



Proactive release of material relating to establishing a new National Emergency Management Agency (NEMA)

The material in this proactive release includes briefings, aides memoire and Cabinet material directly related to establishing a new National Emergency Management Agency (NEMA), as itemised below. Documents relating to consultation undertaken with local government representatives have not been included in this release.

This material has been proactively released by the Department of the Prime Minister and Cabinet, on behalf of Hon Peeni Henare, Minister of Civil Defence.

Date	Item
02/05/19	Cabinet Paper: Delivering Better Responses to Emergencies: National Structures
15/04/19	Cabinet Minute of Decision: 2019 Budget Package: Vote Prime Minister and Cabinet
09/05/19	Cabinet Government Administration and Expenditure Review Committee Minute of Decision Delivering Better Responses to Emergencies: National Structures
27/03/18	Preliminary Advice on the TAG's recommendations
26/06/18	Current thinking on the National Emergency Management Agency (NEMA) to support your meeting with SSC and DPMC
26/10/18	Delivering Better Responses to Emergencies: National Structures
23/11/18	Advice on the National Emergency Management Agency (NEMA)
21/02/19	Final National Structures Cabinet Paper
28/02/19	Final National Structures Cabinet Paper Redraft
28/03/19	Letter to the Prime Minister and the Minister of Finance following Budget Bilateral
8/05/19	Cabinet Paper on National Structures for the Emergency Management System
12/03/19	Budget 2019 Initiatives and Prioritisation Submissions
12/10/18	Progress on Implementing the Emergency Management System Reforms
16/11/18	Status Update on the Emergency Management System Reforms Programme
30/11/18	Status Update on the Emergency Management System Reforms Programme
14/12/18	Status Update on the Emergency Management System Reforms Programme
30/01/19	Status Update on the Emergency Management System Reforms Programme

13/02/19	Status Update on the Emergency Management System Reforms Programme
27/02/19	Status Update on the Emergency Management System Reforms Programme
13/03/19	Status Update on the Emergency Management System Reforms Programme
10/04/19	Status Update on the Emergency Management System Reforms Programme
9/05/19	Status Update on the Emergency Management System Reforms Programme
22/05/19	Status Update on the Emergency Management System Reforms Programme

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it. Some material has also been withheld as out of scope of in these documents, as it is not directly related to establishing NEMA.

Key to redaction codes:

- 9(2)(a), to protect the privacy of individuals;
- 9(2)(f)(iv): to maintain the confidentiality of advice tendered by or to Ministers and officials;
- 9(2)(g)(i): to maintain the effective conduct of public affairs through the free and frank expression of opinion; and
- 9(2)(h), to maintain legal professional privilege.

The following items are not included in this release:

Item	Withholding grounds
Cabinet paper: Delivering better responses to emergencies: National Structures (2 March 2019)	Withheld in full under 9(2)(f)(iv)
Aide-Memoire: Cabinet paper on National Structures for the Emergency Management System (5 March 2019)	Withheld in full under 9(2)(f)(iv) and 9(2)(g)(i)
Budget bid: Delivering better responses to emergencies: Establishing a new national emergency management agency	Withheld in full under 9(2)(f)(iv)

Briefing

DELIVERING BETTER RESPONSES TO EMERGENCIES: NATIONAL STRUCTURES

To: Hon Kris Faa'foi, Minister of Civil Defence			
Date	26/10/2018	Priority	
Deadline		Briefing Number	1819NSP/040

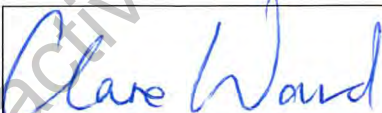
Purpose

This paper seeks direction from you that will enable us to draft a Cabinet paper on the Technical Advisory Group's recommendations about national structures, particularly around a new national emergency management agency.

