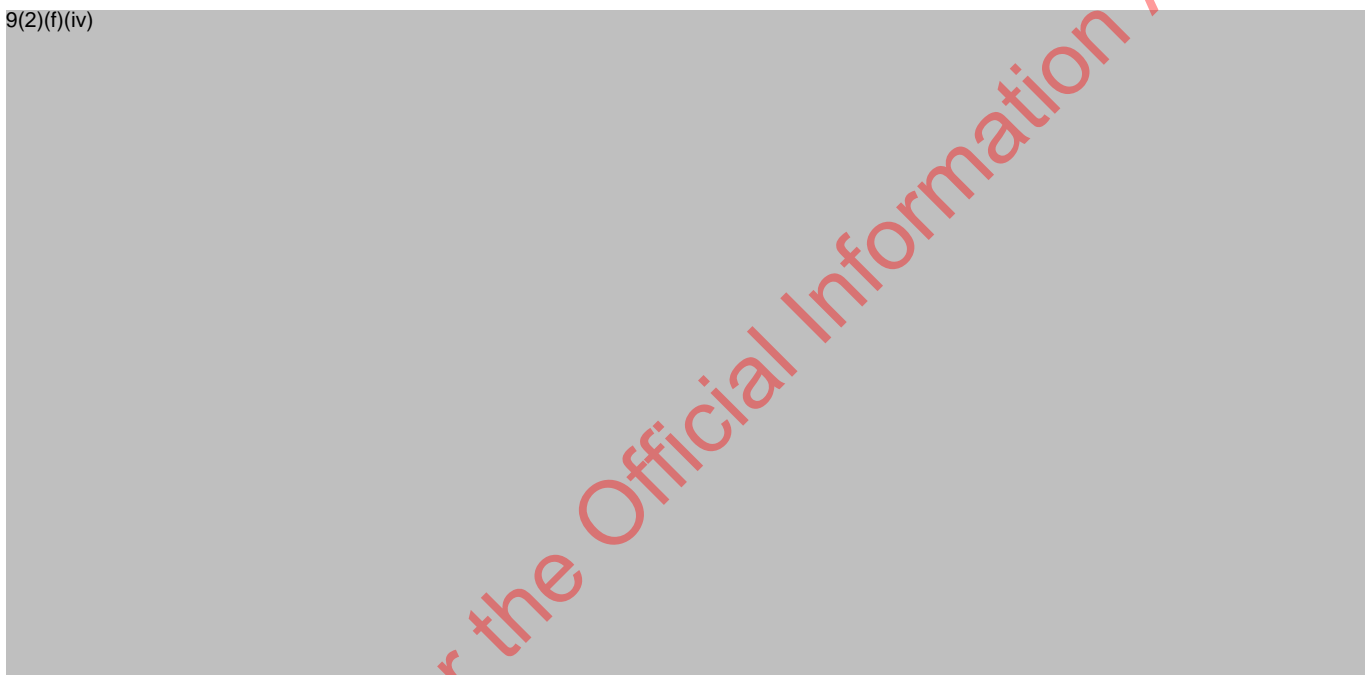
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You may wish to delegate joint responsibility for the response to the Review

26. The Minister for National Security and Intelligence is responsible for the legislative framework for the intelligence and security agencies. Due to this portfolio being held to date by the Prime Minister, for practical reasons the responsibility for the legislative process has previously been delegated to, or shared with, another Minister.²
27. **You may wish to discuss with Hon Judith Collins, Minister Responsible for the GCSB and NZSIS, the option of her jointly leading the response to the Review.** We consider it is appropriate for you to retain joint responsibility, given your Ministerial responsibility for oversight of the national security and intelligence system and for setting the overall policy for that system. This responsibility can be confirmed in the form of a letter from you to Minister Collins, which we can draft with the Cabinet Office for your signature.

Consultation

9(2)(f)(iv)



Next steps

32. The next steps for this work are set out in the table below.

Action	Details
NSI meeting discussion	We have scheduled a discussion of the ISA Review at the NSI officials' meeting on 6(a)

9(2)(f)(iv)



² For example, when the ISA was developed in 2016, the Minister for National Security and Intelligence and the Minister Responsible for the GCSB and NZSIS jointly led the policy development phase, and the Minister Responsible for the GCSB and NZSIS led the legislative process once policy decisions were taken.

9(2)(f)(iv)

Previous Cabinet decisions and proposed approach	Once you have decided your preferred approach, we will prepare a draft Cabinet paper for your consideration setting out your decisions in relation to previous Cabinet decisions and the revised approach to the remaining recommendations.
Discussion with ISC	If you would like to discuss the Review's ISC recommendations with the ISC, we will work with your office and the Clerk of the ISC to set a time for the ISC to meet and prepare a briefing to support the discussion.
Delegating joint responsibility for progressing the response	If you agree to delegate joint responsibility for the response to the Review to the Minister responsible for the GCSB and NZSIS, you may wish to discuss this with Hon Judith Collins and forward this briefing to her. We can prepare a letter from you to her outlining your decision, in conjunction with the Cabinet Office.

