

Submission

Submission on the inquiry into Parliament's legislative response to future national emergencies

31 July 2015

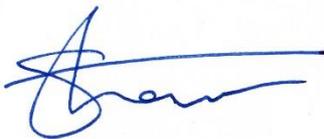
Committee Secretariat
Regulations Review
Parliament Buildings
Wellington

To the Committee Secretariat,

Please accept the following letter and attachments as the McGuinness Institute's submission on the inquiry into Parliament's legislative response to future national emergencies.

Chief Executive Wendy McGuinness would appreciate the opportunity to be heard in support of this submission.

Kind regards,



Hannah Steiner
Project Manager

Attached:

- *Lessons From the West African Ebola Outbreak in Relation to New Zealand's Supply Chain Resilience* (also known as the *New Zealand Supply Chain Resilience Report*) (2015)
- *Managing the Business Risk of a Pandemic: Lessons from the past and a checklist for the future* (2006)

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About the McGuinness Institute

The McGuinness Institute was founded in 2004. The McGuinness Institute is a non-partisan think tank working towards a sustainable future, contributing strategic foresight through evidence-based research and policy analysis. *Project 2058* is the Institutes flagship project which includes a research programme that aims to explore New Zealand's long-term future. In preparing this submission the Institute draws largely on the McGuinness Institute's overarching project, *Project 2058*, and in particular our work on *Project Pandemic Management*.

About the Chief Executive

Wendy McGuinness wrote the report *Implementation of Accrual Accounting in Government Departments* for the Treasury in 1988. She founded McGuinness & Associates, a consultancy firm providing services to the public sector during the transition from cash to accrual accounting. From 2003–2004 she was Chair of the NZICA Sustainable Development Reporting Committee and became a fellow chartered accountant (FCA) in 2009. In 2004 she established the Institute in order to contribute to a more integrated discussion on New Zealand's long-term future. Wendy co-authored *Lessons From the West African Ebola Outbreak in Relation to New Zealand's Supply Chain Resilience* along with Roger Dennis and Rick Boven.

About Roger Dennis

Roger Dennis was a co-author of *Lessons From the West African Ebola Outbreak in Relation to New Zealand's Supply Chain Resilience*. He is an independent consultant who specialises in connecting long-term thinking with strategic opportunities. He has worked with large and small organisations around the world to help them understand how to innovate in a fast changing world. For example, Roger was the co-lead of the Shell Technology Futures programme in 2007. This was a two-year project initiated by the Shell Game Changer team in The Hague to understand how technology would impact society over a twenty-year time frame. Roger has worked alongside the foresight teams in the Singapore Prime Minister's office, advised corporations in a range of sectors and spearheaded globally recognised transformation programmes. He is one of the core team of Future Agenda, the world's largest foresight programme. Roger regularly presents at conferences around the world and in April 2015 he discussed the evolution of cities at the Nobel Laureate Symposium in Hong Kong.

About Rick Boven

Rick Boven was a co-author of *Lessons From the West African Ebola Outbreak in Relation to New Zealand's Supply Chain Resilience*. He is the founder of the boutique consulting firm Stakeholder Strategies. Prior to this he led the New Zealand Institute, a non-partisan think tank. Rick has been a strategic management consultant for more than 30 years and was the founding partner of the Boston Consulting Group in New Zealand. A Chartered Fellow of the Institute of Directors, Rick's past directorships include ASB Bank and Sovereign Insurance. Rick has worked with leading companies in Australia, New Zealand and the USA in a wide range of industries including financial services, industrial distribution, energy, telecommunications, information technology and on-line, transport, manufacturing, and agriculture. He has a PhD in Environment Management from the University of Auckland, a Master of Business Administration from the Australian Graduate School of Management, and a Master of Arts (Psychology) from Victoria University of Wellington. Rick has university teaching experience in psychology, social work, research methodology, business strategy and managing change. He has publications in social welfare, mathematical psychology, educational sociology, strategic management, business ethics and economic development.

Introduction

New Zealand is a small, remote island nation, and our isolation creates both opportunities and threats. Opportunities exist in terms of our ability to export good-quality produce at a cheaper price, due to our lack of pests and diseases. However, isolation brings threats to our supply chain.

Trade is critical for export revenue and for imports of technologies, components and goods, and this trade is reliant on increasingly complex supply chains. Recent events, including the Fukushima earthquake and the Thai floods, have disrupted supply chains and led to increased recognition that supply chains need to be resilient as well as efficient. In other words, organisations and countries need to be prepared.

Being prepared means different things to different people. Generally preparedness is considered in terms of the time citizens or communities are able to survive or thrive in isolation and whether the objective is to return to the status quo (bouncing back) or advance to a better situation (bouncing forward). Supply chain resilience is critical in terms of both survival and moving to a more resilient position over time.

This submission focuses on how a local, national or global emergency would affect New Zealand, with particular attention paid to our supply chain network. The attached report, *Lessons From the West African Ebola Outbreak in Relation to New Zealand's Supply Chain Resilience*, uses the 2014 West African Ebola outbreak as a case study and details the lessons learned from this epidemic. It then makes observations on supply chain risk and provides recommendations on how to make supply chains more resilient.

See below for the high-level points of the report:

Lessons learned from the World Health Organisation report on the 2014 Ebola outbreak

1. Invest in core infrastructure and research.
2. Be vigilant; probe, scan, rehearse, inform and respond in a timely manner.
3. Adopt a decentralised and flexible approach; design a unique package of independent but interconnected measures.
4. Engage locally; find out how the community wants to respond.
5. Embrace technology; data builds information and information builds strategic knowledge.
6. Lead from the top, both immediately and over time.
7. Coordinate; supply chain issues deliver complexity but also opportunities in both the short and long term.
8. Review; actively assess progress.
9. Build capacity; prepare response plans for a long-term extended emergency.
10. Govern; possibly separate operations in the field from technical advice/policy.

Observations on supply chain risk

1. Councils play a critical role in providing key products and services.
2. Disrupted shipping routes and timing have a large impact.
3. A small number of choke points exist within most large organisations, but a large number of choke points are likely to exist in most small organisations.
4. Reviewing supply chain resilience regularly is good practice.
5. Creating a learning culture improves agility over the long term.
6. Resilience is expensive in the short term but cheap in the long term.

Recommendations for central government

1. Ensure accountability for overall event risk management – including supply chain resilience and taking account of level-two and level-three effects – is assigned to a single agency or role within government. The responsible agency or role should have access to the authority and resources needed to undertake event risk reduction actions.
2. Develop wider and deeper understanding of event risk for New Zealand.
3. Develop competence in event risk mitigation and responses.
4. Define New Zealand's unique risk profile, event risk appetite and risk management criteria.
5. Rebrand New Zealand's *National Civil Defence Emergency Management Strategy* as New Zealand's Resilience Strategy and review annually.
6. Promote resilience understanding and competence within relevant organisations in New Zealand.
7. Develop relevant connections and dialogue with other organisations in New Zealand and overseas.
8. Central government should ensure it has the competencies, capabilities and processes to ensure resilience within its own operations.
9. Establish an independent resilience monitoring and reporting process.
10. Work harder at making the framework less complicated when looking from the outside in.

Please see the attached documents that form the rest of this submission.