Recommendations

It is recommended that you:

1. **Agree** that a Cabinet paper be drafted reflecting the advice in this paper; Yes/No
2. **Note** that further work is being done on:
 - 2.1. The best location for NEMA as a departmental agency
 - 2.2. The costings for a NEMA to inform the Cabinet paper and a budget bid Noted
 - 2.3. The implications of moving lead agency responsibilities in consultation with the agencies concerned
 - 2.4. 9(2)(f)(iv), 9(2)(g)(i)
 - 2.5. Further scoping out other options for consideration
3. **Note** that the State Services Commission has been consulted on this paper and their comments are reflected in this paper and in paragraph 54; and Noted
4. **Forward** this paper to the Minister of State Services Yes/No


Karen Jones
Executive Director, Strategy,
Governance, and Engagement

26/10/2018

Hon Kris Faa'foi
Minister of Civil Defence

...../...../2018

Contact for telephone discussion if required:

Name	Position	Telephone		1st contact
Karen Jones	Executive Director, Strategy, Governance and Engagement	9(2)(a)	9(2)(a)	
Clare Ward	Team Lead, TAG Implications Project	9(2)(a)	9(2)(a)	✓

Minister's office comments:

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to

DELIVERING BETTER RESPONSES TO EMERGENCIES: NATIONAL STRUCTURES

Purpose

1. This paper seeks direction from you that will enable us to draft a Cabinet paper on the Technical Advisory Group's recommendations about national structures, particularly around a new national emergency management agency. The State Services Commission (SSC) advise that the Cabinet paper should be a joint one from you and the Minister of State Services.

Background

2. One of the most important responsibilities of any government is to ensure the security of the nation. The government needs a resilient national security system (NSS) to support it in this role. The NSS machinery involves a wide range of participants and is led by the Department of the Prime Minister and Cabinet (DPMC). The NSS takes a strategic, co-ordinated, and collaborative approach to managing risk to New Zealand's security and prosperity, and to responding to challenges that arise. It takes an integrated approach across the 4Rs of risk reduction, readiness, response, and recovery.
3. An important function in achieving national security is responding effectively to emergencies when they occur. The system must be ready and able to respond, and support recovery, when required.
4. The Technical Advisory Group (TAG) established to review New Zealand's emergency response system, identified problems with the system and made a number of recommendations across a range of areas. They advised that the system needs stronger national leadership. Specifically, the TAG recommended that the Government establish a new national emergency management agency (NEMA) as a departmental agency, clarify lead agency responsibilities, and strengthen the stewardship of the system.
5. Cabinet requested a report in November 2018 on the TAG's national leadership recommendations. This paper sets out our advice in relation to this. It is structured around nine questions:
 1. What should NEMA's focus be?
 2. What should NEMA's role and functions be?
 3. Should NEMA have lead agency functions? If not, how do we deal with this?
 4. Do we need a machinery of government change to achieve this?
 5. What is the most appropriate organisational form for NEMA?
 6. If NEMA is a departmental agency (TAG recommendation), where should it be located?
 7. What would this take to implement?
 8. What other options are there?
 9. How can we strengthen system stewardship?
6. The first three of these questions need to be resolved before the rest can be answered fully. We have done work on questions 4 to 9 to provide Ministers with indicative information on likely costs and implementation issues to aid decision making about which path you would like to take. Decisions around questions 1 to 3 will enable answers to the remaining questions to be firmed up.

Objectives of change

7. We are seeking (based on the TAG's findings):
 - An increased focus on achieving an integrated, community-focused response to, and recovery from, emergencies across all hazards and risks
 - An increased focus on the other aspects of the emergency management system e.g. strategic policy across relevant Acts; risk identification, assessment, and management
8. Achieving this change requires action across a range of fronts many of which the Government addressed in its response to the TAG's report. At the national level (the focus of this paper) achieving this change requires:
 - Greater role clarity at all levels within the system at the national level¹
 - Operationally-focused leadership able to influence across the system
 - A shift in culture, objectives, business strategy, and operating model at the national level
 - Stronger system stewardship

Question 1: What should NEMA's focus be?