Attachments:	Title	Security classification
Attachment A:	Recommendations in the Review	UNCLASSIFIED
Attachment B:	9(2)(f)(iv)	
Attachment C	9(2)(f)(iv), 9(2)(g)(i)	

Attachment A withheld in full under section 18(d). Document is publicly available on page 247 at:

www.dpmc.govt.nz/sites/default/files/2023-05/Taumaru%20-%20Protecting%20Aotearoa%20New%20Zealand.PDF

Attachment B withheld under section 9(2)(f)(iv)

Attachment C withheld under sections 9(2)(f)(iv) and 9(2)(g)(i)

Released under the Official Information Act 1982

Released under the Official Information Act 1982

Released under the Official Information Act 1982



Coversheet

Briefing: Enhancing critical infrastructure resilience

Date:	Click here to enter a date.	Report No:	DPMC-2023/24-447
		Security Level:	_____
		Priority level:	Routine

	Action sought	Deadline
Rt Hon Christopher Luxon Minister for National Security and Intelligence	agree to recommendations	01/02/2024

Name	Position	Telephone	1 st Contact
Julian Grey	Acting Executive Director National Security Group	9(2)(g)(ii) _____	9(2)(g)(ii) _____ ✓
Ryan Walsh	Principal Policy Advisor, Strategic Coordination	N/A	9(2)(g)(ii) _____

Departments/agencies consulted on Briefing
None on this briefing, however substantive content developed in consultation with Ministry of Foreign Affairs and Trade, Treasury, Ministry of Business, Innovation and Employment, Ministry of Transport, Department of Internal Affairs, Ministry for the Environment, National Emergency Management Agency, Te Waihanga (the Infrastructure Commission), New Zealand Security Intelligence Service, the Government Communications Security Bureau, Commerce Commission, Electricity Authority, Reserve Bank of New Zealand, Ministry for the Environment and LINZ.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: No

Briefing

Enhancing critical infrastructure resilience

To: Rt Hon Christopher Luxon
Minister for National Security and Intelligence

Date 25/01/2024

Security Level

Purpose

1. The Department of the Prime Minister and Cabinet (DPMC) is leading work to enhance the resilience of New Zealand's critical infrastructure system. To date, this work has been led by the Minister for National Security and Intelligence. Given its interface with related government infrastructure priorities, this briefing seeks your agreement to delegate leadership of this work programme to the Minister for Infrastructure.

Recommendations

We recommend you:

1. **note** that, following a first phase of consultation in mid-2023, there was near unanimous support from government, industry, and political parties for this work programme.
2. **note** it would be advantageous to align this work with other government infrastructure priorities.
3. **agree** to delegate this work to the Minister for Infrastructure. YES / NO
4. **direct** officials to draft a letter to send to the Minister for Infrastructure confirming this delegation. YES / NO
5. **agree** the letter should highlight the importance of the Minister for Infrastructure consulting with the Minister for Regulation. YES / NO
6. **agree** to proactively release this report, subject to any appropriate redactions justified under the Official Information Act 1982. YES / NO

9(2)(g)(ii)

Julian Grey
Acting Executive Director
National Security Group

26/01/2024

Rt Hon Christopher Luxon
Minister for National Security and
Intelligence

...../...../.....

Briefing: Enhancing critical infrastructure resilience: next steps

DPMC-2023/24-447

Work is underway to develop a new regulatory framework to enhance critical infrastructure resilience

New Zealand's approach to delivering resilient critical infrastructure is out of step with global best practice and is no longer fit-for-purpose

2. New Zealand's history of underspending on resilience before adverse events exposes the Crown to bearing the high cost of infrastructure failure through response and recovery. Without change, the Crown's annual contingent liability for natural hazards alone has been estimated to reach \$3.3 billion per annum by 2050. Not only is this cost high and growing, it:
 - exacerbates a range of inequities within individual communities,
 - contributes to New Zealand's widening infrastructure deficit, and
 - is significantly more expensive than well targeted investments in resilience.
3. The challenges of a deteriorating national security environment, economic fragmentation, rapid uptake of new technologies, and climate change compound the urgent need for critical infrastructure entities to protect their assets against a growing set of risks, which can severely disrupt the provision of essential services.
4. However, market forces are insufficient to compel critical infrastructure entities to invest appropriately in resilience so that they can withstand and recover from disruptive events. This is because the costs of enhancing resilience are borne directly by critical infrastructure entities, whereas the costs of failure are distributed more widely and often borne by taxpayers.
5. New Zealand's existing regulatory arrangements are insufficient to rectify this market failure. First, not all critical infrastructure sectors are subject to regulation (for example, data centres). Second, for sectors that are regulated, there is no consistency in how risks to assets are managed.
6. This approach does not account for the significant interdependencies between sectors, which mean that disruptions in one sector can quickly cascade across the system. This was demonstrated during Cyclone Gabrielle, when power outages (caused by the fact that a substation was built on a flood plain) disrupted telecommunications, emergency services, payments systems and individual New Zealanders' access to critical goods for a prolonged period.
7. In response, and consistent with the recommendations of New Zealand's first Infrastructure Strategy, DPMC was funded through Budget 2023 to develop a new, fit-for-purpose regulatory framework to enhance the resilience of the critical infrastructure system. Consistent with global best practice, the proposed regime would enable:
 - enforceable resilience standards to be set evenly across all critical infrastructure;
 - improved information sharing and gathering on hazards, threats, and vulnerabilities, to enable critical infrastructure entities to make well-informed investment decisions;
 - step-in powers to be exercised by Government to support critical infrastructure entities in managing significant national security risks; and
 - clearer accountabilities within Government for resilience of the system.
8. In addition to protecting New Zealanders' lives and livelihoods, such an approach would reduce costs,¹ support economic growth, and provide a long-term source of comparative

¹ Research completed by the New Zealand Institute of Economic Research found that well targeted investments to enhance resilience can deliver benefits between four and 11 times the size of the initial outlay.

advantage that will attract foreign investment. It would also offer considerable benefits to critical infrastructure entities, including reducing the risk of them experiencing outages due to the failure of one of their suppliers as well as sustaining their access to reinsurance markets.

