

Effectiveness of arrangements for co-ordinating civilian maritime patrols

Progress in responding to
the Auditor-General's
recommendations

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Introduction

- 1.1 In April 2010, we published a performance audit report called *Effectiveness of arrangements for co-ordinating civilian maritime patrols* (our 2010 report).
- 1.2 Our audit looked at how effectively maritime patrols were co-ordinated to support the country's maritime interests. The audit focused on the National Maritime Co-ordination Centre (NMCC), and included the public entities that use maritime patrols and the providers of patrol aircraft and ships.
- 1.3 In general, we found that although the NMCC had an appropriate framework to effectively co-ordinate maritime patrols, improvements were needed to make the most effective use of the patrol resources.
- 1.4 We made six recommendations covering three matters:
 - improving strategic guidance for the NMCC;
 - clarifying the mandate for separate patrol co-ordination arrangements; and
 - improving patrol planning and measuring effectiveness.
- 1.5 In April 2012, we reported that limited progress had been made in addressing our recommendations since our 2010 report. Because the progress to 2012 was limited, we have reviewed what progress has been made since then and we outline that progress in this report.
- 1.6 Achievements since we published our 2010 report include:
 - new governance arrangements for the NMCC, with the setting-up of the Maritime Security Oversight Committee (MSOC), which is responsible for ensuring that there is an integrated approach to New Zealand's maritime security (a wider mandate than previously);
 - building a New Zealand Maritime Security Strategic Framework – in effect, MSOC's foundation document;
 - a new risk-based planning tool for prioritising patrol requests; and
 - better understanding of patrol arrangements outside the NMCC patrol framework, including better relationships between public entities.
- 1.7 These achievements set a strong base for further progress. MSOC told us that public entities are working well together to improve maritime security. Four years have passed since our 2010 report was published. Progress has been made, but we consider that this progress has been slow until relatively recently.
- 1.8 Since MSOC was established in 2013, its main focus has been on setting a common sense of purpose and strategy to oversee maritime security. We acknowledge that, by the time we wrote this report, the NMCC had hired a

consultant to prepare a performance framework as part of a wider project to work out how MSOC should appropriately govern and oversee the performance of the NMCC. MSOC is expected to identify aspects of maritime security, including – but not limited to – the NMCC's work, that need ongoing improvement.

Purpose and performance of the National Maritime Co-ordination Centre

- 1.9 Maritime patrols in New Zealand's exclusive economic zone and territorial waters help to protect and maintain the country's maritime interests and gather information about activities taking place in those waters.
- 1.10 Some maritime activities pose risks to New Zealand. These include illegal fishing, drug trafficking, illegal immigration, and smuggling of contraband. Maritime patrols are essential in detecting and deterring these activities.
- 1.11 A core group of six public entities are the main users of maritime patrols.¹ The Department of the Prime Minister and Cabinet also has an interest in maritime patrols. The main provider of patrols is the New Zealand Defence Force (NZDF). The NMCC, set up in 2002, co-ordinates the patrols.
- 1.12 The New Zealand Customs Service (Customs) houses the NMCC. Summarising the purpose and functions of the NMCC, Customs' *Annual Report 2012/2013* says:
- The NMCC is a single, centralised, operationally independent entity that supports the Government's maritime goals, both civilian and military. Its key role is to manage New Zealand's maritime surveillance. Although the NMCC is operationally independent (and staffed by both civilian and military personnel from a number of agencies), it is directly responsible to Customs.*
- In this context, New Zealand's collective maritime patrol and surveillance interests reflect individual agencies' overlapping responsibilities for maritime sovereignty and security, law enforcement, maritime safety, marine resources management, environmental protection, and external relations ...²*
- 1.13 The NMCC's service performance is reported through performance measures in Customs' annual report. These include a measure of the percentage of marine areas with aggregated risk assessments in the highest 5% that have been allocated patrol resources,³ as well as measures of customer satisfaction.

1 The six public entities are the New Zealand Customs Service, the Ministry for Primary Industries, the Department of Conservation, the Ministry of Foreign Affairs and Trade, New Zealand Police, and Maritime New Zealand.

2 New Zealand Customs Service (2013), *Annual Report 2012/2013*, Wellington, pages 48-49.

3 New Zealand's territorial waters have been divided into more than 100 separate areas. Each area is subject to different risks. Aggregating all the risks for each area gives a numerical value, which is used to decide how often the area is patrolled.

- 1.14 In 2012/13, 79.7% of the marine areas that had aggregated risk assessments in the highest 5% were allocated patrol resources. This was less than the target of 90% or greater coverage.
- 1.15 Customs' *Annual Report 2012/2013* notes that the NMCC allocated no patrols to some of the highest risk areas (11 out of 59 high-risk marine areas) because no suitable patrol aircraft and ships were available.