9. The TAG recommended that the Government establish a new National Emergency Management Agency (NEMA), as a Departmental Agency hosted by DPMC to replace the Ministry of Civil Defence and Emergency Management (MCDEM). It saw this agency providing proactive and professional leadership to the emergency management system with a strong focus on responding to emergencies irrespective of their cause, and lifting the performance of the system, through activities such as setting and enforcing standards.
10. This first question addresses NEMA's focus in the system and its relationship to other aspects of the NSS. In almost all cases, different agencies need to engage with each other on the different functions to get a good result. However, it is important to be clear about who is accountable for which functions in the system. This is our main consideration at this stage.
11. In terms of focus², we consider that the **TAG's recommendation** represents the strongest option for New Zealand. It provides greater role clarity than the current model. It acknowledges the importance of integrated action across the 4Rs and draws on strengths and skillsets from across the national security system to achieve this. It:
 - strengthens emergency management through an agency providing focused leadership on:
 - effective response and recovery (and readiness to do this) across all hazards, and
 - reducing the risk that the emergency management system fails
 - clarifies the relationship of the emergency management agency to the wider national security system, with the latter's focus on activities such as strategic policy and the management of risks to New Zealand's resilience, and its focus on integration across all hazards, and the 4Rs, at all levels.

¹ The Government has already made decisions that will address role clarity issues at the regional and local levels.

² The TAG's recommendations around organisational form are considered later in the paper.

12. In terms of other options:

- We need to move from the **status quo** which has significant role clarity issues and doesn't have a sufficiently strong focus on effective response to all hazards, as opposed to just natural hazards.
- We discounted an option in which all **strategic and operational aspects** of emergency management are combined into one agency. While such an option could provide strong leadership across all aspects of the 4Rs, it represents significant change from existing arrangements across all hazards. It starts to look like a Department of National Security and cuts across key aspects of DPMC's national security system role. We do not think that the scale of the problem necessitates such a change.
- Finally, we do not recommend an option that creates a national agency focused on preparing for, and responding, to just **natural hazard** events. This option may provide strong leadership for natural hazards, which are the ones that most commonly impact communities in New Zealand. However, it introduces a high level of duplication, as a separate structure would need to be established to ensure effective response to emergencies caused by other hazards.

Question 2: What should NEMA's role and functions be?

13. Under the TAG's recommendation, the proposed **role** for NEMA is:

- Working with communities, iwi, central and local government, and business to create an emergency management system that is ready and able to provide an effective and integrated response to, and recovery from, emergencies (irrespective of cause) so as to reduce the impact of emergencies on New Zealand's people, communities, property, critical infrastructure, economy, and environment.

14. Its functions would be:

- Providing direction to the operations of the emergency management sector
- Building the capability and capacity of the emergency management system to plan for, withstand, respond to, and recover from emergencies
- Leading or supporting responses to, and recovery from, emergencies (irrespective of cause)
- Providing assurance to Government and the public about the performance and capability of the emergency management system to respond effectively

15. NEMA would have a number of functions that it would support in its role. These are listed in the table on page 6. These functions will be underpinned by strong influencing skills, relationship management and stakeholder engagement as NEMA will need to co-ordinate and leverage action and resources across the system. Most of the powers and functions that the Director Emergency Management would need already exist within the Civil Defence Emergency Management (CDEM) Act, however, there are some gaps.

16. NEMA would not have responsibility for:

- Other activities that focus on New Zealand's resilience, risks to this, and ensuring integration across the national security system and across the 4Rs. This is the role of **DPMC as the leader of the national security system**. The TAG recommended that strategic policy relating to emergency management across all relevant Acts be

considered as part of wider national security policy and that responsibility for it be transferred to DPMC. This shift achieves the role clarity sought.

- Ensuring the regulatory system for emergency management is fit-for-purpose and making recommendations about how to improve the regulatory framework provided by the CDEM Act. This would be the function of NEMA's **host agency**. Although a departmental agency can include policy if clearly identifiable and separately accountable, we recommend that this function should sit with the host agency. This is consistent with the arrangements around the other intelligence agencies and does not detract NEMA from its focus on readiness, response and recovery. NEMA would include an operational policy function that supports it in its role.