9. Recognising these benefits, public consultation in mid-2023 confirmed there was near unanimous support for Government to do more to enhance the resilience of the critical infrastructure system. This endorsement came from all levels of New Zealand society – including individuals and academic researchers, asset owners and sector peak bodies, local and regional councils, iwi, and all parties of the former Parliament (including from the now Minister for Infrastructure in his previous role as Opposition Infrastructure spokesperson).
10. It will require significant resources to implement a new regulatory regime that best positions critical infrastructure to survive during, and thrive after a disruption, but over the long term, this will deliver a better return for consumers, infrastructure providers, and the Crown. We therefore recommend that the Government continue to prioritise this work (with our intention being to conduct a second phase of consultation on specific reform options in mid-2024).

Risks to delivering new legislation can be managed through all-of-government coordination and appropriate Ministerial leadership

11. Delivering this project is complex, and there are a number of concurrent work programmes that have the potential to enable or block progress. Key Government priorities that this work needs to successfully interface with include:
 - resource management reforms, to ensure critical infrastructure entities can get consent for required investments;
 - expanding access to funding and financing for additional investments, including in respect of existing infrastructure assets;
 - climate change adaptation, to ensure that resilience requirements are consistent with broader adaptation objectives;
 - immigration, to ensure that critical infrastructure entities can access the labour they need; and
 - supply chain resilience, to ensure that critical infrastructure entities have continued access to goods and services.
12. Given the number of related policies and DPMC's limited resourcing, achieving system coherence will require contributions from many government departments and agencies. We consider that it would be highly advantageous for this work to be assigned to a responsible Minister with oversight of the Government's broader infrastructure priorities. We therefore recommend delegating leadership of this programme to the Minister for Infrastructure. If you agree, officials will draft a letter for you to send to the Minister for Infrastructure confirming this delegation.

9(2)(f)(iv)

It will also be important to prioritise close partnerships with industry, even if that means it will take longer to deliver regulatory reform

14. Australia's recent experience in delivering similar regulatory reforms has highlighted the importance of progressing this work in a considered way that:

- builds enduring partnerships with industry and communities, recognising that these are shared challenges that require a collective response;
- reduces regulatory duplication and complexity, consistent with legislative best practice; and
- results in outcomes that deliver essential services to New Zealanders more consistently with fewer disruptions.

15. To achieve this, we propose to:

- supplement the planned second phase of public consultation with targeted engagement with industry experts; and
- work towards the introduction of legislation in late-2025 (as detailed in Table 1).

Table 1: Timeline for delivering legislation to enhance infrastructure resilience

Month	Milestones
June 2024	Ministerial consultation on discussion document on reform options
July 2024	Cabinet considers discussion document on reform options
July – September 2024	Public consultation on specific reform options
February 2025	Advice provided on preferred options to portfolio Ministers, as well as draft Cabinet paper to give effect to those options, and Regulatory Impact Assessment (RIA) describing their costs and benefits. Ministerial consultation on draft Cabinet paper and RIA.
March 2025	Cabinet agreement to preferred options
April – August 2025	Drafting of Resilience Bill
September 2025	Officials provide draft Resilience Bill and LEG paper to Ministers
October 2025	Ministerial consultation on Resilience Bill
November 2025	Cabinet considers Resilience Bill for introduction. Resilience Bill introduced and referred to Select Committee

16. This is approximately six months later than we had initially planned but allows us to consult widely and meet best practice for regulatory design. Accordingly, Ministerial agreement may be required to reprofile the budget allocation for this work. Additional advice on this will be provided in early-2024.

Next steps

17. If you decide to allocate responsibility for this work programme to the Minister for Infrastructure, we shall work with Cabinet Office to facilitate this delegation and liaise with his Office to brief him.

18. Officials are available to discuss any aspect of this work with you or your colleagues.

Coversheet

Aide-Mémoire: Critical infrastructure resilience – overview and upcoming milestones

Date:	22/02/2024	Report No:	DPMC-2023/24-794
		Security Level:	<div style="width: 100%; height: 10px; background-color: #ccc;"></div>
		Priority level:	Routine

To:	Action sought:	Deadline:
Hon Chris Bishop Minister for Infrastructure	Note the contents of this briefing.	26 February 2024, when you are scheduled to meet with DPMC officials.

Name	Position	Telephone		1 st Contact
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Departments/agencies consulted on Briefing

None on this briefing. However, substantive content developed in consultation with the Ministry of Foreign Affairs and Trade, Treasury, Ministry of Business, Innovation and Employment, Ministry of Transport, Department of Internal Affairs, Ministry for the Environment, National Emergency Management Agency, Te Waihanga (Infrastructure Commission), New Zealand Security Intelligence Service, Government Communications Security Bureau, Commerce Commission, Electricity Authority, Reserve Bank of New Zealand, and Ministry for the Environment.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Aide-Mémoire

Critical infrastructure resilience – overview and upcoming milestones

To:	Hon Chris Bishop Minister for Infrastructure		
From:	Bridget White, Executive Director, National Security	Date:	22/02/2024
Briefing Number:	DPMC-2023/24-794	Security Level:	[IN-CONFIDENCE]

Purpose

1. On 13 February 2024, the Prime Minister allocated you (as Minister for Infrastructure) responsibility for work being led by the Department of the Prime Minister and Cabinet (DPMC) to enhance the resilience of New Zealand's critical infrastructure system.
2. Building on the report referred to you by the Minister for National Security and Intelligence on 7 February 2024 (DPMC-2023/24-447 refers), this Aide-Mémoire provides additional information on the work programme, including on material policy trade-offs, intersections between the work programme and your other portfolio responsibilities, and upcoming milestones that will require your attention.
3. DPMC staff will be available to discuss this with you during your regular meeting with officials on 26 February 2024.