Progress to 2014

Improving strategic guidance for the National Maritime Co-ordination Centre

- 1.16 In 2010, we recommended that the NMCC and all organisations involved or interested in maritime patrols review the governance of the NMCC's Reference Group, to ensure that it meets strategic leadership needs effectively and makes the most of the whole-of-government arrangement.
- 1.17 The governance structure for NMCC has been reviewed and, in 2013, a new governance body, the Maritime Security Oversight Committee (MSOC), was set up to provide a more integrated and strategic approach to maritime security. MSOC is a permanent subcommittee of the Officials Committee for Domestic and External Security Co-ordination (ODESC). It consists of senior officials and an independent chairperson, and is accountable for delivering and overseeing an integrated national approach to New Zealand's maritime security. MSOC has met several times since it was set up.
- 1.18 Our recommendation will have been addressed if the new governance body operates as intended.
- 1.19 In our 2010 report, we recommended that the NMCC, NZDF, and public entities using maritime patrols reassess what civilian patrolling was required. We considered that this would lead to better guidance about appropriate patrolling. This information is a necessary starting point for monitoring and evaluating the use of new and upgraded maritime patrol ships and aircraft. We noted that guidance should be reconsidered from time to time, using information about patrol needs and use.
- 1.20 Creating the New Zealand National Maritime Security Strategic Framework (the framework) has partly addressed the recommendation. However, further work is needed to fully address the recommendation.
- 1.21 On 4 April 2014, the ODESC Readiness and Response Board endorsed the framework. MSOC told us that it expects that the collective outcomes, national

interest, and principles in the framework will be integrated into the accountability documents of the public entities represented on MSOC to describe their respective roles and responsibilities within the maritime domain.

- 1.22 How much the framework will lead to reassessing civilian patrolling requirements is not yet certain. A 2013 report about NMCC's strategic planning activity for ODESC noted that, although creating a strategic framework will help to improve strategic guidance, the NMCC needs an endorsed plan that encompasses jurisdiction enforcement, patrol, and surveillance.
- 1.23 We are not aware of any enforcement, patrol, or surveillance plan flowing from the framework. However, we note that the framework states that the next priority for action should be a comprehensive environmental scan to identify risks, threats, and opportunities. This environmental scan would identify the critical actions that MSOC should oversee.

Clarifying the mandate for separate patrol co-ordination arrangements

- 1.24 Some separate patrol arrangements are arranged outside the NMCC – for the New Zealand Police and for the Ministry of Foreign Affairs and Trade. These are arrangements made directly between agencies and independently of the NMCC. Independent arrangements have the potential to establish different priorities from those guiding the NMCC's work for New Zealand's limited maritime patrol resources.
- 1.25 The memorandum of understanding covering the use of NZDF resources for Police work was being updated as we were writing this report. The NMCC has received a standing invitation to Watch Groups and Operational Planning Groups for work that other public entities lead that may use maritime patrol resources. NMCC staff told us that this has led to a "heightened awareness" of the effects of requesting patrols outside the NMCC's cycle for planning patrols.
- 1.26 In our 2010 report, we recommended that the NMCC and public entities using maritime patrols review whether they need to have separate arrangements for co-ordinating patrols. The rationale and mandate for such arrangements should be recorded. A review should lead to more clarity and common understanding throughout public entities about when, how, and why they need such arrangements.
- 1.27 This recommendation will be fully addressed when the NMCC and public entities using maritime patrols have reviewed whether they need separate patrol co-ordination arrangements. We understand that no such review is planned.

- 1.28 In 2012, ODESC asked the NMCC to review the separate patrol arrangements and set out what those patrols are required to do. This review did not take place.
- 1.29 In our 2010 report, we recommended that the NMCC monitor any separate patrol co-ordination arrangements and report their effectiveness to ODESC. In our view, this would help ensure that patrols are co-ordinated as effectively as possible.
- 1.30 Apart from the NMCC taking part in Watch Groups and Operational Planning Groups, this recommendation has yet to be addressed. We have seen no evidence of monitoring or reporting by the NMCC to ODESC about separate arrangements for co-ordinating patrols.
- 1.31 We remain of the view that the NMCC should record the rationale and mandate for separate patrol co-ordination arrangements. It is also our view that clear expectations are needed to help clarify whether and when it is appropriate to have separate arrangements for co-ordinating patrols outside the NMCC. The NMCC's governors need to set these expectations. Patrol co-ordination arrangements outside the NMCC risk making the NMCC's co-ordination activities less effective.

Improving patrol planning and measurement of effectiveness

- 1.32 In our 2010 report, we recommended that the NMCC, the NZDF, and public entities using maritime patrols work together to better understand the timing of the public entities' patrol needs. Such information can be used to more effectively schedule and plan civilian and military use of maritime patrol aircraft and ships.
- 1.33 We also recommended that the NMCC ensure that the information that it collects on patrols allows it to accurately assess how effectively patrol aircraft and ships are used. Such an assessment would enable any identified gaps or problems to be raised through the appropriate governance mechanism for consideration and action.
- 1.34 These two recommendations have been partially addressed, although some risks need to be managed and further improvements are needed.
- 1.35 Customs' agreement with the current provider of vessel automatic identification systems (AIS) expires on 30 June 2014. AIS are an important source of intelligence. Customs is leading a project looking at the future of AIS after the expiry date. The project involves a working group with experts from the relevant public entities. In April 2014, the project was on schedule. MSOC will need to be ready to give timely direction on an appropriate AIS solution if the project's critical time frames are to be met.

- 1.36 The NMCC's risk-based planning tool helps in prioritising requests for patrols. An independent consultant has reviewed the model, and improvements are continuing. There remain some challenges in gathering information about the effectiveness of the planning tool and about whether patrol requirements are being met, because users' feedback is needed.
- 1.37 We have seen no evidence that performance information is reviewed or is being used to improve effectiveness and efficiency. Further, we consider it essential that decisions affecting NMCC's reporting lines are made in the appropriate forum – MSOC.