17. These high-level roles and responsibilities are summarised in the diagram below.

Ministers	
ODESC and HRB	
DPMC	
Focus is on New Zealand's resilience, risks to this, and ensuring integration across the national security system to achieve resilience	
<ul style="list-style-type: none"> • Undertaking foresight, horizon scanning, and risk assessment activities • Developing system strategy • Developing system policy settings • Making/advising on system investment choices • Undertaking research into long-term trends and policy problems that have cross-system implications • Providing/supporting system stewardship 	
Host Agency	NEMA³
Focus is on ensuring the regulatory framework for emergency management is fit-for-purpose and hosting the departmental agency	Focus is on creating an emergency management system that is ready and able to respond to, and recover, from emergencies
<ul style="list-style-type: none"> • Policy - make recommendations to the government of the day about improving the CDEM Act • Administer Vote/appropriations • Develop strategic intentions and 4-year plan for the whole department • Responsible for departmental wide HR matters • Provide shared services 	<ul style="list-style-type: none"> • Engage in strategic policy processes (bring emergency management perspective in) and national risk identification and management processes • Operation of the CDEM Act • Operational policy (e.g. CDEM strategy and CDEM Plan) • Set and enforce standards • Monitor compliance • Workforce development • Public education • Infrastructure development • Response and recovery operations • Provide assurance about the performance of the EM system • Stakeholder engagement

³ NEMA will also have some hazard-specific responsibilities in relation to natural hazards (see paragraphs 18-31)

Question 3: Should NEMA have lead agency functions? If not, how do we deal with this?

18. NEMA needs to focus on the performance and capability of the system as a whole, which means that ideally it should not focus on managing specific hazards, as this is in conflict with a responsibility to look across all hazards. However, in reality it will need to retain some responsibility for natural hazards as there is no natural home for this work and a risk that it would not receive a priority focus. This is discussed in this section.

Clarifying the term 'lead agency'

19. The term 'lead agency' is used in a range of documents and its meaning changes with context and by document. The scope and number of definitions has led to a range of interpretations, making the responsibilities and authority of a lead agency unclear. The TAG recommended that we clarify and review lead agency descriptions and allocate lead agency responsibilities to appropriate agencies.
20. In the National CDEM Plan Order 2015 (CDEM Plan), the term 'lead agency' relates to managing a response and being ready to do this. Who is in the lead varies depending on the cause of the event, and whether or not it is an emergency under the CDEM Act. This is summarised in the table below.

Type of event	In this type of event the role of the 'lead agency' (incident) is to:	In this type of event the role of the 'lead agency' (emergency management) is to:
Incident or emergency that doesn't meet the threshold of an emergency under the CDEM Act	Lead (government agency, council, emergency services)	Support (if needed) (NEMA for national; CDEM Group for regional/local)
Emergency under the CDEM Act	Lead hazard-specific response within the context of the overall response co-ordinated by the emergency management agencies	Lead (NEMA for national; CDEM Group for regional/local)

21. This framework does not need to change. However:
- The distinction between leading an incident and leading an emergency under the CDEM Act is not particularly clear in the CDEM Plan or the Co-ordinated Incident Management System and should be clarified when these documents are updated.
 - There is some lack of clarity as to who is responsible for leading the response to some incidents that needs to be addressed. This is covered in paragraphs 26-31.
22. Outside of response, there is a range of activities that relate to managing a risk across the 4Rs aimed at reducing the risk of an emergency happening and/or reducing the impact of one should it occur. For almost all risks, several agencies have roles in preparing to respond to these events and reducing their impact when they occur. There needs to be some co-ordination across agencies to ensure a coherent and prioritised approach to risk

management. This is the **risk co-ordinating agency (RCA)** role in the draft National Risk Report⁴.