Executive Summary

4. Since May 2023, DPMC has been leading work on a new regulatory approach to enhance the resilience of New Zealand's critical infrastructure system. In July 2023 and as part of broader public consultation, DPMC briefed you on this work in your role as the National Party's Infrastructure Spokesperson.
5. This work recognises that our largely sector-by-sector approach to regulating critical infrastructure fails to manage the systemic risks generated by the interdependencies between critical infrastructure sectors (where the failure of any asset can have significant implications for the performance of the entire critical infrastructure system). This exposes individuals, communities, and businesses to unnecessary service disruptions.
6. Consistent with global best practice, and the recommendations of New Zealand's first Infrastructure Strategy and national adaptation plan, a fit-for-purpose regulatory regime would (among other things) introduce minimum resilience standards that would apply to all critical infrastructure owners and operators in the same way and therefore reduce the risk of outages cascading within and across sectors.

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7. While such standards will increase the amount that critical infrastructure asset owners need to spend on resilience each year, all evidence indicates that over the longer term this will be cheaper and fairer than the status quo.
 8. At present, instead of investing in asset management, we spend significantly more on rebuilding and replacing assets when they inevitably fail – whether due to a lack of maintenance (as we are seeing with water networks across the nation) or the impacts of extreme weather or other shocks (as we saw with Cyclone Gabrielle and various cyber incidents over the last few years, including the disruption of the NZX). As well as being more costly in the long run, this is not sustainable or equitable.
 9. Realising the economic and other benefits of a more resilient critical infrastructure system will require the Government to:

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- ensure that compliance with new requirements is enabled by decisions on related policies including infrastructure financing, land use and climate change adaptation (there is little use, for example, in establishing new requirements for asset owners to make improvements that they cannot fund or get consent for).

10. These choices are, however, at least a year away. You will receive advice on final policy recommendations to take to Cabinet for consideration (including on the definition of critical infrastructure) in early 2025. This advice will be informed by significant engagement with agencies and external stakeholders throughout this period.
11. The first substantive material that will require your approval – a Cabinet paper seeking agreement to release a discussion document on reform options for public consultation – is expected to be provided to you in May 2024.

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DPMC is leading the development of a systems-based regulatory framework to lift critical infrastructure resilience

12. Critical infrastructure – like electricity, water, transport, and telecommunications networks – underpins New Zealand’s economy and is essential to public safety, security, and health. The inverse, however, is also true. The loss, damage, or disruption of critical infrastructure can threaten lives and livelihoods.
13. Our historic approach of underspending on resilience before adverse events exposes the Crown to bearing the high cost of infrastructure failure through response and recovery. Without change, the Crown’s annual contingent liability for natural hazards alone has been estimated to reach \$3.3 billion per annum by 2050. This cost is high and growing, which:
 - contributes to New Zealand’s widening infrastructure deficit,
 - is significantly more expensive than well-targeted investments in resilience, and
 - exacerbates a range of inequalities, with lower income New Zealanders who receive a greater share of government financial support bearing a disproportionate burden from government funds redirected towards disaster recovery
14. Due to long term underinvestment, New Zealand’s critical infrastructure system is not well placed to manage the challenges of changing seasons, let alone the consequences of climate change or growing national security threats. This was illustrated through last year’s Auckland floods and Cyclone Gabrielle, as well as the issues afflicting the performance of Auckland and Wellington’s rail networks, Wellington’s water network, and Transpower’s electricity grid.
15. Market forces are insufficient to deliver the uplift in asset performance that is required to ensure the continued provision of essential services (including in the event of an emergency). This is because the costs of enhancing resilience are borne directly by critical infrastructure entities, whereas the costs of failure are distributed more widely.
16. Existing sector-based regulatory regimes are also inadequate. This is because:
 - for sectors that are regulated, similar risks are managed in different ways (and in some cases not at all – cyber risks do not feature in many regimes), and
 - many important sectors are not subject to regulation at all (such as cloud service providers).
17. In response to these issues and following strong public endorsement of the need for change, DPMC has been leading work to develop a new ‘systems-based’ regulatory framework. This approach will deliver on recommendations in New Zealand’s first Infrastructure Strategy and national adaptation plan and is intended to leave the critical infrastructure system better placed to manage all hazards and threats. Consistent with OECD guidance, DPMC is developing options to:
 - improve information sharing between government and critical infrastructure entities on hazards, threats, and vulnerabilities, to enable critical infrastructure entities to make well-informed investment decisions,
 - require critical infrastructure entities to provide information to government on matters like ownership and control, and cyber incidents, to expand government’s awareness of vulnerabilities and threats,
 - set enforceable resilience standards to manage the risk of an outage in one sector disrupting the operation of critical infrastructure in other sectors, irrespective of how much asset owners had invested in their own resilience,

- grant government last resort powers to step in and support critical infrastructure entities in managing significant national security risks, and
- clarify Ministerial, policy, and regulatory accountabilities for the critical infrastructure system's resilience, to ensure compliance with the above.