23. New Zealand's exposure to geological and meteorological hazards means that having natural hazard expertise in the system is essential. Given our exposure to these risks, their impact on communities should they occur, and the number of agencies involved, it is important that we have an agency that takes a lead co-ordination role in relation to them.
24. For the reasons discussed under question 1, we do not support setting up a separate 'natural hazards' agency. Given the relationship between NEMA's role and the role of the RCA for 'sudden onset' natural hazard events that almost always cause an emergency under the CDEM Act when they occur, we do not think that it makes sense for another agency to take on this role. Therefore, we recommend that:
 - For 'sudden onset' natural hazard events (e.g. earthquake, tsunami and volcanoes) that almost always cause an emergency under the CDEM Act when they occur, NEMA should be the RCA.
 - For other natural hazard risks (e.g. flooding), where there is no obvious alternative RCA, NEMA should be a joint RCA with one or more relevant agencies
 - NEMA is a supporting agency where it is not an RCA and where there is a likelihood of the risk causing an emergency under the CDEM Act
 - NEMA is not a supporting agency for threats where the likelihood of the risk causing an emergency under the CDEM Act is low.
25. NEMA will need expertise around natural hazard risks and risk co-ordination to fulfil these functions. A small, ring-fenced unit has been built into our initial NEMA design and costings.

Re-allocating MCDEM's lead agency responsibilities

Infrastructure failure

26. The TAG recommended "the Ministry for Business, Innovation, and Employment (MBIE) is specified as lead agency with responsibility for infrastructure failure, and that there are calls to be made in relation to lead agency responsibility for transport and water". We support this recommendation. However, we recommend sharpening the definition of MBIE's lead agency role as being for Information Communications Technology (ICT), energy, and fuel-supply failure only, to better reflect the scope of MBIE's infrastructure mandate.
27. At present, MBIE is the only agency (out of approximately 15 agencies covering 17 different hazards) that does not have lead agency responsibility for responding to incidents that happen within its portfolio area. MBIE assuming lead agency for ICT, energy, and fuel-supply failure would make it consistent with how other agencies assume their lead agency responsibilities.
28. Regarding **transport**-related infrastructure failure, MCDEM currently has the formal lead agency mandate for this. However, the transport agencies⁵ currently fulfil this role

⁴ In the NSS Handbook, this role is called 'lead agency', which leads to confusion. The NSS Handbook is currently be updated and we should take this opportunity to align the terms across the different documents.

⁵ Ministry of Transport, New Zealand Transport Authority, Maritime New Zealand, Civil Aviation Authority, New Zealand Search and Rescue

informally. We recommend removing transport-related lead agency responsibilities from MCDEM and formally assigning these to transport agencies.

29. Regarding lead agency responsibilities relating to **water**, we propose that decisions are not taken until after the Department of Internal Affairs has provided advice on the 3-Waters review, which is due with Cabinet in late 2019.
30. We need to work through implications and costs with the proposed lead agencies, including expectations about what capability they will need to build. As with the CDEM Groups there should be an expectation that agencies build the capability required, however, support should be available from the national agency and this could vary according to scale and regularity with which an agency needs to lead a response. The exact nature of the support needed and available would need to be developed. NEMA would need to be resourced to do this.

Responsibility for assessing, monitoring and alerting the hazard risk in relation to geological and meteorological risks

31. 9(2)(f)(iv), 9(2)(g)(i), 9(2)(h)

Question 4: Do we need a machinery of government change to achieve this?

32. Currently, MCDEM carries out aspects of the role envisaged for NEMA. The current arrangements are not fully realising the role envisaged by the CDEM Act for the reasons below:
 - *Taking on hazard-specific roles* - over time MCDEM has taken on a range of activities that are not directly related to the core business of enabling the Director to meet their statutory functions and duties across all hazards.
 - *Current approach* - although the CDEM Act allows for an assertive, and when required, directive stance nationally to ensure readiness to respond, this is not the approach taken by MCDEM. As the TAG noted, 'devolution to this degree has resulted in wide variation of practice, performance and capability across Groups, and unclear command, control and co-ordination authority across agencies in emergencies'. Although there are historic reasons for this, it is now time to evolve the approach and to use the full range of levers available.
 - *CDEM Group focus* - MCDEM's primary focus has been on working with CDEM Groups. It has played a lesser, albeit growing, role in the central government system of response to incidents and emergencies. It needs to do more of the latter in an all-hazards approach.
33. In principle, many of the changes required will come through non-structural options, however, the nature of the shift required is significant. The TAG felt that "there is a strong case for a significant shift in culture, objectives, business strategy, and operating model at the national level" and that we need a machinery of government change to achieve this. We agree for the following reasons:

- *The new agency needs to have sufficient mana to fulfil its role* - in order to deliver its role, the NEMA would need to work with and influence agencies in central government, local government, the private sector, and in the community. The NEMA needs operationally-focused leadership able to influence across the system at chief executive level.
- *NEMA's role is different to that of MCDEM requiring a different strategy, culture and capabilities* - MCDEM's current strategy and skill set is geared toward natural hazards, responding to emergencies, and interacting with the CDEM Groups. It has developed a culture and capabilities that support this. Significant effort would be required to grow and embed the culture and capabilities needed for NEMA's system leadership role.
- *The impact on DPMC of a much larger, operational business unit to perform the proposed functions* - DPMC is a central agency of approximately 275 people. MCDEM is a business unit of approximately 50 staff within DPMC. If it were to become much bigger, it would start to affect the balance of the department and the focus of DPMC's Chief Executive and Executive Leadership Team. This suggests that we need an alternative organisational form or location.

Question 5: What is the most appropriate organisational form for NEMA?

34. The national agency needs to have a high degree of Ministerial control and oversight as Ministerial power is often sought to give effect to policy. For this reason, we have discounted any organisational forms that require an arms-length separation from the Minister (i.e. a Crown entity). As such, we consider there are three options available – standalone department, departmental agency or branded business unit within a department (the status quo).
35. Assessing each of these against the following criteria:
- Greater role clarity at all levels within the system at the national level
 - Operationally-focused leadership able to influence across the system
 - A shift in culture, objectives, business strategy, and operating model at the national level
 - Stronger system stewardship
- suggests that a departmental agency is the most appropriate organisational form for NEMA.
36. This option gives the benefit of status and access to Ministers - with the departmental agency chief executive being accountable to a Minister for performance of their own set of functions, duties, or powers – while being connected to the wider system/sector of which the agency is part. It provides a symbolic break from the current arrangements and enables our national emergency management agency's organisational strategy and culture to be reframed and the agency to be repositioned.
37. It provides greater role clarity, autonomy and transparency for the emergency management function that might otherwise lose 'visibility' or focus as part of a large multifunctional department. A departmental agency would be led by a chief executive, so would be better able to influence across the system at this level. In the branded business unit option, this responsibility falls to the departmental chief executive, which loses role clarity and operational focus desired.

38. While benefits would come from a standalone department for emergency management, the size and scale of the entity may not merit this. This option involves the most change and uncertainty for staff and stakeholders. Many of the benefits of a department are replicated in a departmental agency and those that are not could be managed with appropriate leadership and oversight from the host agency and departmental agency leadership teams.

Question 6: If NEMA is a departmental agency, where should it be located?

39. Within the emergency management system, we need to think about risk and we need to think about people, communities, and resilience. All are important. The TAG recommended that the NEMA be set up as a departmental agency hosted by DPMC. However, we consider there are two options for the host agency – DPMC with its connection to the NSS, and the Department of Internal Affairs (DIA) with its connection to local government and communities. Both options have pros and cons.

Option	Pros	Cons
DPMC	<ul style="list-style-type: none"> Proximity to ODESC and the wider NSS supports stronger system stewardship and an all-hazards mandate. It also provides easier access to ODESC in a response DPMC's position as the PM's department helps NEMA to influence across the system Ease of transition given MCDEM's location. Doesn't preclude future changes to DPMC but enables progress to be made now 	<ul style="list-style-type: none"> Perception that separation of functions is not sufficient to enable DPMC to focus on its core functions outside of the NSS. Fewer functions focused on operational policy and regulation.
DIA	<ul style="list-style-type: none"> Large operationally-focused agency with strong regulatory capability could support a shift in NEMA's culture and operating model Existing leadership role in regional and local government, communities, and with the emergency services (e.g. Fire and Emergency New Zealand) could support a better connection with local government and communities DIA could host other Departmental Agencies with NEMA gaining from DIA's expertise in that form of governance 	<ul style="list-style-type: none"> Perception that NEMA would be disconnected from the National Security System led by DPMC and have less influence over other agencies in the emergency management system. The departmental agency form allows reallocation to another host in future if needed, so there is no need to opt for a more disruptive option until other wider machinery of government options are resolved or considered. Cost and other implications for DPMC and its corporate services if this function were to move.