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19. A regulatory approach designed to reduce the risk of disruptions across the critical infrastructure system offers considerable benefits to asset owners that are already investing heavily in their resilience and will better protect individual New Zealanders and their communities. Facilitating a nation-wide shift away from our traditional approach of underinvesting in resilience ahead of events, and overspending on recovery, will also:

- reduce the lifetime cost of delivering essential services,²
- make the costs of sustaining essential services more regular and transparent,
- allocate these costs more equitably among service users, and
- help sustain New Zealand's access to global insurance and reinsurance markets.

20. Additional detail on the regulatory features being developed is at [Attachment A](#).

While reform offers significant benefits, there are trade-offs to balance

21. Resilience is just one of many objectives for the critical infrastructure system, alongside competition, affordability, equity, and efficiency. Designing a new regulatory regime to enhance critical infrastructure resilience will therefore be highly complex and require trade-offs to be made across various Government objectives. In particular, it will prompt choices about how to:

- ^{9(2)(f)(iv)}
- balance fiscal objectives against the benefits of more resilient critical infrastructure.

It is important to only apply new requirements where it is proportionate to do so...

22. Some of the most significant trade-offs will stem from how critical infrastructure is defined. As noted above, this definition is only intended to capture those assets that:

- deliver essential services to large populations,
- underpin significant economic activity, or
- have large numbers of interdependencies across sectors and therefore the potential to trigger widespread, cascading consequences if disrupted.

23. We recommend defining critical infrastructure (and consequently the scope of the proposed regime) in this way to best ensure that:

- new requirements are only introduced where it is proportionate to do so,
- the users of regulated assets will be able to bear the increased costs required to fund additional investments, and

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² Research completed by the New Zealand Institute of Economic Research found that well targeted investments to enhance resilience can deliver economic benefits between four and 11 times the size of the initial outlay.

- there is a low risk of service withdrawal (an asset owner deciding that it is cheaper to no longer provide services than to comply with regulations).

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Success will depend on alignment with other Government priorities

28. In our advice to the Prime Minister (in his capacity as Minister for National Security and Intelligence), we noted that the success of any regulatory reform will ultimately depend on how well it aligns and is sequenced with work on related Government priorities (as described in [Attachment B](#)).

29. The Prime Minister allocated you responsibility for this work based on:

- the number of these work programmes that you are responsible for across your Infrastructure, Resource Management, Housing and Finance portfolios, making you uniquely placed to help ensure system coherence, and
- that the objectives of this programme will complement your ability to deliver on your other portfolio priorities. For example, this programme will assist you in balancing the need for an increased supply of affordable housing, with the need for resilient infrastructure to support new dwellings and growth of communities.

30. DPMC has convened a cross-agency Governance Group³ to support the development of coherent advice to you across these related work programmes.

An ongoing partnership with industry and communities will be essential

31. Australia's recent experience in delivering similar regulatory reforms has highlighted the importance of progressing this work in a considered way that builds enduring partnerships with industry and communities. This recognises that the challenges facing our infrastructure system are shared by all New Zealanders and that no single party has all the relevant knowledge, capabilities, or resources to manage them.

32. To help build the required social license, we completed a first round of public consultation in August 2023 focussed on building awareness of the current shortcomings in our settings and likely reforms required to address them. Submissions revealed near unanimous support for DPMC's work, including from critical infrastructure owners and operators, local government, iwi and Māori, academia, and individual citizens.

33. We intend to build on the success of this engagement by:

- establishing three DPMC-led reference groups that will allow us to confidentially test and calibrate options with representatives from local government, critical infrastructure entities, and Māori and iwi, and
- conducting a second phase of public consultation, focussed on detailed reform proposals, in July 2024.

34. Your leadership of this programme provides additional opportunities to build support for this work. Stakeholders, such as the Telecommunications Forum, are seeking assurances that the related programmes referred to above are delivered in a coordinated way. The significant overlap in stakeholders across your portfolios provides you with an opportunity to communicate that the Government understands the need for – and is committed to delivering on – this alignment, in partnership with industry and communities.

35. Consistent with this, we have prepared some general talking points to support you in talking about this work programme at Attachment C. We will also be considering opportunities for you to lead public discussions on these proposals during consultation.

Upcoming milestones that will require your attention

36. Consistent with the Prime Minister's expectations for this work, Table 1 sets out the timeline for the delivery of legislation by late-2025. The first significant milestone which will require your attention is the draft Discussion Document for Cabinet's consideration, which we will provide you in May 2024.

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³ This includes the Treasury, Ministry for the Environment, Department of Internal Affairs, Government Communications Security Bureau, Reserve Bank of New Zealand, New Zealand Transport Agency, the National Emergency Management Agency, Ministry of Business, Innovation and Employment, Ministry of Transport, and the Infrastructure Commission.

Table 1: Timeline for delivering legislation to enhance infrastructure resilience

Month	Milestones
May 2024	Report provided to you with draft Discussion Document and Cabinet Paper for your approval
June 2024	Ministerial consultation on Discussion Document on reform options
July 2024	Cabinet considers Discussion Document on reform options
July – September 2024	Public consultation on specific reform options
October 2024	Advice provided to you on the outcomes of consultation
February 2025	Advice provided to you on preferred reform options and a draft Cabinet paper Ministerial consultation on draft Cabinet paper
March 2025	Cabinet agreement to preferred options
April – August 2025	Drafting of Resilience Bill
September 2025	Draft Resilience Bill and LEG paper provided to you for approval
October 2025	Ministerial consultation on Resilience Bill
November 2025	Cabinet considers Resilience Bill for introduction Resilience Bill introduced and referred to Select Committee

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Bridget White
Executive Director
National Security Group

22/02/2024

Hon Chris Bishop
Minister for Infrastructure

...../...../.....

Attachments:	Title:	Security classification:
Attachment A:	Overview of proposed regulatory features	_____
Attachment B:	Overview of related government programmes	_____
Attachment C:	Key messages for stakeholders	_____

Contact for telephone discussion:			
Bridget White	Executive Director, National Security National Security Group	9(2)(g)(ii)	✓
Ryan Walsh	Principal Advisor	9(2)(g)(ii)	

Attachment A: Overview of proposed regulatory features

1. DPMC has been developing (and publicly consulting on) a regulatory regime with the following four features:
 - improved information gathering and sharing on hazards, threats, and vulnerabilities, to enable critical infrastructure entities to make well-informed investment decisions,
 - enforceable resilience standards to be set evenly across all critical infrastructure,
 - step-in powers to be exercised by the government to support critical infrastructure entities in managing significant national security risks, and
 - clearer accountabilities within government for the critical infrastructure system's resilience, to better ensure compliance with the above.
2. These features are consistent with the key elements of Australia's Security of Critical Infrastructure Act, which has the same objectives as DPMC's work.
3. Additional detail on each proposed regulatory feature is provided below.

Improved information sharing between government and asset owners will provide greater visibility of hazards, threats, and vulnerabilities to enable well-targeted investments

4. New Zealand's Infrastructure Strategy, OECD guidance, and a cross-country comparison of regulatory systems all highlight the importance of information sharing between critical infrastructure sectors, and between government and critical infrastructure entities. Under our current settings, however, there is a lack of shared understanding of matters such as:
 - hazards and threats facing New Zealand's critical infrastructure system,
 - the type of outages and disruptions, including cyber incidents, experienced by critical infrastructure,
 - the ownership, control, and location of New Zealand's critical assets, including the dependences and interdependences that can cause disruptions to spread, and
 - vulnerabilities embedded in the infrastructure system, such as those that arise through the use of certain suppliers.
5. Greater information collection and gathering are intended to foster a trusted partnership between the government and the private sector to better manage risks to critical infrastructure. Options are being designed with the objectives of:
 - allowing critical infrastructure owners and operators to make informed decisions that will maximise the amount of resilience gained for each dollar invested,⁴
 - enabling the government to identify weaknesses across the system by building a more fulsome picture of the hazards and threats that critical infrastructure owners and operators are exposed to, and
 - ensuring regulators have the necessary information to impose appropriate and proportionate standards to lift resilience.
6. In response, we are developing options to:

⁴ Research completed by the New Zealand Institute of Economic Research found that well-targeted investments to enhance resilience can deliver benefits between four and 11 times the size of the initial outlay. See: [https://www.dia.govt.nz/diawebsite.nsf/Files/Central-Local-Government-Partnerships/\\$file/NZIER-Natural-hazards-mitigation-report-2020.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Central-Local-Government-Partnerships/$file/NZIER-Natural-hazards-mitigation-report-2020.pdf)

- enable the government to compel infrastructure providers to provide the government (and, in some cases, each other) with critical information on matters like ownership and control, cyber incidents, and expected levels of service, and
- provide critical infrastructure providers with greater confidence to share information on risks, vulnerabilities, and mitigations through the introduction of a secure platform for communication, with a requirement for all communications to be kept confidential.

Shared minimum standards will ensure investments are appropriate to reduce the risk of outages and mitigate their cascading impact across multiple sectors

7. Market forces have proven insufficient to compel critical infrastructure owners and operators to deliver resilience to the level necessary to manage a growing set of risks. This reflects that:
 - the costs of infrastructure failure and service disruption are spread widely, while costs of building resilience are borne by asset owners,
 - consumers cannot easily identify resilient providers, reducing the power of consumer choice as a tool in driving investments in resilience, and
 - New Zealand is unusually exposed to high impact, low frequency events, which are subject to ‘normalcy’ bias.⁵ This bias drives underinvestment ahead of adverse events occurring and overreaction and investment after they occur.
8. Further, our historic sector-by-sector approach to addressing these market failures is not well suited to managing the increasingly systemic nature of the risks to infrastructure resilience.
9. Sector regulators, and the requirements that they put in place, are (rightly) bounded by their statutory mandates. However, these mandates and how they relate to resilience differ widely across sectors, meaning that similar risks are managed in different ways across the economy – or in some sectors, not at all. In today’s highly interconnected critical infrastructure system, this inconsistent approach to risk management can create systemic vulnerabilities.
10. To drive the investment necessary to achieve a consistent and coordinated uplift in resilience across the critical infrastructure system, we are proposing the introduction of enforceable and proportionate minimum resilience standards.
11. Minimum resilience standards would apply equally to all critical infrastructure owners and operators, with the potential for more stringent standards to apply to the most systemically important entities (for example, those that serve large markets or underpin a range of other essential services and therefore have significant interdependencies).
12. Consistent with stakeholder feedback and the approach taken in Australia and the European Union, such standards are highly unlikely to be prescriptive (for example, like building and construction standards often are). Instead, recognising that asset owners are best placed to understand the risks facing their assets and the most cost-effective interventions to mitigate them, standards will likely prescribe a risk management process where boards are required to take steps to reduce the likelihood and impact of potentially disruptive events.

⁵ Normalcy bias is a cognitive bias which leads people to disbelieve or minimise threat warnings. Consequently, individuals underestimate the likelihood of a disaster, when it might affect them, and its potential adverse effects.