40. This analysis suggests that NEMA could operate effectively in either DPMC or DIA. We will work with SSC to provide advice on the most appropriate location for NEMA as a departmental agency, within the context of wider machinery of government considerations.

Question 7: What would this take to implement?

How much would this cost?

41. 9(2)(f)(iv)



42. Other costs we need to think about include: costs to other functions within DPMC – either ongoing or for specific pieces of work; stranded costs (e.g. costs DPMC would still have if NEMA moved out); transition costs; and costs to proposed lead agencies. This work will be done before the Cabinet paper is finalised.

Legislative change

43. Although we only need an Order-in-Council to set up a departmental agency, change will be needed to the primary legislation if the functions and powers of the Director are to change, or if the scope of the Act needs to narrow or broaden to be clear about the role of NEMA within the NSS. The Government has already agreed to change aspects of the CDEM Act as part of its response to the TAG's report. Any changes related to NEMA could be done at the same time.
44. The CDEM Plan (a legislative instrument under the CDEM Act) will need to be amended to reflect any decisions to change lead agencies. The current CDEM Plan runs through until June 2020 and is scheduled for review by that date. Updating the CDEM Plan is MCDEM business-as-usual work so would be funded from their baseline.

Key Risks

45. Arguably, the establishment of a NEMA will reduce government's risk exposure. Currently, gaps in the system have the potential to result in harm to people and their property at the local level, and our economy, environment, and society at the national level. There is also considerable reputational risk to government when emergencies are handled badly. However, there are a number of risks that will need to be managed to ensure that the change sought is achieved and that issues don't occur during any transition.

Transition

46. It will be important to manage any transition from the current arrangements to any new ones carefully and well. If any change is managed poorly, there is a risk that the system will be unable to respond to an emergency that happens as staff move through a change process.

6 9(2)(f)(iv), 9(2)(g)(i), 9(2)(h)

47. If Cabinet makes a decision to establish a NEMA, there will be a significant amount of work required to confirm the strategy, operating model, structure, and cost of a NEMA, as well as to identify and determine all costs associated with transition to the new organisation. We have developed a high-level structure and cost estimates for NEMA that the detailed design phase would draw upon.
48. The detailed design stage would be followed by an establishment phase during which NEMA would ramp up and MCDEM would ramp down before NEMA is fully up and running and MDEM fully disestablished. The detailed implementation path will be determined once Cabinet decide whether or not a NEMA will be established.

Question 8: What other options are there?

49. Other options are in the table below.

<p>Option 1: Retain existing approach to national leadership - carry on as now and do what we can when we can [\$0]</p>
<p>This does not seem a viable option given we accept the TAG's findings. At a bare minimum, we should be aiming for a minimal change option. This means that we need to consider what we can do differently (with or without money) to make change to functions to align with the TAG's findings.</p>
<p>Option 2: Minimal change [\$xm to be determined]</p>
<p>There are things we can do now within existing resource:</p> <ul style="list-style-type: none"> • Strengthen system stewardship through HRB • Clarify the definition of lead agency and update documents • Move lead agency responsibilities for infrastructure failure to MBIE and the transport agencies⁷. We are yet to work with agencies about potential costs to this. • Ensure consistency with the National Risk Report framework (e.g. risk co-ordinating agencies) • Look for opportunities to combine National Security Group and MCDEM resources where they are working on the same thing e.g. workforce development, exercise programmes. • Look for work within MCDEM that can be reprioritised to focus on the approach envisaged for NEMA. <p>Other things may be able to be done at minimal cost:</p> <ul style="list-style-type: none"> • Consider making changes within MCDEM in line with NEMA recommendations e.g. ring fence an operations team which would leverage the fly-in teams investment; ring-fenced natural hazards unit. <p>This option would improve things slightly but since there is limited, if any, resource available to invest in any of the major changes (e.g. standard setting, occupational regulation) it is unlikely to lead to substantive change. It doesn't deal with the TAG's finding that that "there is a strong case for a significant shift in culture, objectives, business strategy, and operating model at the national level"</p>

⁷ Informally first if we can't change the National CDEM Plan before June 2020.