Step-in powers will enable the government to support critical infrastructure in managing significant national security risks

13. The government has limited tools to manage significant national security risks to New Zealand's critical infrastructure system. This is increasingly problematic in a deteriorating national security environment, where the risks of malicious cyber activity, foreign interference, espionage, and sabotage are higher than they have been in a generation.
14. While the government can intervene to manage a significant cyber threat to New Zealand's critical infrastructure, it largely relies on non-regulatory mechanisms, such as intelligence community briefings, alerts, and technical assistance, to support critical infrastructure owners and operators in managing national security risks.
15. The scale or circumstances of a national security threat, however, may require a time-sensitive, accelerated response using specialist information and capabilities that are only available to government. Reform options to better manage national security risks therefore include:
 - a direction power, to require critical infrastructure owners and operators to undertake, or refrain from, a prescribed activity, and
 - an intervention power, to enable the government to directly step in and support an entity in responding to a significant cyber incident.
16. As intrusive powers, these would only be invoked by Ministers as a last resort and subject to clear escalation pathways. To give critical infrastructure owners and operators the confidence that these powers would be constrained and used appropriately, the high threshold for invoking these powers would be complemented by significant natural justice protections and legislative checks.

Clearer accountabilities within government for system resilience is required to provide confidence that requirements to uplift resilience are being met

17. Currently, no Minister, agency or regulator has responsibility for the resilience of the critical infrastructure system. Similarly, there are no effective monitoring or enforcement mechanisms to compel critical infrastructure owners and operators to comply with resilience requirements. This was seen as a clear gap by submitters in the first round of public consultation.
18. Creating these accountabilities is essential to the regime's enduring success, with international best practice demonstrating the importance of establishing central, coordinating functions that can take a system-wide view of critical infrastructure resilience. The fourth feature of a new regulatory framework therefore includes consideration of:
 - which agency should have policy responsibility to provide stewardship of a new regulatory regime and ensure the approach to critical infrastructure resilience remains fit for purpose,
 - how to allocate regulatory responsibility for the critical infrastructure system's resilience, and
 - what monitoring and enforcement powers would be required to ensure compliance.
19. Establishing and sustaining these policy and regulatory functions will come at a cost to the Crown, but this cost will be lower, more transparent, and more predictable than continuing to fund the cost of repairing and rebuilding critical infrastructure after disruptive events.

Attachment B: Overview of related government work programmes

1. Table 2 provides an overview of key programmes with bearing on the success of DPMC's work to enhance infrastructure resilience, how they influence this programme, as well as the portfolio they sit within.

Table 2: Reforms with significant bearing on the success of DPMC's work

Priority area	Portfolio/s	Connection to DPMC's work programme
Resource management	Resource Management	<ul style="list-style-type: none"> - It is important that work to finalise the national direction for natural hazards and 'fast track' consents aligns with the objectives of DPMC's work programme, to ensure that: <ul style="list-style-type: none"> o critical infrastructure owners can get consent for investments required to enhance resilience (through, for example, 'fast track' consents and the new national direction for natural hazards), o new critical infrastructure assets are not built in unnecessarily high risk locations.
Infrastructure funding and financing (inc. the National Infrastructure Agency)	Associate Finance (Bishop)	<ul style="list-style-type: none"> - Enhancing infrastructure owners' access to financing mechanisms will help to ensure that asset owners can fund investments required by new standards. - Ensuring that long-term resilience to all hazards and threats is evaluated and valued as part of investment decisions will better ensure that Crown-funded infrastructure assets are not unnecessarily exposed to natural hazards.
Investments in additional infrastructure	Infrastructure and Finance	<ul style="list-style-type: none"> - Targeted Crown investments in critical infrastructure can address New Zealand's infrastructure deficit, but also enhance the resilience of existing assets.
Increase housing supply	Housing	<ul style="list-style-type: none"> - While proposed resilience standards for critical infrastructure will not limit urban development, they will have cost implications for asset owners that will end up being shared by developers, consumers, shareholders, and local and central government. These costs should be accounted for in housing and urban development policy.

Priority area	Portfolio/s	Connection to DPMC's work programme
Climate change adaptation	Climate Change	<ul style="list-style-type: none"> - Minimum resilience standards provide a tool to require critical infrastructure owners to plan for and invest in measures necessary to protect their assets from the effects of climate change. - A standardised approach to infrastructure resilience, including minimum standards and risk definitions, can be leveraged by the Adaptation Framework, Natural Hazards Planning Framework and national adaptation pan implementation workstreams to create a consistent, whole-of-government approach to infrastructure climate resilience.
Enhancing supply chain resilience	Economic Development and Transport	<ul style="list-style-type: none"> - Identification of critical sectors and goods (as required under the Indo-Pacific Economic Framework) will provide asset owners with greater information on national vulnerabilities and support contingency planning. Any subsequent Government interventions to enhance the resilience of the supply of critical goods and services will have direct benefits for infrastructure resilience. (Economic Development) - Strengthening international transport connections will support continued access to goods and services. (Transport)
Ensuring access to a skilled workforce	Immigration and Education	<ul style="list-style-type: none"> - Resolving labour shortages in the construction and infrastructure sectors will enable asset owners to: <ul style="list-style-type: none"> o reduce supplier-based vulnerabilities (such as reliance on a single service provider for key functions), and o construct any physical assets required to enhance resilience faster and at lower cost.
Emergency management	Emergency Management	<ul style="list-style-type: none"> - The Civil Defence Emergency Management Act (and proposed Emergency Management Bill) impose requirements on lifeline utilities/critical infrastructures ahead of, during, and after local and national emergencies. It is important that requirements under both regimes are complementary and not overlapping.

Priority area	Portfolio/s	Connection to DPMC's work programme
Water reform	Local Government	<ul style="list-style-type: none"> - Two new Bills to be introduced this year will recognise the importance of local decision-making and require councils to provide water services delivery plans that outline how they will deliver on outcomes for water quality, infrastructure investment and financial sustainability. It is important that requirements under these new regimes do not conflict with proposals as part of this work programme (and vice versa).
Local government resources and capability	Local Government	<ul style="list-style-type: none"> - Local government owns and operates significant amounts of New Zealand's critical infrastructure assets, but faces constraints in its ability to raise the revenue required to manage them. The Government's response to the Future of Local Government Report will therefore have significant implications for how effectively local government can comply with prospective obligations.
Establishment of a Ministry of Regulation	Regulation	<ul style="list-style-type: none"> - To comply with the Government's coalition agreement, there is a need to ensure that critical infrastructure regulation is limited to responding to market failures and based on principles of good law-making and economic efficiency.

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Attachment C: Key messages for stakeholders

Update to your Ministerial responsibilities

- I have recently assumed responsibility for DPMC's work to enhance the resilience of New Zealand's critical infrastructure system.
- Previously, this work was led by the Minister for National Security and Intelligence.
- The Government is aware, however, of the need to ensure that our infrastructure-related policies are aligned and sequenced in a coherent way.
- Given this work programme's intersections with several Government priorities for which I am responsible, including land use and infrastructure funding and financing, the Prime Minister allocated leadership of this work to me to ensure we take it forward in a coordinated and systematic way.
- I will be working closely with officials to ensure that regulatory reforms are progressed in a consistent and coordinated way.

Context of the critical infrastructure resilience work programme

- A resilient critical infrastructure system underpins New Zealanders' safety, security, and prosperity, and provides an essential foundation for economic growth.
- Conversely, the long-term consequences of infrastructure failure can be painful and widely felt, as those communities who bore the brunt of the extreme weather events of 2023 will attest.
- Sustained underinvestment means that we are unacceptably vulnerable to everyday pressures, such as changing seasons, as well as extreme weather and other events. This has been recently demonstrated by recent disruptions to Wellington and Auckland's rail networks and potential water shortages in Wellington. Forecast electricity disruptions this winter reinforce this point.
- The approach in New Zealand to date has been to regulate critical infrastructure sectors in isolation, despite each sector being part of an interconnected system. New Zealand's approach to delivering resilient critical infrastructure is out of step with global best practice, and no longer fit for purpose to manage the compounding challenges that we face today.
- Work to address this will:
 - o protect lives and livelihoods, by preventing infrastructure disruptions and minimising their impact when they do occur,
 - o support economic growth and increase our attractiveness to foreign investment, and
 - o significantly reduce the costs of response and recovery, which are currently borne disproportionately by the Crown and the taxpayer.
- This work forms part of the Government's response to New Zealand's first Infrastructure Strategy and the national adaptation plan, with public consultation in 2023 demonstrating near unanimous support for such changes.

Progress to date and next steps

- Since 2023, DPMC has been leading work to develop a regulatory regime to enhance critical infrastructure resilience to all hazards and threats.
- Learning from global best practice, including requirements in place in Australia, our goal is to ensure that all critical infrastructure owners and operators take additional steps to reduce the risk and impact of disruptive events occurring.
- Officials are considering potential regulatory features that would:
 - o improve comprehensive information sharing and gathering so that critical infrastructure entities can make well-informed investments that target their most significant risks;
 - o enable enforceable minimum resilience standards to be set consistently across the critical infrastructure system, to manage the risk of an outage in one sector disrupting the operation of critical infrastructure in other sectors; and
 - o grant the Government last resort, step-in powers to support critical infrastructure in managing significant national security risks.
- On the basis of submissions received last year, the government is now developing more detailed options for reform. I intend to consult on these in the middle of this year, with the goal of beginning to draft legislation in 2025.

What are the limitations of our current regulatory settings?

- The threats facing New Zealand's critical infrastructure are growing. Climate change, growing national security risks, and changes in the structure of the global economy are making it increasingly challenging to deliver essential services at the level that New Zealanders rightly expect.
- At the same time, our critical infrastructure system has become increasingly connected and interdependent. As we saw during Cyclone Gabrielle, outages in one sector – like telecommunications – can quickly limit New Zealanders' ability to buy essential supplies in an emergency.
- Our historic sector-by-sector approach to regulating critical infrastructure is not well suited to managing these challenges. Different approaches to managing similar risks across regimes risks creating vulnerabilities that, if tested, can disrupt the operation of other critical infrastructure. This is true no matter how much the owners of those other assets have invested in their own resilience.

Will this work increase the costs of accessing essential services?

- Increasing infrastructure resilience will require new investments across our economy – but it will be cheaper in the long run than rebuilding and replacing assets after events, as we tend to do currently.
- Research completed by the New Zealand Institute of Economic Research found that well targeted investments to enhance resilience can deliver benefits between four and 11 times the size of the initial cost, depending on the hazard.
- That means for every \$100 invested, when taking into account the full cost of asset failure – including disruptions to business – New Zealanders can expect to be up to \$1,100 better off when disaster strikes.
- I am conscious of inflationary pressures and committed to working with industry and local government to minimise the impact of new resilience requirements on the cost of essential services.