Option 3: Invest in specific elements [\$xm to be determined]

This would build on option 2 and seek additional funding for key elements that would be within NEMA if established. The TAG was clear that there are two key functions that need to be enhanced (we agree):

- Setting standards and ensuring that the standards are met (cost yet to be estimated)
- Professionalisation with a particular focus on accrediting controllers appointed under the CDEM Act (cost yet to be estimated)

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

9(2)(f)(iv)

This option would be a significant step up from option 2 and would lead to more substantive change. It is questionable whether it would fully deal with the TAG's finding that "there is a strong case for a significant shift in culture, objectives, business strategy, and operating model at the national level"

Question 9: How can we strengthen system stewardship?

50. The final component of the TAG's national leadership recommendations relates to strengthening stewardship of the emergency management system. The TAG advised that there are barriers to addressing crosscutting issues in the system that need collective leadership and commitment from a number of agencies. They advised that we need effective mechanisms to help achieve this.

The Hazard Risk Board has a critical role in the stewardship of the emergency management system

51. HRB is the primary stewardship body in 'peacetime'. It has an important role in driving cross-sector initiatives and focusing on system outcomes. The TAG felt that HRB should strengthen its role and provide stronger stewardship to the system. In recent times HRB has been:
- working to achieve a clearer focus on risks to New Zealand's prosperity and security and the governance of this. The yet-to-be considered Cabinet paper on the National Risk Report proposes that officials, through the HRB and SIB, develop a reporting framework and report to Cabinet annually on changes to assessments of national security risk, decisions made on managing those risk and priorities for risk treatment. This would provide HRB with a strong focus for its governance role.
 - reviewing its role and terms of reference to ensure that this is fit-for-purpose in providing stewardship to the system.
52. HRB may also wish to consider how it connects formally with other participants in the emergency management system. Most often, this will be through HRB member agencies, in particular the NEMA, and the various agencies' system monitoring. However, HRB may also want talk directly to other system participants from time to time.

System stewardship requires good information about how the system is performing

53. In its report, the TAG recommended that monitoring responsibilities be shared between NEMA and the Office of the Auditor General (OAG). Neither we, nor OAG, agree the role envisaged for them by the TAG. We do agree, however, that monitoring is an important function and that NEMA, the host agency, and HRB have roles in monitoring the capability and performance of the system.

Consultation

54. We have consulted SSC on this paper. They agree that determining NEMA's focus, purpose, and functions (i.e. questions 1 to 3) is the main consideration at this stage and precedes decisions about organisational form and location. They advise that the Cabinet paper should be a joint one from you and the Minister of State Services.
55. The proposed lead agencies have indicated they agree with the intention of transferring lead agency responsibilities to them. They are keen to explore the implications of this to them (including costs).
56. We have discussed the concepts in this paper with the Hazard Risk Board. They generally support the direction but are keen to work through the detail, in particular the implications for those picking up lead agency responsibilities.

Next Steps

57. Once we have direction from you, we will work with SSC to draft a Cabinet paper for consideration by the Cabinet Government Administration and Expenditure Review Committee (GOV) on 6 December 2018. This paper would need to be lodged in CabNet by 10am on 29 November 2018.
58. Any budget bids need to be submitted by 14 December 2018.
59. We are doing further work on:
- The best location for NEMA as a departmental agency
 - The costings for a NEMA to inform the Cabinet paper and a budget bid
 - The implications of moving lead agency responsibilities in consultation with the agencies concerned
 - 9(2)(f)(iv), 9(2)(g)(i)
 - Further scoping out other options for consideration